Agricultural Transformation Agenda

ENABLE Youth Program Concept

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Agriculture and Agro-industry Department
African Development Bank Group

Program Design Workshop,
21-22 April 2016, Abuja, Nigeria
OUTLINE

• The Reality and Challenges facing Africa’s Youth Today

• AfDB’s Response: High 5s, Jobs for Youth and Feed Africa

• Agribusiness as a Solution to Youth Unemployment:
  → ENABLE Youth Program
Africa’s Youth:
Future Leaders for Agricultural Transformation

THE REALITY AND CHALLENGES FACING AFRICA’S YOUTH TODAY
Africa: The Youngest Continent

40% of Africans are between the age of 15-35 and classified as “Youth”

Over 65% of Africa’s 1 Billion population is under the age of 35

50% is under 25 years

By 2030, one in four youth in the world will be African
Africa’s Youth unemployment rates are too high

In almost every African country, youth unemployment rates are about twice as high as adult unemployment rates.

African youth constitute around 40% of the continent’s working age population, but make up 60% of the total unemployed.

Source: AfDB computations
Youth unemployment — a critical barrier to growth

31% of African youth are unemployed or discouraged

Employment status in Africa, by age
% of age group, 2015

- Youth (age 15-35)
  - Unemployed or Discouraged: 31%
  - Economically Inactive: 19%
  - Vulnerable Employment: 35%
  - Wage Employment: 15%

- Adult (36-64)
  - Unemployed or Discouraged: 11%
  - Economically Inactive: 32%
  - Vulnerable Employment: 41%
  - Wage Employment: 17%

This lack of opportunity affects youth in every country

Youth unemployment, by country
% youth unemployed, 2015

- 0-7%
- 7.1-11%
- 11.1-22%
- >22.1%
- No data

Of those who have jobs, >80% work in the informal sector

Distribution of employment in Sub-Saharan Africa
% of total labor force, 2010

- Employed workers
  - Wage Employment
  - Non-Wage Industry & Services
  - Agriculture

- Informal sector workers
  - 16% Wage Employment
  - 62% Non-Wage Industry & Services
  - 22% Agriculture

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Africa's Youth: An Asset or A Weapon?

- Youth in stable jobs = 406 million youth
- Unemployed youth = 10 million youth

TODAY:
- Youth population aged 15-34 = 406 million
- Youth in wage and vulnerable employment = 263 million
- Youth without stable employment = 143 million

Over the next 10 years:
- New youth workforce entrants = 106 million

By 2025:
- Youth population in Africa = 512 million
- Youth population employed in stable jobs = 331 million
- Youth population underemployed, unemployed, or inactive = 181 million
# Why Africa’s Youth Unemployment Challenge?

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>DEMAND</strong></td>
<td>There are <strong>NOT ENOUGH JOBS</strong> for Africa’s working-age population</td>
</tr>
<tr>
<td><strong>LINKAGES</strong></td>
<td>It is <strong>DIFFICULT TO CONNECT</strong> skilled youth to employers</td>
</tr>
<tr>
<td><strong>SUPPLY</strong></td>
<td>Many <strong>YOUTH DO NOT HAVE SKILLS</strong> demanded by employers</td>
</tr>
</tbody>
</table>

- In Africa, the gap between wage jobs and labor market participants widens by ~8 million each year
- **Policy challenges** such as lack of access to credit and inflexible labor markets impede job creation and hiring of young workers
- Employers cite **costs and challenges of identifying talent** as a key bottleneck to growth
- There is a **mismatch between skills supplied and abilities demanded** by employers
- Youth have **low awareness of opportunities** and few networks to access them
- Two-thirds of African youth do not have any secondary education, and those who do are often unprepared for the workforce due to a **lack of practical training**
- **Education policies do not incentivize demand-driven curricula** or support internship and apprenticeship opportunities
Some Implications of an Unemployed and Unengaged Young Population

Illegal Migration

34% of migrant deaths are of Sub-Saharan African origin

Scramble for Jobs

Over 65,000 Nigerian applicants showed up at a 60,000 capacity stadium to interview for only 5,000 positions. 16 died in the stampede. Hundreds were injured.
Africa’s Youth:
Future Leaders for Agricultural Transformation

