

Assessment and recommendations

A large rural youth population and a growing domestic demand for diversified foods in many developing countries represent a unique opportunity to advance towards the three objectives of decent job creation for youth, food security, and sustainable production as spelled out in Agenda 2030. Yet, challenges to seizing this opportunity remain. Most developing countries still need to promote more productive and environmentally sustainable agri-food activities that can meet changing domestic consumption needs, create decent job opportunities for their large rural youth populations, and help close the gap between rural jobs and what youth aspire to. Developing countries can make this happen, but decisions and actions need to be taken today.

This study argues that countries that are able to promote agri-food and local value chain development through a youth lens are likely to reap significant benefits from their large rural youth population and the growing domestic demand for more sophisticated and quality food products. However, missing this opportunity will likely lead to increased frustration among rural youth, with the chilling consequences that unmet aspirations of numerous youth can generate, including social unrest and rural exodus.

Making rural life and rural jobs more attractive to youth will require tapping into the potential of agricultural value chains, and understanding the opportunities and challenges of food and agriculture systems in developing countries. The study therefore places rural youth at the centre of the analysis and asks: Who are the rural youth? What is the nature of their job aspirations? Which untapped opportunities exist for rural youth? What are the promising approaches to integrate rural youth into agricultural value chains? What can policy makers do to create an enabling environment for local value chain development that can generate decent and attractive jobs for rural youth?

An important objective of this study is to present a comprehensive policy vision that can help developing countries transform their rural economies in ways that preserve the planet and work for the majority of rural youth. The report starts by presenting a portrait of rural youth; looking at their numbers, employment situation, skills and career aspirations; and comparing them with their urban peers (Chapter 1). It examines current experiences in developing countries to integrate youth, especially disadvantaged youth, into the production, transformation and diversification of the agri-food sector and related services. It then identifies success factors to increase participation of youth in agricultural and local value chains (Chapter 2). The report concludes with policy recommendations to build vibrant, sustainable and inclusive food systems that can benefit youth (Chapter 3).

Rural young people face the double challenge of age-specific vulnerabilities and underdevelopment of rural areas

Rural youth constitute the largest proportion of the youth population in many developing countries and their number is expected to increase in the least developed countries, mainly due to the combination of high fertility rates and decreasing mortality rates. The

countries with the highest proportion of rural youth can be found in the Horn of Africa, the Sahel and Southern Asia. Rural young people are a socially and spatially diverse group, and several factors influence their employment outcomes, including their level of education and skills, gender, location, social norms, role models, social networks, household poverty level and access to assets such as land, finance and knowledge.

Rural young people face age-specific vulnerabilities in addition to the challenge of living in underdeveloped areas. They suffer from low opportunities to receive quality education and vocational training, limited access to land and finance, and a lack of voice in decision-making. Data on school-to-work transition from 24 developing countries¹ show that one in five rural youth never attended school and almost half of them have at best completed primary education. Rural youth who complete vocational education (10.7%) or tertiary education (10.5%) are only a minority. By contrast, a large majority of urban youth go beyond primary school to complete higher levels of education (33.3% in general secondary education, 11.5% in vocational education, and 18.1% in tertiary education). Rural youth in sub-Saharan African countries and in low-income economies have the lowest educational attainment levels.

Agriculture is an unattractive livelihood option for rural youth

Agriculture is the main provider of jobs for rural youth, but the pay, the stability of employment and the quality of jobs are low. Agriculture accounts on average for 37% of rural youth employment, but it reaches very high levels in low-income economies such as Liberia (63%), Malawi (64%), Uganda (71%) and Madagascar (79%). Rural youth are predominantly in vulnerable employment. Self-employment and contributing to family work, which are considered vulnerable employment, together constitute 49% of rural youth employment on average and represent by far the dominant employment statuses in the least developed countries. Few rural youth (13%) hold high-skilled occupations (high-skilled white-collar jobs) and the majority (72%) are in medium-skilled occupations, which range from clerical support (non-manual labour) to agriculture and factory workers (manual labour).

By and large, young people do not want to farm and there is a large gap between rural youth career aspirations and the reality of the labour market. Data from the School-to-Work Transition Surveys (SWTS) of the 24 developing countries studied show that the majority of youth are not truly satisfied with their employment situation and want to change jobs, even more so in rural settings and in the agricultural sector. For all sectors, the main reason for wanting to change jobs is low pay, followed by the temporary nature of employment and the poor working conditions. In agriculture, rural youth willing to change jobs are more concerned with improving their working conditions than those in other sectors.

