

See discussions, stats, and author profiles for this publication at: <https://www.researchgate.net/publication/331773686>

Challenges and opportunities in agriculture for African youth

Technical Report · March 2019

CITATIONS

0

READS

1,020

1 author:



Joash Ntenga Moitui

Technical Centre for Agricultural and Rural Cooperation (CTA ACP)

12 PUBLICATIONS 35 CITATIONS

SEE PROFILE

Some of the authors of this publication are also working on these related projects:



2017 Kenyan Election [View project](#)

Challenges and opportunities in agriculture for African youth

24

CTA Technical Brief

MARCH 2019



The recent CTA workshop on ‘facilitating next-generation ACP agriculture through youth entrepreneurship, job creation and digitalisation’ identified seven critical success factors for successful rural entrepreneurship and job creation: access by youth to investment and finance; scalable approaches and models that can be taken up; enabling policy environments for youth; agriculture that is attractive to youth; access by youth to markets; business models that work; and access to a pool of appropriate skills, capacities and knowledge and ways to grow these.

This brief, by Joash Moitui, explores the challenges and opportunities facing young people trying to enter the agricultural and agribusiness sector. It focuses on actions that governments and other development actors can take to make the sector more attractive to young people, with an emphasis on those that can increase productivity, strengthen the value chains and increase the participation of young people in policy dialogue.



Introduction

Agriculture is one of the sectors that has the greatest potential to create jobs for youth in sub-Saharan Africa (SSA). However, most young people find agriculture unattractive (Babbie, 2016). This brief presents actions that can be taken in three key areas that can make agriculture more attractive to young rural men and women: increasing productivity; strengthening value-chain systems; and increasing participation of young people in policy dialogue.

Increasing productivity

Despite significant progress and increased technical and financial resources devoted to financial inclusion, much work remains to be done. Given that modernising agriculture requires investment and working capital to raise productivity, youth need access to finance as well as land to farm. As such, increasing young people's access to these resources is the first step in increasing their productivity.

Access to land is a prerequisite for most types of agriculture, and land is the most common form of collateral that banks accept as a pledge for agricultural loans. However, most youths in Africa do not have access to land. For example, a national survey in Ethiopia in 2012 found that youth (18–29 years of age) account for only 21% of rural land holdings, and only 3% of landholders are young women, even though Ethiopian land laws allow for equal land rights for women and men (Bezu and Holden, 2014). There is thus an urgent need for policy-makers to develop approaches that support youth access to land.

Innovative approaches and strategies that have been effective in enhancing access to land for young rural women and men include:

- making it a condition in donor programmes for communities to give land to young people;¹
- resettlement programmes that target young women and men;
- policy changes to support new land holdings for youth through affirmative action by governments² and communities; and
- enhanced land markets (improved information access, finance, lowered transactional costs).

These encourage co-management of land by youth and adults and build the capacity of youth on land matters. In cases where redistribution of land to youth proves challenging, leases or other land tenure interventions may be an alternative to enhance youth access to land.

Access to finance

Factors that prevent youth from accessing financial resources include:

- the negative perceptions of financial service providers (FSPs) regarding youth in agriculture;
- lack of FSP capacity to service rural youth;
- limited financial literacy among youth;
- lack of innovations in information and communication technologies in finance; and
- policy and regulatory environment that hinders financial inclusion (Rutten and Fanou, 2015).

FSPs perceive young rural women and men as a high-risk clientele (MIJARC/IFAD/FAO, 2012) because they often operate outside existing value chains and have limited access to markets for their products and services. As a consequence, they have less consistent income streams and therefore are high-risk borrowers. Young rural men and women are also rarely organised in formal business groupings such as cooperatives or producer groups that can help mitigate risk.





Moreover, youth often lack land titles or other assets such as cars or motorcycles that are accepted by formal banks as collateral. Lack of technical, business and financial literacy among youth further limits their ability to attract potential loan guarantors. Youth therefore depend on expensive informal sources of funds (family, friends, self-help groups and clubs) for saving and loans or on loans that are provided by contractors as farm inputs supplies or insurance (Demirguc-Kunt *et al.*, 2014).

