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## Empowering young agri-entrepreneurs to invest in agriculture and food systems

Yannick Fiedler

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Food and Agriculture  
Organization of the  
United Nations

# EMPOWERING YOUNG AGRI-ENTREPRENEURS TO INVEST IN AGRICULTURE AND FOOD SYSTEMS

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POLICY RECOMMENDATIONS BASED ON LESSONS  
LEARNED FROM ELEVEN AFRICAN COUNTRIES





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**By:**

Yannick Fiedler

**Food and Agriculture Organization of the United Nations**

Rome, 2020

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# Foreword

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## Swiss Federal Office for Agriculture

The development of sustainable food systems is central to achieve the 2030 Agenda for Sustainable Development, the main international framework to make this world a better place. This requires a transformative change of how we produce and consume food. Switzerland is convinced that only if we thrive in engaging young people as professionals in food systems this transformation will be successful.

Yet around the world, few young people see a future for themselves in agriculture or rural areas. The average age of farmers is on the rise and there is little prospect for younger generations to replace ageing farmers, resulting in what is referred to as “generation gap” in the agriculture and food sector.

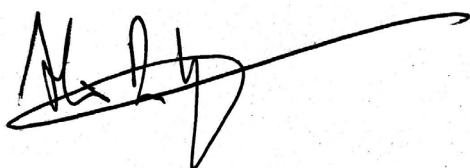
On the one hand, young people are reluctant to consider agriculture as a viable livelihood option and associate it with low returns, hard work and low social status. On the other hand, young entrepreneurs wishing to succeed in agricultural and food value chains face numerous challenges, in particular inadequate access to land, credit and markets. These challenges are multidimensional and require interventions at various levels.

Through support to the FAO RAI Umbrella Programme, Switzerland contributes to investigating responsible investments needed to attract and ensure the success of young people in agriculture and food systems. With Swiss funding, FAO developed a tool to identify existing and needed capacities to empower young people to carry out and benefit from these investments.

Upon request of FAO, the Swiss National FAO Committee reviewed the tool. The Committee is a consultative body of the Swiss Federal Government for questions relating to food security and sustainable food systems. The revised version of the tool was tested in Tunisia. Findings were translated into a strategic vision and a set of concrete interventions to develop an investment-prone environment for young agri-entrepreneurs in other contexts and countries.

The Federal Office for Agriculture wishes to express its deepest gratitude to the FAO for its dedication and continuous efforts to promote and support the involvement of young people in agriculture and food systems.

Youth is the future of food security. The role of youth as agent for the transformation of agriculture and food systems needs to gain even greater global attention to drive positive change right across the 2030 Agenda.



Alwin Kopše  
*Deputy Assistant Director-General  
Head of International Affairs and Food Security  
Federal Office for Agriculture FOAG*

# Foreword

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## **Food and Agriculture Organization of the United Nations**

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 socio-economic impacts of the COVID-19 pandemic have further increased the vulnerability of young women and men around the globe.

With support from Switzerland, FAO has developed practical capacity assessment and strategic planning tools to support countries in identifying key policy and capacity gaps as well as practical solutions to empower youth to invest in agriculture and food systems and ensure the sustainability of their investments. These tools were deployed in eleven African countries between 2017 and 2020 through participatory processes that gave young people a voice in matters that concern them most. For each country, practical recommendations and action plans that can be used to inform policy processes at country level were drafted.

This report presents the main findings and lessons learned, as well as key policy recommendations emerging from the empirical evidence gathered. It stresses the importance of mainstreaming youth-specific needs and integrating youth-specific mechanisms into investment promotion policies and incentive regimes to make investments into the agri-food sector more attractive and viable for young women and men. More importantly, it highlights that effective youth participation in policy dialogue is a prerequisite for efficient and successful youth-centred investment promotion policies.

I wish to express my sincere gratitude to the Swiss Federal Office for Agriculture for its continuous support and tireless engagement in working together to tackle two of the most pressing challenges of our times: ensuring sustainable food security while creating opportunities for youth in the agri-food sector. I would also like to thank our partner institutions, FAO colleagues and independent experts who have worked together to make this collaborative effort a success.

Marcela Villarreal, PhD

*Director, Partnerships and UN Collaboration*

*Food and Agriculture Organization of the United Nations*



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This report was written by Yannick Fiedler, FAO Programme Officer. It summarizes key findings and lessons learned from FAO's work on empowering young agri-entrepreneurs to invest in agriculture and food systems with eleven African countries. It hence builds on a body of empirical evidence which could not have been generated without the invaluable support of many institutions and individuals.

The support of the Swiss Federal Office for Agriculture (FOAG) has been essential in launching and expanding this work. Since 2017, Swiss FOAG has made important financial and technical contributions which have allowed FAO to develop and deploy innovative assessment and strategic planning tools. The continuous support and feedback from Alwin Kopše, Madeleine Kaufmann and Kate Dassel made an undeniable contribution in refining our own approaches.