The gap between rural youth job aspirations and the reality of the labour market is wide

Rural youth also have high job aspirations. The vast majority (76%) of rural youth aspire to work in high-skilled occupations, but in reality few (13%) are in such occupations. Urban youth also aspire to high-skilled occupations (82.4%), but by comparison with rural youth, more of them get these positions (21.3%). Additionally, less than half (39%) of rural young workers have the level of education required for their current occupation. Skills mismatch is therefore a major issue for youth in rural areas – a mismatch that is

mainly attributable to underqualification (43%). This issue is particularly more pronounced in the agricultural sector than in other sectors. Skills mismatch is less severe in urban areas.

There are untapped opportunities in the agri-food sector to create decent jobs for rural youth

Domestic demand for diversified foods is rising in many developing countries and agri-food value chain development presents a real opportunity to support local enterprises and improve market structures and business environments that can result in more entrepreneurs as well as wage jobs. Building capabilities of rural youth to integrate into agri-food industries (production, processing, preservation and other handling processes as well as packaging and marketing) remains largely underexploited. In West Africa, a study estimates that the food economy, which includes producing food and retailing food to consumers, already accounts for 64% of working youth, but the majority of them are in the low end of the value chain, mostly in agricultural production, whereas off-farm jobs downstream in the value chain, e.g. in processing and services, constitute a minor share.

Agri-food industries are labour-intensive and can create jobs in rural areas, as well as ensure food security in these regions. Food processing is particularly relevant for job creation in rural areas because agro-industries are more likely than other sectors to be located in small towns and rural areas to ensure proximity to the production source. In addition, food processing creates strong forward and backward linkages with other food and non-food system activities, implying potentially large wage employment effects in local economies. Furthermore, the agri-food processing sector tends to employ low-skilled labour, providing wage job opportunities for the current large number of low-educated rural youth and rural women in developing countries.

Youth-sensitive approaches can help youth inclusion along the agri-food value chain

A careful review of projects aimed at integrating youth, especially disadvantaged rural youth, through local value chain development shows that the majority of projects were involved in the production phase, with few found downstream in the value chain. This shows that mechanisation of agriculture can indeed promote the creation of attractive jobs for youth in rural areas, including in non-farming activities, such as tractor driving or mechanical repair of agricultural machinery. Other jobs in service provision using information and communications technologies (ICTs) and agro-processing are also starting to emerge. Applying a youth employment lens to agricultural value chain development means to purposefully set youth inclusion and youth employment as an objective. The following summarise some common success factors to ensure youth-sensitive value chain projects:

- **Rural youth profiling:** Understanding the nature and conditions under which the different youth groups are engaged or excluded, and the generational and power dynamics along the value chains, will help identify the bottlenecks to be addressed when designing a youth-sensitive agricultural value chain project. This means profiling the rural youth population by age groups (e.g. 15-17 year-olds will have different challenges, aspirations and skill sets than 18-35 year-olds), ethnicity (e.g. indigenous groups), disability, gender, education and skills level, social capital, access to land and finance, prevailing social norms, etc.

- Selection of high-potential value chain: Young people should be involved in identifying a list of potential activities in their village and region which they consider themselves capable of doing and which at the same time represent potential growth sectors.
- Mentorship and role models: Young people need role models to look up to and follow. Agriculture is associated with hardship and poverty and is considered an unattractive option for young people. Local leaders and other youth farmers can help change the mentality of rural youth through mentoring and coaching. Mentoring can happen through incubator approaches, where young farmers learn how to operate a business or through regular meetings and interactions.
- Peer-to-peer learning: The most effective way to convince young people is through other young people. Peer-to-peer learning has proven effective when providing agricultural extension services, for example. Recently, an increasing number of young people with higher education are starting agri-food businesses. They serve as models for other young people, and play an important role in creating and investing in small industries in rural areas, building networks, and generating employment.
- Awareness campaigns: The potential of agriculture and value addition is largely underestimated. Young people in rural areas need to be informed about the different activities possible along the value chain if their minds are to be changed about agriculture and related jobs. Campaigns should include information about market requirements, product standards, innovative tools and new production methods.
- Basic skills training: The majority of rural youth are early school dropouts and have low skills. Programmes that provide apprenticeship and on-the-job training opportunities for rural youth can increase their employability. Vocational training programmes must also consider teaching soft skills in addition to basic literacy and numeracy skills. Improving entrepreneurship skills, for example, entails training not only in business management but also in negotiation, leadership and team building.
- Physical proximity: Activities must take place close to young people's homes. This is especially relevant for young women who cannot travel far to attend training or take up a job.
- Financial or in-kind capital: Access to land for young people is difficult, and rural areas are underserved by formal financial institutions. Furthermore, financial services are not adapted to the specific needs and constraints of youth (e.g. lack of collateral and financial resources). For youth below the age of 18, it is even more difficult and often impossible to access financial support. Activities aimed at helping young people engage in agriculture will need to support access to land, seed capital and/or materials to get started. Access to land, in particular, will be a critical decision factor for the youth, whether to engage in farm or non-farm activities and/or to migrate.
- Social capital: Agriculture is foremost about know-how and linkages with actors along the value chain. Young people tend to lack both. Joining farmers' organisations or co-operatives will help gain trust and solidarity, as well as make access to quality inputs, services, finance and markets easier. Agricultural co-

operatives have proven to be an effective mechanism for engaging young people in agriculture and increasing social capital and employment opportunities through on-farm and off-farm activities. However, hierarchical structures, high membership fees, access to land and other co-operative membership conditions which young people cannot meet exclude them from benefiting from these organised structures.