There are a number of innovative approaches to giving youth access to funds for agricultural investment, such as using youth saving groups as a springboard to formal financial inclusion (Smith *et al.*, 2015). These can help youth to begin to fund their own initiatives. Another innovation is venture capital funds for youths. For example, in 2011 the Government of Uganda launched a venture capital fund for young entrepreneurs, with qualified loans of up to US\$2,000 for individuals and US\$9,700 for companies. Youths from various sectors, including fisheries, livestock, agroprocessing and agriculture, were eligible to apply (Republic of Uganda, 2014).

Such initiatives are being facilitated by the increasing use of information and communication technologies (ICTs) in the financial sector in SSA. These reduce the transaction costs that are associated with servicing rural areas and thus improve the ability of FSPs to provide financial services to rural youth. For example, the e-banking and e-trade products that are now provided by most FSPs (e.g. M-Pesa and Mkulima Young mobile-based platforms in Kenya) have increased penetration of financial services,

even to the rural areas that are perceived as expensive to service (CNBC, 2017). The village savings and loans association/self-help group model and community-based initiatives that also provide business skills training, mentorship and financial literacy, such as the *Projet d'appui aux filières agricoles-Extension* in Senegal, are filling the void of rural financial access for the youth created by the absence of formal lending institutions (IFAD, 2014). Other approaches to enhance access to finance include warehouse receipts, grants, start-up subsidies and loan guarantees to FSPs to de-risk transactions involving youth-owned businesses (OECD, 2015).

Where there are assured markets, value-chain actors may provide financing for farm inputs or equipment to young producers or aggregators in the supply chain. By paying attention to the entire value chain, value-chain actors can discern not only the most appropriate and effective farming practices but also focus on those whose results are likely to increase productivity.

For example, a review of the International Fund for Agricultural Development's 'Pro-Poor Value Chain Development Project in the Maputo and Limpopo Corridors' (PROSUL) confirmed that value-added services in value-chain financing such as technical and business training increased access to affordable financial services for the beneficiary communities (IFAD, 2016.) The eGranary financing model that is offered by the Eastern Africa Farmers Federation (EAFF and IFAD, 2017) provides credit to groups of farmers to purchase inputs and flexible insurance to lower the risk of lending. Although the number of youth who

have accessed these loans is not reported, the model encompasses all the critical success factors for rural lending that can be replicated for lending to young rural women and men.

Strengthening value-chain systems

Young rural women and men lack access to markets for goods, services and labour. This restricts their employment opportunities and limits their prospects for establishing entrepreneurial ventures. Creating decent, sustainable jobs in the sector depends on increasing farm productivity and enhancing profitable market systems for agricultural goods and services. Pro-poor and inclusive value-chain development models focus on increasing profits for value-chain actors (women and men, both young and older) in a sustainable way, making the opportunities in the value chain attractive to young suppliers of labour or goods and services and improving the rural transport system to reduce farm wastages (Seshie, 2016). The private sector's role of providing jobs, creating opportunities and encouraging rural investments while partnering with the public sector is critical in catalysing the growth of rural enterprises.

ICTs have the potential to ensure that all value-chain participants are aware of market conditions and prices. In Kenya, for example, farmers' suppliers and buyers are connected through agribusiness software such as Mfarm and Mkulima Young (Irungu *et al.*, 2015). ICTs have also been effective in delivering extension services to rural youth in Ghana (Savannah Young Farmers Network; <http://savanet-gh.org/>), Kenya (Mkulima Young online platform; <https://mkulimayoung.com/>) and Rwanda (M-Lima; <http://www.agrofiba.com>). In summary, development of supplier programmes to help youth-owned enterprises improve the quality of their products and increase their output can help them increase their market share and attractiveness within value chains.

Young people are more inclined than older people to take part in the entire value chain; they are innovative and opportunistic in developing ways to make a living as part of a social network, not just through farming. Thus, development of market infrastructure in rural areas can improve participation of young



people in off-farm activities as intermediaries, brokers and market-information agents. In particular, young women are increasingly taking part in off-farm opportunities, including operating retail shops and organising transport activities for agricultural produce. Such activities are particularly suitable for young women because they provide them with employment opportunities while allowing them to stay close to their homes to manage domestic tasks.