AFDB’S RESPONSE:
HIGH 5S, JOBS FOR YOUTH AND FEED AFRICA
The AfDB’s Response

AFDB’S “HIGH 5” GOALS

1. Power and Light Up Africa
2. Feed Africa
3. Industrialize Africa
4. Integrate Africa
5. Improve the quality of life of Africans
Improve the quality of life of Africans

Vision for Africa’s Youth

Equip Africa’s youth to realize their economic potential and drive inclusive growth across the continent
Jobs for Youth in Africa Strategy

**Public sector and civil society**
- Youth employment flagship programs:
  - Agriculture
  - Industrialization
  - ICT
- Design of Youth Employment Index
- Policy dialogue and harmonization
- Integration across Bank operations

**Private sector**
- Catalyze private sector capital to stimulate youth employment and entrepreneurship ecosystem
- Investments in new business formation and growth to drive youth jobs
- Support to entrepreneurship ecosystem
- Integration across Bank operations

Bridge

*Directly link all skills development programs to private sector job and entrepreneurship opportunities*
# Flagship Programs in Strategic Sectors

<table>
<thead>
<tr>
<th>Sector</th>
<th>Description</th>
<th>Methodology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>Rural Microenterprise</td>
<td>Youth participate in a short business skills training, and then submit agriculture-focused micro-enterprise business plans. Youth receive seed capital and ongoing mentorship.</td>
</tr>
<tr>
<td>Agriculture</td>
<td>Agro-industrialization Pipeline</td>
<td>Agro-industrial companies co-design curriculum with trainers. Students participate in a 1-year training and apprenticeship program and are then placed into full time positions.</td>
</tr>
<tr>
<td>ICT</td>
<td>Computational Thinking</td>
<td>Equipment and curricula to promote digital literacy will be deployed to secondary schools throughout the region.</td>
</tr>
<tr>
<td>ICT</td>
<td>Coding Institutes</td>
<td>Coding Institutes will teach in-demand programming languages and provide ICT business advisory services; successful graduates will either be linked to jobs or supported in the creation of new ICT business ventures.</td>
</tr>
<tr>
<td>Industrialization</td>
<td>Skills Enhancement Zones</td>
<td>Skills Enhancement Zones throughout Africa will be located near industrial clusters and provide industry-aligned training and apprenticeships for youth for 6 months. Upon graduation, youth are placed into full-time roles. Corporate partnerships and SME support will provide direct and indirect opportunities.</td>
</tr>
</tbody>
</table>

- **23-35 million jobs and skill 11-15 million additional youth in 10 years across 28 countries**
FEED AFRICA

✓ October 2015
✓ Over 600 Ministers of Agriculture and Finance, Central Bank Governors, Development Partners, RECS, Academia and Private Sector
✓ 4 Goals and 18 Actions Points adopted to transform African Agriculture
Africa’s Agriculture Today

**Gap between employment and income...**

Agriculture as a share of employment and GDP; % 2014

<table>
<thead>
<tr>
<th>Region</th>
<th>% of total employment</th>
<th>% of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>61%</td>
<td>25%</td>
</tr>
<tr>
<td>India</td>
<td>50%</td>
<td>42%</td>
</tr>
<tr>
<td>Thailand</td>
<td>18%</td>
<td>12%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>47%</td>
<td>18%</td>
</tr>
<tr>
<td>Brazil</td>
<td>15%</td>
<td>6%</td>
</tr>
<tr>
<td>China</td>
<td>3%</td>
<td>10%</td>
</tr>
</tbody>
</table>

...resulting in widespread poverty.