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Furthermore, the high quality of the assessments which have informed this report could not have been attained without the strong engagement of the FAO country and regional offices and the workshop participants, including representatives from youth organizations, government, civil society, the private sector and financial institutions, as well as the two partner institutions which have participated in the assessments in Tunisia (Bern University of Applied Sciences) and Southern Africa (Information Training and Outreach Centre for Africa). Their time, effort and willingness to contribute to the identification of challenges and opportunities for young agri-entrepreneurs are gratefully acknowledged.

Finally, the author would want to express his most sincere gratitude to the following colleagues who have participated in the development of this report: Michael Riggs, RAI Team Leader, who has provided his guidance and feedback throughout the process; as well as Jana Herold, Emma McGhie and Tony Nsanganira from FAO, Alwin Kopše and Kate Dassel from FOAG, Mohamed Elloumi from INRAT, Barbara Eiselen from the Bern University of Applied Sciences, Anna Bulman from the Columbia Center on Sustainable Investment and Mery Moyo from ITOCA, who reviewed different drafts of this report and provided useful feedback. The layout and graphic design work by Carolina Saiz is gratefully acknowledged.



# Abbreviations

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- AgriBEE Agricultural Black Economic Empowerment
- ANPEJ Agence nationale pour la promotion de l'emploi des jeunes (Senegalese National Youth Employment Promotion Agency)
- APIA Agence de promotion des investissements agricoles de Tunisie (Tunisian Agricultural Investment Promotion Agency)
- AsiaDHRRA Asian Partnership for the Development of Human Resources in Rural Asia
- BTS Banque tunisienne de solidarité (Tunisian Solidarity Bank)
- CAYC Commercial Agricultural Youth Chamber of South Africa
- CFS-RAI Committee on World Food Security Principles for Responsible Investment in Agriculture and Food Systems
- CNOP-Mali Coordination Nationale des Organisations Paysannes du Mali (National Coordination of Farmer Organizations of Mali)
- CPGD Centre for Research on Governance and Development
- CTA Technical Centre for Agricultural and Rural Cooperation
- DBN Development Bank of Namibia
- DT Tunisian Dinar
- FAIJ Support for Youth Initiatives Fund of Mozambique
- FAO Food and Agriculture Organization of the United Nations
- FENAJER Fédération nationale des jeunes ruraux du Mali (Federation of National Rural Youth of Mali)
- FENOPJERCI Fédération nationale des organisations professionnelles de jeunesse rurale de Côte d'Ivoire (National Federation of Professional Rural Youth Organizations of Côte d'Ivoire)
- FOAG Swiss Federal Office for Agriculture
- FONGIP Fonds de Garantie des Investissements Prioritaires (Senegalese Guarantee Fund for Investments in Priority Sectors)
- GIZ Deutsche Gesellschaft für Internationale Zusammenarbeit (German International Development Cooperation Agency)
- GDP Gross Domestic Product

- GVA Gross Value Added
- IFAD International Fund for Agricultural Development
- INRAT Institut national de la recherche agronomique de Tunisie (National Agricultural Research Institute of Tunisia)
- MAFISA Micro Agricultural Financial Institutions of South Africa
- MIJA Modèle d’insertion des jeunes dans l’agriculture (Model for Youth Integration into Agriculture Programme)
- MSME Micro, small and medium enterprises
- NDI National Democratic Institute
- NGO Non-Governmental Organization
- NYCS Namibian Youth Credit Scheme
- RAPEA Réseau africain pour la promotion de l’entrepreneuriat agricole (African Network for Agricultural Entrepreneurship Promotion)
- R-CAT Rapid Capacity Assessment Tool
- SDG Sustainable Development Goal
- SME Small and medium enterprise
- UN United Nations
- UNCTAD United Nations Conference on Trade and Development
- UNICEF United Nations Children’s Fund
- UNMICO Union Nationale des Mutuelles d’Investissement et de Crédit Oasien et des zones pluviales (National Federation of Investment Mutualities and Credits in the Oasis and Rainy Zones of Mauritania)
- USD United States Dollar
- WFP World Food Program
- WHO World Health Organization
- YARD Youth in Agriculture and Rural Development (South Africa)

# Executive summary

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The achievement of the Sustainable Development Goals (SDGs) requires significant efforts to mobilize finance and investments in sectors that contribute to fostering sustainable development for people, planet and prosperity. The agri-food sector is recognized as one of the ten SDG priority sectors for investment, due to its strong potential to contribute to the eradication of poverty and hunger, as well as to the creation of sustainable growth and decent employment.

The private sector is expected to provide the bulk of the investments needed to achieve the SDGs. However, strategically targeted interventions from the public sector will be essential to steer sustainable private-sector driven growth. Public investments, investment promotion strategies and an overall enabling environment are catalytic stimulators of private investments that are aligned with national development strategies.