Increasing participation of young people in policy dialogue

Young rural women and men do not have a voice in formulating agricultural policies in SSA (UN, 2018). Youth organisations are often excluded from policy forums due to their lack of skills and bargaining power (FAO, 2017). This is despite the fact that the constitutions in most SSA countries mandate that not more than two-thirds of the members of any elected or appointed public institution or platform may be from the same gender, and that all citizens are eligible to participate in these bodies, irrespective of their age. This is most pronounced in Kenya (Republic of Kenya, 2015). The African Youth Charter to which most African countries subscribe also expounds on the right of youth to participate in the policy process (African Union, 2006).

A number of approaches and mechanisms have proven effective for encouraging the participation of young rural men and women in policy processes around the world. These include sensitising stakeholders to the importance of youth participation; facilitating organisations of young rural women and men; and including young women and men in the

development process (Vargas-Lundius and Suttie, 2013).

A good example of this is the Food Agriculture and Natural Resources Policy Analysis Network (FANRPAN; <https://www.fanrpan.org>). FANRPAN's strength lies in it being an inclusive platform that brings together state and non-state actors (e.g. government, farmers' organisations, youth and women's organisations, researchers, agribusiness and civil society organisations) to work together as equal partners in policy development, while remaining sufficiently independent to enable objective evidence-based policy research, analysis and advice (FANRPAN, 2012). At the national level, FANRPAN's country nodes and wider network provide an unrivalled infrastructure for stakeholder engagement, research dissemination and the embedding of policy and learning.

FANRPAN has successfully influenced policy in climate smart agriculture, nutrition sensitive agriculture and institutional strengthening. It has also managed a number of complementary programmes, including Strengthening Evidence-Based Climate Change Adaptation Policies (SECCAP); Africa-wide Civil Society Climate Change Initiative for Policy Dialogues (ACCID); Harmonised Seed Security Project (HaSSP); and Agriculture to Nutrition (ATONU). FANRPAN projects feed into national and continental policy processes by establishing multi-stakeholder platforms to enhance participation in and implementation



of agricultural investment plans and building country and regional capacity for policy planning, review and dialogue.

Building the capacity of public- and private-sector institutions serving youth

The large number of young people living in poverty in rural SSA have the potential to drive economic growth if properly harnessed. This requires investing in policies and strategies that transform rural economies and create decent jobs for young rural women and men. For this to happen, policies must translate the needs and aspirations of the rural youth into pro-youth development programmes in the agricultural sector that create employment opportunities for youth.

Addressing rural transformation in SSA calls for a renewed commitment to addressing economic disparities in rural areas; building the capacity of public- and private-sector institutions that serve young rural men and women (government ministries and departments, banks, youth organisations); and strengthening the development of the capacities of young rural women and men.

Pro-youth programmes must have a number of key features. They should gather and analyse sex- and age-disaggregated data; include youth as a specifically targeted subgroup of the wider beneficiaries; and allocate resources to support the implementation, management and reporting of interventions targeted at youth.

Recognising young people's potential and aspirations

Agricultural transformation is contingent on approaches that address youth and the youth ecosystem (the policy environment and support systems such as FSPs, business development service providers and youth organisations). This is predicated on the fact that rural youth face challenges that are either related to their age or are generated by the policies and systems in the environments in which they live.

This brief provides areas of focus on youth entrepreneurship and agribusiness, which the author hopes will help guide future planning of investment projects at CTA and elsewhere.

Footnotes

- 1 In the Gambia, for example, the Livestock and Horticulture Development Project (LHDP) and National Agricultural Land and Water Management Development Project (NEMA) both targeted youth and women village groups (kafos) to improve access to productive land and to establish village vegetable gardens. The kafos also receive starter kits of inputs and farm equipment (IFAD, 2015).
- 2 In 1997 the Government of Zimbabwe embarked upon the Land Reform and Resettlement Programme (LRRP2), which expected to redistribute substantial parts of the commercial farm sector in five years and resettle about 150,000 families. This included resettling youths graduating from agricultural colleges and others with demonstrable experience in agriculture, in a gender sensitive manner (Mbaya, 2001)