Millions of Africans living on less than $1.25/day; 2014

<table>
<thead>
<tr>
<th>Region</th>
<th>% people</th>
</tr>
</thead>
<tbody>
<tr>
<td>Humid</td>
<td>49%</td>
</tr>
<tr>
<td>Sub-humid</td>
<td>57%</td>
</tr>
<tr>
<td>Semi-arid</td>
<td>53%</td>
</tr>
<tr>
<td>Arid</td>
<td>23%</td>
</tr>
<tr>
<td>Highland</td>
<td>44%</td>
</tr>
<tr>
<td>Sub-tropical</td>
<td>31%</td>
</tr>
<tr>
<td>Total</td>
<td>49%</td>
</tr>
</tbody>
</table>

**Relatively low productivity...**

Average yields across Africa versus best practice\(^2\); mT/(hectares or animals), 2013

<table>
<thead>
<tr>
<th>Crop</th>
<th>Africa</th>
<th>Best practices(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cassava</td>
<td>9.4</td>
<td>25.4</td>
</tr>
<tr>
<td>Maize</td>
<td>2.0</td>
<td>19.2</td>
</tr>
<tr>
<td>Rice</td>
<td>2.5</td>
<td>8.3</td>
</tr>
<tr>
<td>Soy</td>
<td>1.2</td>
<td>3.6</td>
</tr>
<tr>
<td>Cocoa</td>
<td>0.5</td>
<td>0.13</td>
</tr>
<tr>
<td>Beef</td>
<td>0.2</td>
<td>0.4</td>
</tr>
<tr>
<td>Milk</td>
<td>0.5</td>
<td>10.0</td>
</tr>
</tbody>
</table>

...and rapidly rising imports.

Imports vs exports\(^2\), billion USD

- Imports: Steady increase from 1985 to 2015
- Exports: Also increases, but at a much slower rate compared to imports

**Note:**\(^2\) Source: International Food Policy Research Institute (IFPRI)
Issues of African Agriculture:
1. Extreme Poverty

Where we are …

• 49% of Africans or 420 million live under the poverty line of $1.25 per day (2014)
• This will rise to 550 million by 2025 if we do nothing
• This is as high as 57% in the humid zone

Where we want to be …

Contribute to ending Extreme Poverty by 2025
2. **Hunger and Malnutrition**

Where we are ...

- 33% of African children live in chronic hunger
- There are 40 million stunted children under the age of 5 years in Africa today. This is more than 20 years ago
- The economic impact of child malnutrition in Africa is 2% to 16% of GDP per year
- Productivity is reduced by 25% of best practice for most commodities (5% for milk)

Where we want to be ...

End Hunger and Malnutrition

By 2025
3. Unsustainable Food Imports

Where we are ...

- Staggering food import bill of USD 35.4 billion per annum (2015)
- About 15 food imports of which the top 5 are staple commodities such as Wheat, Sugar, Rice, Beef, Soybeans
- Imports projected to increase to USD 111.0 billion by 2025 if we do nothing

Where we want to be ...

Turn Africa into a Net Food Exporter by 2025
4. Low Value Addition

Where we are ...

- Low Value Addition to Agricultural commodities
- Predominantly primary production
- Africa’s share in global production of cocoa beans is 73 % vs. share in ground cocoa is 16%

Where we want to be ...

Move Africa to the top of key global agricultural value chains by 2025
Instability in commodity prices is creating an imperative for African countries to diversify sources of foreign exchange earnings.

There is a need to diversify sources of economic growth; food commodities are one of the least volatile groups.

Commodity price indices; 2005=100, 2005-2015

Source: IMF Primary Commodity Price System
### Feeding Africa: Agriculture Transformation Agenda targets