- **Modern agriculture and rural areas:** For agriculture to become attractive to young people it has to be less labour-intensive and use modern technology. This can be in the form of mechanisation, such as tractors or improved post-harvest management techniques, as well as through the use of ICTs, to ensure that they have better access to information, services and markets. Basic infrastructure (electricity, water, road, Internet) will need to be improved for young people if rural livelihoods are to become more attractive to them. Some ICTs allow young entrepreneurs to start new businesses in service provision along the agricultural value chains.

The potential of rural youth can be harnessed through vibrant, sustainable and inclusive domestic food systems anchored in local value chains

Countries must think strategically about how to position themselves with respect to market competition while ensuring that business models are inclusive of small-scale producers and local businesses operated by rural youth. In particular, promoting jobs downstream in the agricultural value chain requires higher-skilled young people on the supply side, while at the same time boosting the demand side through a mix of market-based policies and identification of specific sectors or industries with comparative advantages. Policies can support rural youth employment demand along the agricultural value chain if they provide the right enabling environment.

Value chain development initiatives seldom apply an employment lens, and even less often apply a youth employment lens. Their objectives are usually about increasing revenues and export volumes, meeting consumer needs, and improving efficiencies along supply chains. Governments can play an important role in enacting legislation and implementing regulations, incentives, support schemes and standards to identify and promote agricultural value chains that create farm and non-farm employment for youth. Policies must be designed taking into account the constraints and priorities of rural young men and women. The following policy areas have been prioritised:

1. **Promote local value chains as an engine for decent job creation and food security.** The growing domestic demand in agri-food products both in quantity and diversity is largely underexploited. Promoting local value chain development is not only necessary for youth inclusion but also for ensuring food security in the context of rapid urbanisation, increasing dependence on food and feed imports, and growing domestic demands. Policy actions are needed at the macro, meso and micro levels. At the macro level, there are regulatory frameworks, national development strategies and trade policies that will support or hinder certain value chains. At the meso level, there are industry standards and businesses that will determine the channels and efficiencies of the value chains. At the micro level, there are small-scale producers and young people who need capacity building, skills and equipment upgrades, and access to capital in order to integrate into the value chain as self-employed workers or wage workers. Using a value chain approach to development means working on all three levels at the same time and

ensuring coherence and balance between local development potential and national regulatory and trade frameworks.

2. **Link rural and urban development using a territorial approach.** Focusing resources and investments in the development of secondary towns would offer new markets to small farmers and processors while creating job opportunities, e.g. in the service and retail sector. In Africa, the growth of towns and intermediary cities has strengthened the reciprocal linkages between rural and urban development. Investments should go into strengthening rural-urban linkages and prioritising transport and marketing infrastructure to improve market access and value addition, reduce post-harvest losses, and expand input markets and support services in rural areas.
3. **Adopt a comprehensive approach to rural development to develop regional advantages.** Growth in productive sector wage employment will need to be stimulated to address youth employment challenges. The regions that have successfully increased demand for labour are those where the proportion of productive sector wage earners in total employment has been rising. Unless demand for labour expands, it is difficult to design and implement programmes to increase the inclusion of disadvantaged youth. Investments to promote growth sectors in rural areas in line with the comparative advantage of the territory (e.g. geographical indications) and to support access to markets can contribute to the creation of farm and off-farm wage employment.
4. **Exploit the opportunities in regional and international markets.** Despite the large share of agriculture in gross domestic product (GDP), many developing countries are increasingly dependent on imports. About 85% of global value chain trade in value added takes place in and around three regional hubs: East Asia, Europe and North Africa. Global agro-industrial exports have diversified significantly since the late 1990s towards processed and high-value horticultural products. In Africa, the diversity of agriculture and climate provides major opportunities for regional trade. However, currently only about 10% of agricultural trade is from within the region. Border trade continues to incur high transaction costs from administrative red tape and bribes. Simplification, greater transparency and harmonisation of procedures are required.
5. **Invest in agriculture and rural infrastructure.** The Food and Agriculture Organization (FAO) estimates that net investments of more than USD 80 billion a year are needed if food production is to keep pace with rising demand as incomes grow and the world population will exceed 9 billion in 2050. The United Nations Conference on Trade and Development's (UNCTAD's) survey of investment promotion agencies in developing and transition economies consider the best targets in their countries to be in the agricultural and agribusiness industry, along with the transport and telecommunications, hotel and restaurant, construction, and extractive industries. Moreover, there is an increase in intra African flows, an encouraging trend, as it may help reduce Africa's dependence on extra-continental foreign direct investment (FDI) to stimulate its economies. Greater efforts from governments are needed to meet the Comprehensive Africa Agriculture Development Programme's (CAADP's) goal of investing 10% of national budgets in agriculture and to attract FDI in ways which complement and promote, and do not "crowd out", domestic agri food system actors. Finally, for agriculture to really become a competitive industry in developing countries, more

