



PAFO-COLEACP INNOVATION SERIES: Innovations and successes of African farmer-led businesses and SMEs

Session N°8 Catalysing young African agri-entrepreneurs' investments

3rd February 2022, 12:00-14:00 (GMT)

English-French interpretation available

1. Context

Nearly 1 billion of the 1.2 billion people in the world between the ages of 15 and 24 reside in developing countries, and their numbers are growing far more rapidly than in higher-income countries.¹ Today, 65% of the world's rural youth live in Asia and the Pacific, and 20% live in Africa, but Africa's share is projected to rise to 37% by 2050, while Asia and the Pacific's will fall to 50%.² Africa's population stands at 1,2 billion people and over 60% are below the age of 25. Young people between 15-24 years of age constitute between 35 and 40% of the workforce in most sub-Saharan African countries. Every year, roughly 11 million young Africans enter the labour force, but at best, only a quarter of these new workers will find paying jobs over the next decade.³ According to the World Bank by 2035, 350 million new jobs will be needed. Africa's population is growing faster than jobs are created.⁴ Reaping the benefits of the demographic dividend depends on investments in job creation and human capital development.⁵ According to the International Labour Organisation (ILO),⁶ youth are two times more likely than adults to be unemployed and the growing mismatch between the supply and demand for skills is the main driver of high youth unemployment rates. Even with rural to urban migration occurring in Africa, many young people, especially girls and women, still live in rural areas.

Many if not most of the more than 130 million young people in rural Sub-Saharan Africa are engaged in agriculture to a greater or lesser degree. This engagement takes many forms and is most often combined with other non-farm activities.⁷ With more than 60% of Africa's

1 UNDESA (United Nations Department of Economic and Social Affairs), Population Division. 2017. World Population Prospects: The 2017 Revision. New York: United Nations.

2 IFAD. 2019 Rural Development Report. [Creating opportunities for rural youth](#).

3 FAO e-agriculture. [The future of Africa's Agriculture rests with the youth](#). 2018.

4 *Ibid*

5 African Development Bank. [Jobs for Youth in Africa Strategy for Creating 25 Million Jobs and Equipping 50 Million Youth 2016-2025](#).

6 [Global Employment Trends for Youth 2020: Technology and the future of jobs](#). ILO. 2020.

7 IDS. Policy Briefing. James Sumberg. [Youth and Agriculture in Sub-Saharan Africa: Time to Reset Policy](#). 2021.

population living in rural areas, engaging rural youth is not only critical to economic growth but is also the most direct way to ensure that the growth is truly inclusive.⁸ Nearly half of all rural youth, predominantly in African economies, are in areas with a high agricultural potential but limited market access,⁹ therefore there is an urgent need to strengthen the entrepreneurial ecosystem.¹⁰

Investing in youth and empowering young agri-entrepreneurs to invest responsibly in their farms and businesses are fundamental to achieve many Sustainable Development Goals. Youth are the future of food security for all, yet many young people do not see a future for themselves in agriculture due to the many barriers they face. High rates of youth unemployment, especially in rural areas, require determined policy responses to stimulate inclusive economic growth. Concerted action is now more urgent than ever as the socioeconomic impacts of the COVID-19 pandemic have further increased the vulnerability of young women and men around the globe.¹¹

Agriculture is often perceived by youth as generating little profit, labour intensive and traditional. The higher unemployment rates amongst youth (particularly women), the poor quality of many jobs (informal, precarious working conditions, lack of legal and social protection), the mismatch between education and skills demand and the limited opportunities for training and career progression explain the low interest in agriculture and migration to urban areas.¹² Lack of access to finance, limited use of improved inputs (i.e. seeds, fertilizers) and limited access to land are some of the constraints for value chain expansion. Rural youth are also likely to be worse off than the rest of the population in terms of all components of vulnerability to climate change.