<table>
<thead>
<tr>
<th><strong>AfDB-wide Goals</strong></th>
<th><strong>Aspiration</strong></th>
<th><strong>Lead Indicator</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Contribute to the end of extreme poverty</td>
<td>Number of people under poverty line — million</td>
</tr>
<tr>
<td></td>
<td>• Contribute to alleviating poverty through job creation and providing sustainable livelihoods</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Eliminate hunger and malnutrition</td>
<td>Number of people undernourished — million</td>
</tr>
<tr>
<td></td>
<td>• Food security for all Africans that are ‘undernourished’</td>
<td></td>
</tr>
<tr>
<td><strong>AfDB-specific Goals</strong></td>
<td><strong>Aspiration</strong></td>
<td><strong>Lead Indicator</strong></td>
</tr>
<tr>
<td>3</td>
<td>Become a net exporter of agricultural commodities</td>
<td>Africa’s net trade balance — $, Value of Exports less Imports</td>
</tr>
<tr>
<td></td>
<td>• Eliminate large-scale imports of commodities that can be produced in Africa, and selectively begin to export</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Move to the top of key agricultural value chains</td>
<td>Africa share of market value for processed commodities</td>
</tr>
<tr>
<td></td>
<td>• Double Africa’s share of global market of processed products in selected value chains</td>
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Notes: (1) Millions of Africans across major agro-ecological zones in Africa living on less than $1.25/day; in 2014 ~420 million people were under poverty line (2) The net trade balance in a “do nothing” scenario is expected to be ~110bn USD in 2025. (3) Agricultural Transformation Agenda. (4) Excludes intra-African trade. (5) Estimate of what these indicators will be in 2025 in a ‘do nothing’ scenario where there is neither the Agricultural Transformation Agenda or any other major strategy. Source: FAO “The State of Food Insecurity in the World 2017”; World Bank data; ITC/IFPRI; IITA; FAOstat; Dalberg analysis.
The Bank and its partners will pursue an agenda to transform a selection of key agricultural commodities and agro-ecological zones

In particular, the ATA will take a commodity-focused integrated approach – simultaneously addressing multiple bottlenecks across entire prioritized agricultural commodity value chains and within related agro-ecological zones.

- **Wheat** in North Africa
- **Sorghum, millet, cowpea, and livestock** across the Sahel
- **Rice** in West Africa
- **Cassava** in humid and sub-humid zones
- **Tree crops** (inc. cocoa, coffee, cashew, and oil palm), horticulture and fish farming across all of Africa

Agricultural commodity value chains and agro-ecological zones targeted by the ATA

Source: CGIAR "Technologies for African Agricultural Transformation (TAAT)" proposal; Dalberg analysis
**AFDB Agricultural Transformation Agenda: Enablers and Programs**

<table>
<thead>
<tr>
<th>Enabler #1</th>
<th>Enabler #2</th>
<th>Enabler #3</th>
<th>Enabler #4</th>
<th>Enabler #5</th>
<th>Enabler #6</th>
<th>Enabler #7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased realized productivity</td>
<td>Realized value of increased production</td>
<td>Increased investment in hard and soft infrastructure</td>
<td>Expanded agricultural finance</td>
<td>Improved agribusiness environment</td>
<td>Increased inclusivity, sustainability and nutrition</td>
<td>Partnership for Agricultural Transformation in Africa (PATA)</td>
</tr>
</tbody>
</table>

**CGIAR TAAT**
- Input systems and finance
- Mechanization program

**Postharvest Loss Prevention Program**
- Agropoles & Corridors

**ATA Infrastructure Coordination**
- Farmers e-Registration

**Risk-sharing Facility**
- Non-SME Finance and Capacity Building Fund

**Policy Reforms Matrix**
- land tenure
- input subsidies
- incentives for production and processing
- financial sector deepening
- regional integration and trade

**ENABLE Youth**
- Climate Resilience Funding
- AFAWA
- Nutrition Trust Fund

**House and convene PATA**
Africa’s Youth: Future Leaders for Agricultural Transformation

AGRIBUSINESS AS A SOLUTION TO YOUTH UNEMPLOYMENT: ENABLE YOUTH PROGRAM
Job opportunities along agricultural value chains

- Input industry
- Primary production (farming)
- First level processing
- Second level processing
- Distribution & Marketing

Transportation, Technical assistance, Logistics, Maintenance & Repair, Safety & Quality Control/Traceability, ICT services, Financial services
ENABLE YOUTH: Agribusiness as a Solution to Empower and Employ Africa’s Youth

**Target**

USD12.5 billion to support enterprise and job creation for youths and women

- Investing in 25 African countries*
- 1.25 million agribusiness jobs in the next 5 years
- 250,000 agribusiness enterprises to be created in Africa

**Intervention**

- **CAPACITY AND SKILL BUILDING**
  - 12 month training incubation of young graduates as business men and women in agribusiness
- **ENTERPRISE AND BUSINESS DEVELOPMENT**
  - Transformation into creditworthy Agripreneurs