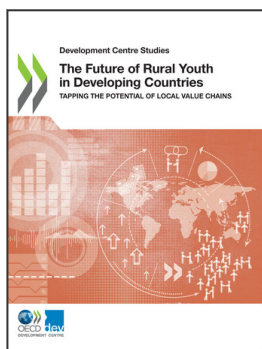
investment in agricultural research is needed to improve technology use in this sector while ensuring environmental and social sustainability.

6. **Green and diversify rural economies.** Rural populations often depend directly on the environment and natural resources for their livelihoods, such as in agriculture, forestry, fisheries, mining and tourism. However, the ecosystems on which they rely are increasingly threatened by excessive and unsustainable exploitation. Greening the rural economy will be key to boosting resource and labour productivity, reducing poverty, increasing income opportunities and improving youth well-being in rural areas. The modernisation of agriculture and the expansion of ICTs, products and services around renewable energies (e.g. solar, biogas) therefore hold employment opportunities for youth, especially rural youth. The job creation potential through the production and supply of clean energy systems is significant in rural economies, as the majority of the 1.5 billion people who do not have access to electricity live in rural areas. Other non-farm opportunities, such as ecotourism, have significant economic and employment potential for rural areas.
7. **Apply social and environmental safeguards.** Since the early 2000s, large-scale industrial agriculture in some developing countries in response to the global increased demand for food, fibre and fuel has led to deforestation and use of chemicals to increase productivity at the detriment of biodiversity and the environment. Rising concerns over these issues and denunciations have forced multinational agri-food companies to ensure that they themselves and actors along their supply chain are applying responsible and sustainable methods of production and manufacturing. Multinational companies play an important role not only in ensuring inclusive value chains but also in training and hiring young people. Several guidelines and principles exist to ensure that responsible business is conducted, and these should be strictly applied and monitored.
8. **Raise the voices of rural youth in policy dialogue.** Participation of young women and men in the design and implementation of policies is an important part of ensuring that their needs and aspirations are taken into account. Little information is available on the level of participation of youth in policy processes related to agriculture and rural development, especially at national level. There are different levels of participation: providing information, consulting decision-maker initiated, consulting, youth-initiated, shared decision-making or co-management, and autonomy. Rural youth need to acquire certain skills, e.g. communication and leadership, in order to participate actively in policy dialogues. These skills are also important within youth groups/organisations to build trust and a common voice and when partnering with other organisations.
9. **Provide skill development and second-chance programmes for rural youth.** Despite the potential for new jobs in agri-food value chains and non-farm activities in rural areas, the majority of rural youth in developing countries are low educated and low skilled. Skills mismatch, mostly related to underqualification, hinders any attempt at moving up the value chain or getting better jobs. At the same time, private sector employers, including small and medium enterprises (SMEs) struggle to find qualified candidates to fill posts, even in promising sectors where labour demand is high. Traditional technical and vocational education and training (TVET) programmes either fail to reach out-of-school and low-educated youth or do not provide training on subjects that are

relevant for the labour market. Various training modalities and a wealth of information exist on what works and what does not in TVET. Collaboration with the private sector to train a young labour force should be further explored. For example, more incentive schemes for SMEs to invest in youth skills development should be developed.

Notes

¹ Armenia, Bangladesh, Benin, Cambodia, Republic of the Congo, Dominican Republic, Egypt, Former Yugoslav Republic of Macedonia (FYROM), Jamaica, Jordan, Kyrgyzstan, Liberia, Madagascar, Malawi, Moldova, Nepal, Peru, Serbia, Tanzania, Tunisia, Uganda, Ukraine, West Bank and Gaza, and Zambia.



From:
The Future of Rural Youth in Developing Countries
Tapping the Potential of Local Value Chains

Access the complete publication at:
<https://doi.org/10.1787/9789264298521-en>

Please cite this chapter as:

OECD (2018), "Assessment and recommendations", in *The Future of Rural Youth in Developing Countries: Tapping the Potential of Local Value Chains*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264298521-4-en>

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