Growth among the more dynamic large-scale industrial processors is usually impeded by a general lack of reliable supply of local raw materials of consistent quality, resulting in a reliance on imported inputs. A large part of processing of domestically produced food products is still in the hands of small-scale, largely informal-sector operators, who are associated with low productivity and outputs of variable quality. Employment growth in the off-farm stages of the agrifood system will depend on the extent to which local agri-businesses and processors can be equipped to source food from domestic production sources to meet the increasing demand for food in African cities. Job growth in agri-input supply and farm service delivery will also greatly depend on the growth of local farm production. Farm production growth will remain a crucial source of broader economy-wide multiplier effects.¹³

Despite the numerous challenges, Sub-Saharan Africa's agricultural sector is rapidly changing and can drive youth employment and economic transformation.¹⁴

8 African Development Bank. [Jobs for Youth in Africa Strategy for Creating 25 Million Jobs and Equipping 50 Million Youth 2016-2025](#).

9 IFAD. 2019 Rural Development Report. [Creating opportunities for rural youth](#).

10 The ecosystem comprises: enabling policies, access to appropriate finance, markets that are accessible and favourable to investment, quality human capital, availability of institutional support services, and conducive culture. Isenberg, D. (2011). [The Entrepreneurship Ecosystem Strategy as a New Paradigm for Economic Policy: Principles for Cultivating Entrepreneurship](#). Institute of International and European Affairs, Dublin, Ireland, 2011.

11 Fiedler, Y. 2020. [Empowering young agri-entrepreneurs to invest in agriculture and food systems – Policy recommendations based on lessons learned from eleven African countries](#). Rome. FAO.

12 [Global Employment Trends for Youth 2020: Technology and the future of jobs](#). ILO. 2020.

13 Hollinger, Frank & Staatz, John. (2015). [Agricultural Growth in West Africa: Market and Policy Drivers](#).

14 Mastercard Foundation. Michigan State University. [Agrifood Youth Employment and Engagement Study](#). 2016.

2. Unlocking business opportunities for youth-led SMEs and enterprises

Many young farmers and agri-entrepreneurs are innovators and risk-takers. They are increasingly involved in high-profit businesses related to marketing, processing, packaging, and food services, in addition to on-farm production. They are better informed, better connected and willing to invest in capacity development. Young entrepreneurs are also more likely to hire fellow youths and pull even more young people out of unemployment and poverty. They are particularly responsive to new economic opportunities and trends and are active in high growth sectors.¹⁵ Connectivity – to people, markets, services, ideas and information – creates opportunities for rural youth to become more fully integrated with their transforming economies, which increases their productivity. For instance, rural areas that are better connected to markets through information flows and good transport infrastructure offer more opportunities for commercializing products and services.¹⁶

As incomes rise, Africans — rural and urban, rich and poor — are consuming higher quantities of fruit, vegetables, livestock products and other processed goods. These changes in consumption will expand employment opportunities in improved seed, fertilizer and machinery service provision, as well as in post-harvest handling, marketing and food manufacturing. While off-farm employment opportunities are growing rapidly, farming remains extremely important for livelihoods and economic growth. Investments to transform on-farm agricultural productivity will also help to generate off-farm employment opportunities.¹⁷ Africa's relatively decentralised urbanisation also contributes to growing demand. Alongside growth in larger cities, populations in smaller cities, towns and villages are also increasing.

The growth of these provides market outlets closer to farmers, which will generate new jobs along the agribusiness value chain.¹⁸

Local and regional markets offer new opportunities boosted by the African Continental Free Trade Area (AcFTA) prospects, even though entrepreneurs have a low level of awareness and understanding of the Agreement and therefore an insufficient appreciation of the opportunities it can bring for their businesses.¹⁹ Due to strong population growth, there is a growing young consumer market. Hence, understanding the food preferences of urban youth is key for domestic food producers to capture this market increasingly served by imports.

Employment in the food manufacturing and horticulture sectors, often generates high quality jobs for youth and women, promotes healthy and nutritious diets. It also imposes constant reskilling to remain competitive. Value chains characterised by innovative production, higher-value products, value addition, safety requirements and quality differentiation are attractive to young entrepreneurs eager to lead the way to “farming as a business”. There is a great urgency to roll out capacity development programmes to expand the number of youths better prepared to seize new markets and develop new products. Youth entrepreneurs engaged in small and medium enterprises (SMEs) and clusters of agrifood related businesses and services require assistance to analyse market potential for their products, and to identify and address priority policy and regulatory issues that affect value chain development. Increased youth involvement in policy processes would also enable to have youth voice heard on challenges faced and proposed solutions.