- **FINANCING**
  - Crowd in private investment and commercial lending
  - Deploy risk sharing mechanisms

**Need to leverage USD 0.5 billion per country**

*Benin, Burkina Faso, Burundi, Cameroon, Cote d’Ivoire, DRC, Ghana, Guinea Bissau, Kenya, Liberia, Madagascar, Malawi, Mali, Mauritania, Morocco, Mozambique, Nigeria, Rwanda, Senegal, Sierra Leone, Sudan, Tanzania, Tunisia, Uganda and Zambia
## Program Structure

<table>
<thead>
<tr>
<th>Enabling Environment</th>
<th>Agribusiness Incubation</th>
<th>Business Development</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>National Level</strong></td>
<td>Value chain identification</td>
<td><strong>Transition from agribusiness incubation cycle to self-standing businesses</strong></td>
</tr>
<tr>
<td>• Policy dialogue</td>
<td>• Promotion of agriculture as a business</td>
<td>• Managing the startup process</td>
</tr>
<tr>
<td>• Stakeholders’ coordination</td>
<td>• Value chain mapping and planning of interventions</td>
<td>• Linkage to appropriate resources (mentors, agroprocessing zones, professional organizations, etc.)</td>
</tr>
<tr>
<td>• Design of risk-sharing facility</td>
<td>• Strengthening governance</td>
<td></td>
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<tr>
<td>• Knowledge management</td>
<td><strong>Agribusiness incubation</strong></td>
<td></td>
</tr>
<tr>
<td>• National Coordination Office</td>
<td>• Skills development for Agripreneurs (in some cases commercial attachments will be interspersed with training)</td>
<td></td>
</tr>
<tr>
<td><strong>State/Province level</strong></td>
<td>• Development of competitive business plans and loan application</td>
<td></td>
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<tr>
<td>• Parallel public investment</td>
<td></td>
<td></td>
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<tr>
<td>• Negative mindset change</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• State/Provincial Technical Hub setup</td>
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</table>

### Program Coordination
- Monitoring & Evaluation
- Knowledge management and information exchange
- Quality management and Innovation support – Link to R4D
- Linkage to other initiatives (e.g. Agropoles, Youth entrepreneurship, Youth/Gender empowerment, etc.)

### Expected Results

- **At the end of the program:**
  - USD 12.5 billion invested
  - 250,000 youth-led agro-enterprises created (50% by women)
  - 1.25 million agribusiness jobs created
  - Reduced youth unemployment
  - Increased food security
  - Increased manufacturing value added in agriculture
  - Increased export earnings
Achieving ENABLE Youth goals will cost at least $12.5 billion, and will therefore require the Bank collaborating with and relying on its partners.

### Key Potential Actors and Partners to Deliver the ATA

<table>
<thead>
<tr>
<th>Increased Productivity</th>
<th>Realized Productivity</th>
<th>Hard and Soft Infrastructure</th>
<th>Agri Finance</th>
<th>Enabling Agribusiness Environment</th>
<th>Inclusivity, Sustainability, Nutrition</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1" alt="Logo" /></td>
<td><img src="image2" alt="Logo" /></td>
<td><img src="image3" alt="Logo" /></td>
<td><img src="image4" alt="Logo" /></td>
<td><img src="image5" alt="Logo" /></td>
<td><img src="image6" alt="Logo" /></td>
</tr>
</tbody>
</table>

**Co-development**

- **Co-financing**
  - Regional Member Countries
- **Partnership**
  - **Multilateral, Bilateral Donors, Foundations, Government Organizations**
    - ![Logo](image7)
    - ![Logo](image8)
    - ![Logo](image9)
  - **Small and Large Scale Agribusiness; Farmers Organizations; Food Companies**
    - ![Logo](image10)
    - ![Logo](image11)
    - ![Logo](image12)
LET’S JOIN FORCES AND MAKE YOUNG AFRICANS LEADERS IN AFRICA’S AGRICULTURAL TRANSFORMATION
AFRICAN DEVELOPMENT BANK GROUP

Thank you / Merci

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