In this regard, it is increasingly recognized that measures that empower young agri-entrepreneurs should be a key component of such a sustainable development-centred investment promotion strategy. The very realization of future generations' food security, the sustainable transformation of food systems and the combat against unemployment and distress migration all depend upon the successful implementation of strategies that make the agri-food sector more attractive for the youth. This, in turn, requires smart policy responses that will help young investors overcome the numerous barriers they face – access to finance, land, information and technical services, to name but the most crucial ones.

Since 2017, FAO has provided support to African and South-East Asian countries in identifying key challenges for young agri-entrepreneurs and good practices through participatory capacity analyses and strategic planning processes which were carried out with, and for the youth. This 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".

The report aims to provide an overview of key policy challenges and good practices which were identified in these assessments, as well as broad recommendations for policy makers. Firstly, it presents key socio-economic indicators of the eleven African countries and proposes a clustering into different groups. Secondly, it discusses policy challenges and good practices to enhance youth's access to finance; land; and technical services and information. Thirdly, it analyses the current engagement of young agri-entrepreneurs' organizations in policy-making processes. Finally, the report proposes five key recommendations for policy makers.

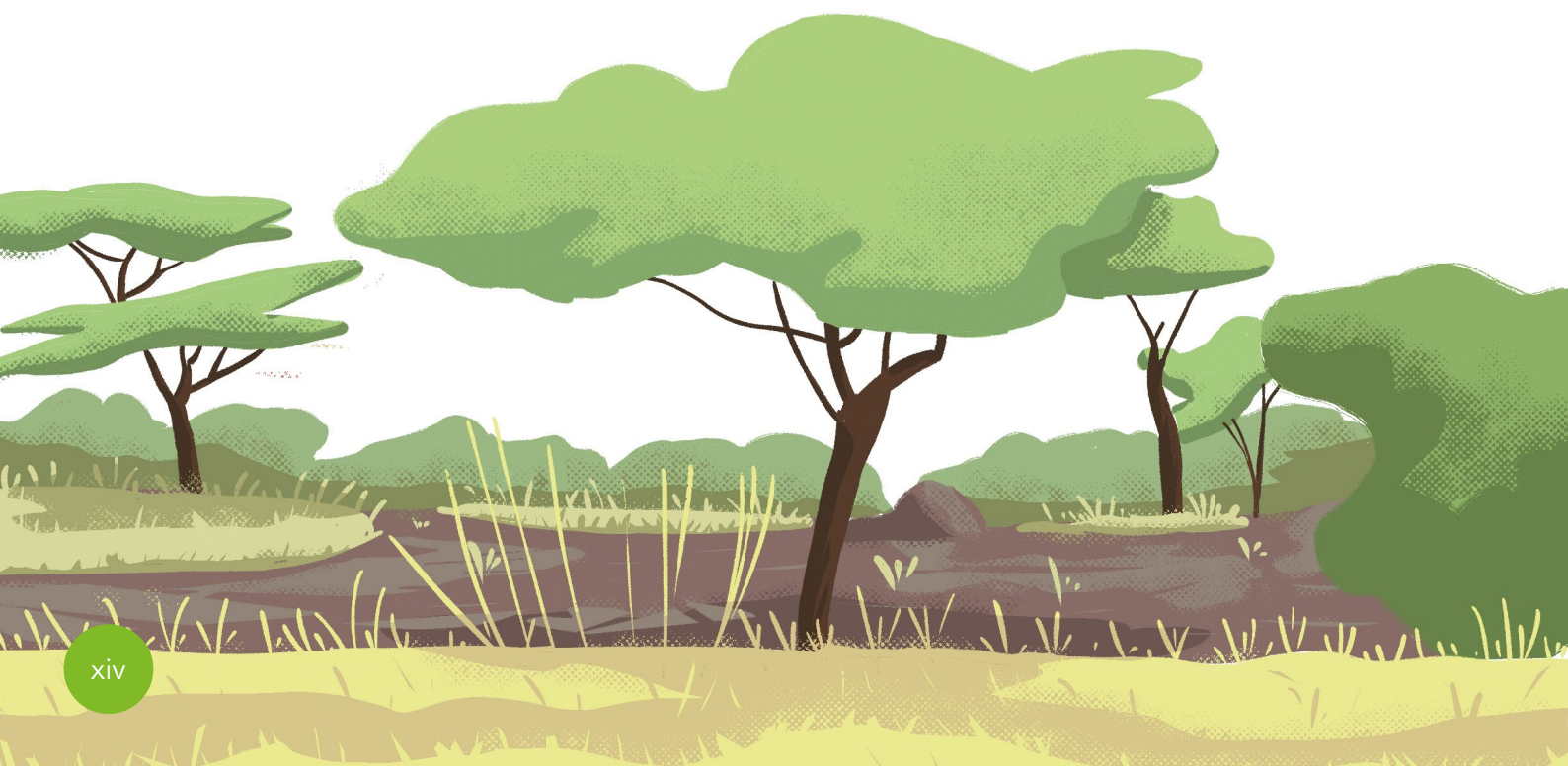
The empirical body of evidence generated through this work suggests that enhancing specific investment incentives that empower young agri-entrepreneurs is essential to increasing the attractiveness of the agri-food sector for the youth and for stimulating their investments. Such incentives include financial incentives, including concessional and non-concessional loan schemes as well as loan guarantees; information and technical services;