References

- African Union. 2006. *Africa Youth Charter*. Addis Ababa. Available at: <https://au.int/en/treaties/african-youth-charter> [Accessed 08 January 2019].
- Babbie, K. 2016. *Rethinking the 'youth are not interested in agriculture' narrative* [online]. Next Billion, blog. Available at: <https://bit.ly/2ASxLwn> [Accessed 16 November 2018].
- Bezu, S. and Holden, S. 2014. Are rural youth in Ethiopia abandoning agriculture. *World Development*, 64:259–272.
- CNBC Africa. 2017. *M-pesa has completely transformed Kenya's economy, this is how...* [online]. CNBC Africa. Available at: <https://bit.ly/2T1fVyg> [Accessed 17 January 2019].
- Demirguc-Kunt, A., Klapper, L., Singer, D. and Van Oudheusden, P. 2015. *The Global Findex Database 2014: Measuring Financial Inclusion Around the World*. Policy Research Working Paper 7255. World Bank, Washington, DC. Available at: <https://bit.ly/2eoJs54> [Accessed 17 January 2019].
- EAFF and IFAD. 2017. *Using the eGranary innovative mobile platform to deliver economic services to farmers in East Africa*. Large Grant Design Document. Eastern African Farmers' Federation, Nairobi, and IFAD East and Southern Africa Division, Rome. Available at: <https://bit.ly/2USEmiW> [Accessed 18 December 2017].
- IFAD. 2014. *Projet d'Appui aux Filières Agricoles. Rapport de revue à mi-parcours*. International Fund for Agricultural Development, Rome. Available at: <https://bit.ly/2QTx0sb> [Accessed 17 January 2019].
- IFAD. 2015. *National Agricultural Land and Water Management Development Project (Nema) DSF Grant # 8108-GM: Supervision Report*. International Fund for Agricultural Development, Rome. Available at: <https://bit.ly/2Dgfhru> [Accessed 17 January 2019].
- IFAD. 2016. *Pro-Poor Value Chain Development Project in the Maputo and Limpopo Corridors (PROSUL). Mid-Term Review Report*. International Fund for Agricultural Development, Rome. Available at: <https://bit.ly/2Cvonib> [Accessed 17 January 2019].
- Irungu, K., Mbugua, D. and Muia, J. 2015. Information and communication technologies (ICTs) attract youth into profitable agriculture in Kenya. *East African Agricultural and Forestry Journal*, 81(1): 24–33.
- FAO. 1986. *Ethiopia Highlands Reclamation Study. Final Report. Volume 1*. Food and Agriculture Organization of the United Nations, Rome. Available at: <http://www.fao.org/docrep/field/009/ar863e/ar863e.pdf> [Accessed 3 January 2019].
- FAO. 2017. *Expert Meeting Addressing the Challenges Faced by Rural Youth Aged 15 to 17 in Preparing For and Accessing Decent Work: Documented Results*. Food and Agriculture Organization of the United Nations, Rome. Available at: <http://www.fao.org/3/a-i6975e.pdf> [Accessed 19 November 2018].
- FANRPAN. 2012. *Engaging Youth in Agricultural Policy Processes*. Policy Brief Series, Issue 2: Volume XII. Available at: <https://bit.ly/2HiSRcW> [Accessed 17 January 2019].
- Mbaya, Sue. 2001. *Land reform in Zimbabwe: lessons and prospects from a poverty alleviation perspective*. A paper presented at the Conference on Land Reform and Poverty Alleviation in Southern Africa Convened by The Southern African Regional Poverty Network (SARPN) Human Sciences Research Council (HSRC), Pretoria. Available at <http://bit.ly/2HrQMvC> [Accessed 24 January 2019].

MIJARC/IFAD/FAO. 2012. *Summary of the Findings of the Project Implemented by MIJARC in Collaboration with FAO and IFAD: 'Facilitating Access of Rural Youth to Agricultural Activities'*. The Farmers Forum Youth Session, 18 February 2012. Food and Agriculture Organization of the United Nations, Rome. Available at: <https://bit.ly/2R41NH4> [Accessed 19 December 2018].

OECD. 2015. *New Approaches to SME and Entrepreneurship Financing: Broadening the Range of Instruments*. Organisation for Economic Co-operation and Development, Paris. Available at <https://bit.ly/2vysODR> [Accessed 17 January 2019].