Levelling the playing field between food system actors of different sizes, and special support to women and youth are cross-cutting policy priorities, while linkage opportunities with

15 Agriculture for Impact, [Small and Growing: Entrepreneurship in African Agriculture](#), A Montpellier Panel Report, June 2014.

16 IFAD. 2019 Rural Development Report. [Creating opportunities for rural youth](#).

17 Mastercard Foundation. Michigan State University. [Agrifood Youth Employment and Engagement Study](#). 2016.

18 Agriculture for Impact, [Small and Growing: Entrepreneurship in African Agriculture](#), Montpellier Panel Report, June 2014.

19 PAFO study. [Positioning of African Farmers Organizations in the context of the AfCFTA](#). 2021.

larger food systems stakeholders with transformational potential remain also important.²⁰ Supporting **sustainable food systems** is a necessity driving forward a resilient food system that is better for people, planet and prosperity. Green jobs²¹ can provide more sustainable livelihoods provided that rural youth accesses the necessary skills, market information and available green technologies. Investing in the **education and training** of young rural people is becoming ever more important as the challenges associated with adopting sustainable, climate-smart production methods and linking up with marketing opportunities in modern value chains are growing. Moreover, competition over scarce natural resources, including land, from the production side – implies the need for these young people to develop a range of skills and knowledge that have not always been readily accessible in rural areas.²² Youth needs to be able to access specialised **skills development** programmes and trainings, information and technical services, to expand thriving businesses. Effective protection during the early stages of livelihood building and business development could be a game changer for many young people. **Links to research** remain important to ensure product development, technology and innovation adoption which contributes to green and sustainable growth while meeting the expectations of local and foreign consumers.

Accessible agricultural technologies are easily adopted by young entrepreneurs to maximize on-farm activities and facilitate their entry into off-farm activities. Investments in agricultural innovation hubs and incubation centres promote an invaluable mentorship and peer to peer exchange, much appreciated by young entrepreneurs.²³ The transformative technological change of unprecedented speed that is now being generated by the advancing wave of digital technology is driving rapid social and economic change and penetrating every aspect of people's lives. While this digital revolution is opening new opportunities, it is also closing more traditional paths of rural development and can deepen the existing digital divide.²⁴

Access to financial services is a key determinant of the capacity of young women and men to transform their business ideas into reality through productive investments. The reluctance of financial institutions to lend to young agricultural entrepreneurs and high rates of start-up failure suggest the importance of providing a longer-term safe incubator environment where young people can learn and practice essential technical and business skills. Important financial services include loans and insurances, as well as bank accounts and saving schemes.

The FAO report on Empowering young agri-entrepreneurs to invest in agriculture and food systems²⁵ recommends policy makers to empower young agri-entrepreneurs through access to incentive schemes combining loans with investment subsidies, incubation, coaching and mentoring services.

Greater engagement in the agricultural policy and related processes will empower youth to make sound business decisions, understand and comply with regulations and standards and voice their challenges and possible solutions. Programmes designed to boost agricultural productivity need to be paired with actions that will provide greater market access to young entrepreneurial farmers. Where fiscal resources permit, this could include youth-focused microfinance and savings groups targeting high-value crops; learning groups

20 Hollinger, Frank & Staatz, John. (2015). [Agricultural Growth in West Africa: Market and Policy Drivers](#).

21 [Fostering a green entrepreneurial ecosystem for youth](#) - Geneva: ILO 2020. The study identifies the key challenges and opportunity spaces for green youth entrepreneurs as being: (i) founding and scaling businesses, (ii) incorporating and integrating environmental and green processes, and (iii) selling green products and services.

22 FAO, IFAD, WFP. [Developing the knowledge, skills and talent of youth to further food security and nutrition](#). 2015.