as well as land distribution programmes. These incentives will, however, only be effective if the overall policy and legal frameworks empower, rather than inadvertently discriminate against, young agri-entrepreneurs. In turn, both the effectiveness of incentives as well as the creation of such an overall enabling environment for young agri-entrepreneurs, depend on the active engagement and participation of young agri-entrepreneurs' organizations in policy making processes.

While significant efforts have been made and resources mobilized in one or several of these areas by all eleven countries that have informed this study, the report concludes that a further focus on youth in agricultural investment promotion would be desirable, and that moreover, a series of challenges that may undermine the effectiveness of existing incentive schemes remain.

In particular, the report provides the following five key recommendations for policy makers to empower young agri-entrepreneurs: (i) *Develop clear targeting criteria that determine the conditions of access to incentive schemes* to ensure that incentives will correspond to national development needs and maximize return on investment, both for young beneficiaries, as well as for government agencies. (ii) *Provide packages of incentives rather than stand-alone or isolated support interventions.* By combining loans with investment subsidies, incubation, coaching and mentoring services, the chance of having sustainable returns on investment in youth may be much higher than through isolated programmes and scattered efforts. (iii) *Ensure that the overall policy and legal framework empowers, rather than impedes young agri-entrepreneurs' investments.* Even when coherent and well-structured incentive regimes are in place, these are only effective if the overall policy and legal framework empowers young agri-entrepreneurs. (iv) *Develop a youth-sensitive and context-specific communication strategy* which seeks to reach out to the youth using their preferred means of communication, such as social media, web platforms, television or rural radios. (v) *Engage youth in policy making processes*, both by actively involving them in multi-stakeholder consultations and policy dialogue, and by considering support to a neutral third party to strengthen their capacities where youth organizations are not yet well developed.



# Introduction

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*We need to substantially increase investment in agriculture and rural development to achieve the Sustainable Development Goals.*

The achievement of the Sustainable Development Goals (SDGs) requires a significant increase in investments. According to the United Nations Conference on Trade and Development (UNCTAD), at 2014 investment levels, developing countries face an annual investment gap of approximately USD 2.5 trillion (UNCTAD, 2014). Increasing investments in those sectors that contribute to the eradication of poverty and hunger – which constitute the first two SDGs – is particularly urgent. As per the most recent available data, more than 730 million people are living in extreme poverty (World Bank, 2020a), and 690 million people are still affected by chronic hunger (FAO et al., 2020). The COVID-19 pandemic and the related lockdown measures are likely to further exacerbate the hardship of those already suffering. The World Bank estimates that an additional 71 to 100 million people will be pushed into extreme poverty (World Bank, 2020b). FAO, IFAD, UNICEF, WFP and WHO expect that an additional 83 to 132 million people will be undernourished in 2020 due to the economic impacts of the pandemic (FAO et al., 2020).

The agri-food sector has a particularly high potential to contribute to the reduction of poverty and hunger. It is therefore recognized as one of the ten SDG priority sectors for investment (UNCTAD, 2020). In fact, due to the nexus between agriculture, rural development and poverty reduction, investment in agriculture is not only essential for the eradication of hunger but is also significantly more effective in reducing poverty than investment in any other sector (FAO, 2017). This transformative potential of the agri-food sector is explained by two main facts. Firstly, poverty remains an essentially rural phenomenon: as of today, approximately 80 percent of the extremely poor live in rural areas (De La O Campos et al., 2018). Investments in agriculture and food systems can create decent job opportunities in rural areas which will help lift rural communities out of poverty. Secondly, productive investments along agricultural supply chains will increase the availability of affordable and nutritious food for both the urban and the rural poor, and hence decrease the share of total household expenditure on food.

In spite of this potential, the agricultural sector suffers from significant underinvestment. Recent data indicate that the share of agriculture in both commercial credits and foreign direct investment remain below 3 percent (FAO, 2018a; Fiedler and Iafrate, 2016), despite the sector's undeniable contribution to overall employment and the GDP in low- and middle-income countries. In 2015, FAO identified an annual investment gap of USD 265 billion to achieve the first two SDGs by 2030, of which more than 50 percent should target agriculture and rural development (Bellu, Mueller and Kavallari, 2015; a similar figure is estimated in UNCTAD, 2020). Since then, the investment gap is likely to have increased substantially. Firstly, there has been significant and worrisome evidence of a further decline

of some forms of investment in agriculture<sup>1</sup> over the last years. Secondly, investment in the agri-food sector is expected to further decrease because of the impacts of the COVID-19 induced “Great Lockdown”, which include a global food price bust and limited short-term prospects for growing demand for higher quality food in emerging markets (Schmidhuber and Qiao, 2020). Hence, increasing investment in agriculture and food systems is now more urgent than ever.