Rutten, L. and Fanou, S.L. 2015. 'Chapter 4: Innovative and inclusive finance for youth in agriculture.' *In Alliance for a Green Revolution in Africa. Africa Agriculture Status Report: Youth in Agriculture in sub-Saharan Africa*. AGRA, Nairobi. Available at: <https://bit.ly/2BaNHKZ> [Accessed 16 November 2018].

Republic of Uganda. 2014. *Uganda's Employment Challenge. An Evaluation Of Government's Strategy*. Economic Development Policy and Research Department, Ministry of Finance, Planning and Economic Development. Available at: <https://bit.ly/2FFvsQt> [Accessed 17 January 2019].

Seshie, R. 2016. *VIVUS - A distribution and marketing company for the BoP market in Ghana* [online]. Ashoka Changemakers. Available at: <https://bit.ly/2UUQ5NY> [Accessed 19 December 2018].

Smith, W., Scott, L. and Shepherd, A. 2015. *Financial Inclusion Policy Guide: Enhanced Resilience Through Savings and Insurance via Linkages and Digital Technology*. Policy Guide No. 6. Chronic Poverty Advisory Network, London. Available at: <https://dl.orangedox.com/FbQBil2eyW6clPZA77> [Accessed 17 January 2019].

UN. 2018. *Global Survey Report on the United Nations' Work on Youth (Youth-SWAP Outcomes, 2014–2016): Overview, Country Spotlights and Key Lessons Learned*. United Nations, New York, USA. Available at: <https://bit.ly/2K6LFhQ> [Accessed 16 November 2018].

Vargas-Lundius, R. and Suttie, D. 2013. *Improving Young Rural Women's and Men's Livelihoods – The Most Sustainable Means of Moving to a Brighter Future*. Youth Policy Brief. International Fund for Agricultural Development, Rome. Available at: <https://bit.ly/2OFdTBT> [Accessed 19 November 2018].



This brief was created through a CTA-led process to document and share actionable knowledge on 'what works' for ACP agriculture. It capitalises on the insights, lessons and experiences of practitioners to inform and guide the implementation of agriculture for development projects.

A series of video recordings with participants gives personal perspectives on the issues raised during the workshop. See: <https://bit.ly/2FROq7r>

The products of the workshop can be found and downloaded at: <https://bit.ly/2sRaSVH>

Author

Joash Ntenga Moitui is an independent researcher on development issues. He is currently based at the Technical Centre for Agricultural Rural and Cooperation (CTA), Netherlands.

Photo credits

Page 1 top – Tamiru Legesse/FAO, Page 1 bottom – Sia Kambou/FAO, Page 2 – Luis Tato/FAO, Page 3 – Stephanie Glinski/FAO, Page 4 – Riccardo Gangale/FAO, Page 5 – photo sent by Sonita Tossou, Page 7 – photo sent by Caroline Hien

About the series

CTA Technical Briefs document experience and learning in topical issues of interest to the ACP agricultural development community. They are intended as a practical guide for people involved in an issue professionally or for people with a strong interest in the topic.

Technical Centre for Agricultural and Rural Cooperation
P.O. Box 380 – 6700 AJ Wageningen – The Netherlands
Tel: +31 (0) 317 467 100 | E-mail: cta@cta.int | www.cta.int

Disclaimer This work has been made possible with the financial assistance of the European Union. However, the contents remain the sole responsibility of its author(s) and can under no circumstances be regarded as reflecting the position of CTA, its co-publisher or the European Union, nor of any country or member State. The user should make his/her own evaluation as to the appropriateness of any statement, argument, experimental technique or method described in the work.

Copyright notice This work is the sole intellectual property of CTA and its co-publishers, and cannot be commercially exploited. CTA encourages its dissemination for private study, research, teaching and non-commercial purposes, provided that appropriate acknowledgement is made:

- of CTA's copyright and EU financing, by including the name of the author, the title of the work and the following notice "© CTA 2019 EU financing",
- and that CTA's or its co-publishers', and European Union's endorsement of users' views, products or services is not implied in any way, by including the standard CTA disclaimer.