23 FAO e-agriculture. [The future of Africa's Agriculture rests with the youth](#). 2018.

24 IFAD. 2019 Rural Development Report. [Creating opportunities for rural youth](#).

25 FAO report summarizes the main findings and lessons learned from FAO's work with eleven African countries – Côte d'Ivoire, Guinea Conakry, Malawi, Mali, Mauritania, Mozambique, Namibia, Senegal, South Africa, Tunisia and Uganda – deploying the Strategic Planning Toolkit "Empowering young agri-entrepreneurs to invest in agriculture and food systems".

for emerging mobile apps providing market intelligence and information on access to agricultural services; and programmes to promote access to land, including the option of renting land, for young entrepreneurial farmers. Policies that promote land tenure security to give owners an incentive to engage in multi-year lease arrangements could also be very helpful for young people who have not yet inherited land and do not have the capital to purchase it.²⁶

3. The way forward

In the decades ahead, food systems must respond to increased demand, higher quality standards, and the need to adopt sustainable approaches to address climatic and environmental challenges, while at the same time providing access to sufficient and nutritious food for a projected world population of over 9 billion by 2050. The young people of today and tomorrow must play a central role in helping the world meet these challenges. To do this they need relevant education and skills, as well as a broader institutional and policy environment that makes agricultural livelihoods an attractive proposition for talented youth. This means ensuring smallholder farmers are connected to markets, can better defend their interests through producer organisations, that rural women²⁷ are empowered, and that access to modern technologies, land and financial services are provided in rural communities.

The availability of public goods, such as improved roads and communications infrastructure, well-designed legal and regulatory systems and educated labour are a prerequisite to private investment. Increasingly, the private sector is providing mobile technology, post-harvest facilities and processing capacity, and agricultural inputs²⁸ in rural areas. **Governments, investors and development partners should** create new opportunities for youth in farming, expanding job opportunities in on-farm and off-farm activities. The realisation of future generations' food security, the sustainable transformation of food systems and the combat against unemployment and migration all depend upon the successful implementation of strategies that make the agri-food sector more attractive for the youth. This requires smart policy responses that will help young investors overcome the numerous barriers they face.²⁹

4. Key points for discussion on promoting youth-led SMEs and businesses

- What are the drivers of success of youth-led SMEs in the agrifood sector: what innovations, technologies, knowledge and finance do they attract and need?
- How to upscale youth-led investments and rural youth enterprises?
- What incentives can be provided to attract and retain youth-led SMEs and smallholders in value-addition in local and export markets?

26 IFAD. 2019 Rural Development Report. [Creating opportunities for rural youth](#).

27 Young rural women face more constraints than young rural men do as they seek to accumulate the assets they need to transition into productive livelihoods.

28 The profitability of farming increasingly depends on the use of purchased inputs, especially when producing for dynamic markets, such as fresh produce for growing cities.

29 Fiedler, Y. 2020. [Empowering young agri-entrepreneurs to invest in agriculture and food systems – Policy recommendations based on lessons learned from eleven African countries](#). Rome. FAO.

PROGRAMME
3rd February 2022 (12:00-14:00 GMT)

12:00-12:10

- **Introduction:** Emmerance Tuyishime, Programs Officer, PAFO
- **Welcome:** Kolyang Palebele, President, PAFO

Moderator: Isolina Boto, Head of Networks and Alliances, COLEACP

12:10-13:00 Panel: Youth-led successful SMEs and businesses

- Momarr Mass Taal, Founder and Managing Director, Tropingo Foods Ltd, Gambia
- Mwangi Muturi, CEO, Lusoi Greens Limited, Kenya
- Awa Caba, Co-founder and CEO, Soreetul, Senegal

13:00-13:20 Discussants

- Abdullateef Olaosebikan, Co-founder, Nafarm Foods, Nigeria
- Theophile Mudenge, Youth Coordinator, 2SCALE

13:20-13:50 Debate

13:50-14:00 Key takeaways and conclusion

- Stephen Mintah, President, COLEACP