The bulk of the investments needed to achieve the SDGs is expected to come from the private sector. Farmers and micro, small and medium enterprises (MSMEs), which are the largest investors in developing countries’ agriculture (FAO, 2012a), will play a key role in this regard. However, strategically targeted interventions from the public sector will be essential to steer sustainable private-sector driven growth. Public investments, investment promotion strategies and an overall enabling environment are catalytic stimulators of private investments that should be aligned with national development strategies.

*Empowering youth to invest along agricultural value chains should be an essential component of a sustainable development-centred investment promotion regime.*

Measures that empower youth – including young family farmers and agri-entrepreneurs – to invest in their own farms and businesses along agricultural value chains should be a key component of a sustainable development-centred government strategy for enhancing investments at country level. There is significant evidence that empowering youth is key to achieve sustainable food security; enhance sustainable productivity, value addition and resilience; and combat unemployment, distress migration and poverty.

Firstly, global food production will have to increase significantly to satisfy additional demand generated by continuous population growth (Alexandratos and Bruinsma, 2012). Small-scale producers, both farmers and post-harvest processors, account for a significant share of the global food consumed – up to 80 percent in Asia and sub-Saharan Africa (IFAD, 2011). However, the agricultural “generation gap” – the ageing on-farm labour force and non-rejuvenation of an entire sector – risks jeopardizing the achievement of sustainable food security<sup>2</sup>. According to a recent study, the average age of an African farmer is about 60 (FAO, 2014; see also: Rapsomanikis, 2015), which may, in the foreseeable future, lead to a shortage of farmers (YPARD, 2017). Closing the agricultural generation gap requires policies and strategies that provide opportunities and perspectives to youth who want to engage in agriculture.

<sup>1</sup> UNCTAD’s World Investment Report 2020 shows for example that compared to the 2010-2014 period, annual average foreign investment in agriculture decreased by 28 percent in the 2015-2018 period, despite a more favourable macro-economic outlook (UNCTAD, 2020, p. 185).

<sup>2</sup> CNS-FAO, FOAG, FAO, the World Farmers Organisation, Brazil, YPARD and GFRAS jointly organized the side- event “Agriculture is not cool?! Think Again. Closing the generation gap” at the 45 th session of the Committee on World Food Security in 2018. Key outcomes from the panel discussion have been published here: <http://www.fao.org/in-action/responsible-agricultural-investments/news/detail/en/c/1161793/>

Secondly, youth can be agents of change in the transformation of agri-food systems. Agricultural production systems need to become more efficient, sustainable and resilient. The vulnerability of communities and food supply chains in the wake of the COVID-19 containment measures and their socio-economic effects have highlighted the need for more resilient and robust food systems (FAO, 2020). At the same time, too many small-scale farmers and processors still operate at subsistence or quasi-subsistence levels, with many more facing lower incomes due to changing market situations. By harnessing their innovative potential, utilizing new technologies and techniques and taking advantage of new opportunities in emerging value chains, young agri-entrepreneurs could create thriving businesses and enhance productivity and value added of agricultural production. At another level, enhancing youth's participation in agriculture could increase environmentally friendly food production, as young entrepreneurs are driving innovations in the green economy (ILO, 2017). For these reasons there is an emerging consensus that boosting the productivity of youth engaged in agricultural value chains does not only increase their own well-being but also contributes to the "broader development and prosperity of society (IFAD, 2019)".

Finally, attracting and retaining youth in agriculture is key to reduce unemployment, distress migration and poverty. Youth are three times as likely to be unemployed as adults, with youth unemployment rates stubbornly stagnating at around 14 percent globally and reaching up to 30 percent in Northern Africa (ILO, 2020). Youth are also more likely to be in precarious and informal employment and to experience exploitative working conditions than adults (United Nations, 2013). Burgeoning un- and underemployment in turn fuels rural-urban and international migration, as many rural youth leave their homes in search of a better future. Recent data suggest that 32 percent of international migrants are under the age of 30 (UNDP, 2015). Since the urban sector has only limited capacities to absorb rural youth migrating to cities in many of today's developing countries and regions, the promotion of self-employment in agricultural value chains, both production and post-harvest activities, remains the most realistic employment promotion strategy governments have at their disposal.

Yet, as a joint publication from FAO, CTA and IFAD concludes, "very few young people see a future for themselves in agriculture" (FAO, CTA and IFAD, 2014). This is not surprising. Youth who want to engage in agriculture and agribusiness face significant barriers that discourage or prevent them from launching their business or making it economically viable. These include limited access to knowledge, financial services, land and markets (FAO, CTA and IFAD, 2014). These challenges are interdependent, as imperfect capital markets impede the acquisition of factors of production. While market failures may in many cases constitute barriers for young agri-entrepreneurs, governments could address these and other policy related issues through a coherent and effectively implemented strategy to engage youth in agriculture and agribusiness.

Recognizing the need to step up and empower youth in agriculture, policy makers have made a series of youth-focused commitments at the global and regional levels. The 4th *Principle for Responsible Investment in Agriculture and Food Systems*, endorsed by the UN Committee on World Food Security, calls to “engage and empower youth” (CFS, 2014). The 2014 African Union Malabo Declaration on *Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods* commits member states to create job opportunities for at least 30 percent of youth in agricultural value chains. Finally, the sixth target of Sustainable Development Goal 8 (“Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”) aims to “substantially reduce the proportion of youth not in employment, education or training” by 2020.

### *Supporting governments in creating an enabling environment for young agri-entrepreneurs.*

Translating these global and regional commitments into action and concrete results at country level requires a clear understanding of the needs of young women and men investing in agricultural value chains. Based on this common understanding, conducive policy, legal and incentive frameworks need to be designed or strengthened in collaboration with the youth through participatory policy making processes.

This report aims to provide a useful contribution in this regard. It summarizes the main findings, lessons learned and good practices of a series of inclusive multi-stakeholder analyses and planning processes that FAO carried out between 2017 and 2020 in eleven African countries – Cote d’Ivoire, Guinea, Malawi, Mali, Mauritania, Mozambique, Namibia, Senegal, South Africa, Tunisia and Uganda – with the generous support of the Swiss Federal Office for Agriculture (FOAG). These analyses aimed to identify key policy and capacity gaps and practical solutions for empowering the youth and allowing them to invest in agriculture and food systems, while ensuring the economic viability and sustainability of their investments.

One important outcome of this analysis is the need to enhance youth-specific “investment incentives” (see *box 1* for a definition). In fact, stimulating investments by young agri-entrepreneurs and providing youth an opportunity in agricultural value chains requires well-calibrated investment incentives that target youth or third parties investing in them (such as financial institutions). Such investment incentives should be the cornerstone of government strategies to attract youth to agriculture and agribusiness and empower them to invest. This report aims to make a useful contribution to this effort by sharing practical findings and good practices on youth-specific incentives. In particular, it argues that financial incentives are essential to stimulate investment by young agri-entrepreneurs, but that they need to be complemented with other types of tangible and intangible incentives.

## Box 1: What are investment incentives?

Investment incentives can be defined as “targeted measures designed to influence the size, location, impact, behaviour, or sector of an investment” (Tavares *et al.*, 2017) . They can be offered by national, regional or local governments (UNCTAD, 2003) . Investment incentive regimes may encompass a broad range of measures, including regulatory, financial and fiscal incentives, as well as technical services and information (Tavares-Lehmann, 2017) .

Until recently, reflections upon investment incentives may have in many instances be limited to (primarily fiscal) stimulus packages for foreign direct investment (Tavares *et al.*, 2017) . However, more recently, efforts have been made to “rethink investment incentives” to include different types of investments incentives and sustainable development considerations.

In addition to developing and implementing youth-focused incentives, it is equally important to ensure that the overall policy and legal frameworks empower, rather than inadvertently discriminate against, young agri-entrepreneurs. The effective implementation of policies and laws, as well as the improvement of the efficiency and transparency of processes are important challenges to be tackled.

Finally, it is essential to engage young agri-entrepreneurs’ organizations in policy making processes and give voice to those actually concerned. This requires both the strengthening of inclusive dialogue through institutionalized multi-stakeholder platforms as well as targeted capacity development to youth organizations to empower them to represent the interests of their members.

The present report elaborates on these key findings. Section I will present the methodologies and tools which have been applied. Section II will discuss some of the key socio-economic indicators of the eleven African countries and propose a clustering into different groups. Section III will discuss some of the key findings with policy recommendations regarding youth’s access to finance; land; technical services and information. Section III discusses the importance of the engagement of youth in policy-making processes. Section IV will present five key policy recommendations for the empowerment of young agri-entrepreneurs. Finally, a series of concluding remarks and suggestions for follow-up activities are being formulated.



# I. METHODOLOGY

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This paper summarizes the main findings and lessons learned from FAO's analysis and strategic planning work with eleven African countries on youth and responsible investment. FAO's project "Support to responsible investment in agriculture and food systems" (GCP/GLO/886/MUL) aimed to support state and non-state actors in empowering youth to engage in responsible investment in agriculture and food systems through a participatory analysis and evaluation of current policy, legal and incentives frameworks, existing services provided by public and private entities, and, finally, the role of youth organizations in empowering their peers. Based on this analysis, national stakeholders developed a series of recommendations in priority areas of intervention. The project was implemented in Côte d'Ivoire, Guinea Conakry, Malawi, Mali, Mauritania, Mozambique, Namibia, Senegal, South Africa, Tunisia and Uganda.

Country-level analyses were carried out based on the Strategic Planning Toolkit "Empowering young agri-entrepreneurs to invest in agriculture and food systems" which includes a rapid capacity analysis tool (R-CAT) and a strategic planning tool.

R-CAT was developed between 2017 and 2018 and aims to help practitioners (such as government agencies, youth organizations, or development partners) carry out an analysis through a three-day multi-stakeholder workshop (FAO, 2018b, 2018c). The process and tool draw on FAO's "capacity assessment questionnaires"<sup>3</sup> and the tool includes four main sections with specific questions on the following topics:

- 1 Institutional frameworks and youth participation:** this section aims to (i) identify actors, organizations and entities currently involved in policy-making processes related to agricultural investment; (ii) analyse the inclusion and participation of youth organization in these processes; and (iii) identify multi-stakeholder platforms that do or could serve as vehicles for youth engagement in policy making processes;
- 2 Policy, legal and incentives frameworks:** this section aims to assess whether (i) existing policy, legal and incentive frameworks are sufficiently addressing the needs of young agri-entrepreneurs; (ii) any implementation challenges occur; (iii) policy gaps exist.
- 3 Availability and accessibility of services:** this section aims to analyse whether essential services (financial services, facilitation of access to land, incubation services) are available and accessible, and how the capacity of youth organizations could be strengthened.
- 4 Formal and informal education programmes:** this section specifically focuses on education programmes of relevance to youth aiming at starting a career in agriculture and food systems and assesses their availability and accessibility.

<sup>3</sup> See chapter 2 of the 2nd FAO Learning Module on Capacity Development for more information on capacity assessments (FAO, 2012b).



Prior to the workshop, a baseline study containing a broad context specific overview on each of these topics as well as on relevant socio-economic trends should be drafted to inform the discussions. During the workshop, representatives from different stakeholder groups (government, youth and their organizations, finance institutions and banks, NGOs, academia and the private sector) collectively answer the different questions, guided by a group of facilitators.

FAO deployed R-CAT in a series of multi-stakeholder capacity assessment workshops with ten African countries to support an assessment of challenges of youth in agriculture and food systems and to refine the tool through the incorporation of lessons learned. Two national multi-stakeholder capacity analysis workshops were organized in Uganda (November 2017) and Côte d'Ivoire (April 2018). A further two sub-regional workshops were organized with four countries from the SADC region (Malawi, Mozambique, Namibia and South Africa) and the Senegal River Basin region countries (Guinea, Mali, Mauritania and Senegal) in March and December 2018 respectively. Background papers were prepared by independent consultants and scholars from various universities and academic institutions. An interim report summarizing the outcomes of the assessments carried out between November 2017 and April 2018 was published by FAO (FAO, 2019).

The strategic planning tool was developed between 2019 and 2020 following a review of R-CAT by the Swiss National FAO Committee. The strategic planning tool incorporates significant elements of R-CAT, but follows a more complex approach that leads to recommendations that are more targeted, elaborate and specific. The strategic planning tool combines research and expert interviews with field consultations and multi-stakeholder workshops. Its five main consecutive steps consist of:

- 1 Situation and context analysis:** A study that analyses (i) key socio-economic trends (investment, employment by age, education and gender, main value chains) disaggregated by sub-national regions which allows to identify priority areas of intervention (target regions, key value chains, specific categories of youth most likely to become competitive agri-entrepreneurs and in need of support); (ii) and the current institutional, policy, legal and incentives frameworks and existing services (using the R-CAT questionnaire);
- 2 Stakeholder identification and qualification:** Expert interviews and field consultations result in the identification of key stakeholders engaged in selected value chains and in policy making processes; an assessment of the contribution of these stakeholders to youth empowerment in agriculture and food systems based on a list of specific criteria and benchmarks; and a stakeholder mapping.
- 3 Developing a common vision:** All relevant actors work together in a multi-stakeholder workshop to identify a common vision of key changes needed to empower young agri-entrepreneurs to invest, based on the outcomes of the first two steps.
- 4 Proposing concrete solutions:** The common vision is confronted with the situation analysis and concrete solutions are elaborated.
- 5 Validation:** The proposed solutions are validated during a multi-stakeholder workshop.

The strategic planning tool was applied by the Rural Economy Laboratory of the *Institut national de la recherche agronomique de Tunisie* (INRAT) between June 2019 and March 2020. Beyond the generation of concrete and operational recommendations, not insignificantly, the project also fostered collaboration and dialogue between government and academia.

In addition to the outcomes from the deployment of R-CAT and the strategic planning tool, complementary research has informed the development of this report. In particular, two additional studies following a similar methodology which were commissioned for a related learning programme have informed this paper. They include analyses on challenges, opportunities and good practices in Namibia and South Africa. Moreover, where necessary and pertinent, the author has carried out further desk research to verify or complement information and data.

Hence, the results presented in this paper reflect the outcome of a collective process involving a broad range of stakeholders and experts.

For all the studies and assessments undertaken, youth have been defined as all women and men between the ages of 15 and 35 years, which is the official definition adopted by the African Union (2006). Given that the work undertaken is specific to the African context, this definition has been retained in lieu of the more restrictive one adopted by the United Nations (15-24 years, United Nations, 2019).





## II. A SOCIO-ECONOMIC OVERVIEW OF THE STATE OF YOUTH AND AGRICULTURE

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The eleven African countries in which FAO carried out the different studies can be clustered into three groups: one group which consists of low-income, agriculture-dependent rural economies (Guinea, Mali, Malawi, Mozambique and Uganda); a second group which consists of low-middle income economies with some degree of rural transformation (Cote d'Ivoire, Mauritania and Senegal); and a third group of countries with highly diversified economies and advanced rural transformation (Namibia, South Africa and Tunisia).

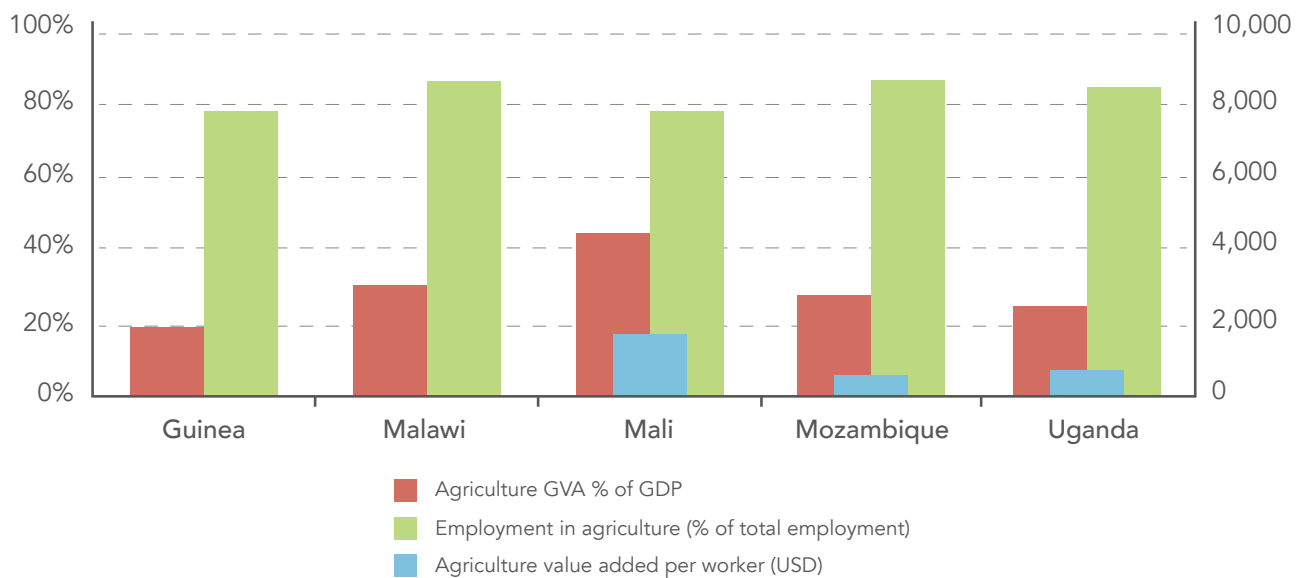
### 1 Agriculture and agricultural productivity

In Group 1 (see figure 1), 65 percent (Mali) to 72 percent (Malawi, Mozambique) of the total population is employed in agriculture. The share of the agriculture gross value added in the gross domestic product (GDP) is much lower, about one-third in most countries (except in Mali, where it is approximately half of the agriculture – total employment ratio), with rates ranging from 16 percent (Guinea) to 38 percent (Mali). This is explained by a very low agriculture value added per worker (approx. 500 USD in Mozambique and Uganda – in Mali this amount is three times that: 1 623 USD). In these countries, there is a huge potential for investments that enhance productivity and overall value added of the agricultural sector.

In Group 2 (see figure 2), economies are less dependent on agriculture. The agricultural sector accounts for 15 percent (Senegal) to 23 percent (Cote d'Ivoire) of the GDP and also employs a much smaller share of the population – between 32 percent (Senegal) and approximately 50 percent (Cote d'Ivoire and Mauritania). The value added per worker in the agricultural sector is also considerably higher than that of group 1, with rates ranging between approximately 2 000 USD (Cote d'Ivoire), 2 400 USD (Senegal) and 4 500 USD (Mauritania). In these countries, some value chains are very developed and integrated into international markets (such as cocoa in Cote d'Ivoire), whereas others have a high potential which could be further exploited through significant investments (off-season crops in the Senegal River Basin region, livestock / red meat in Mauritania).

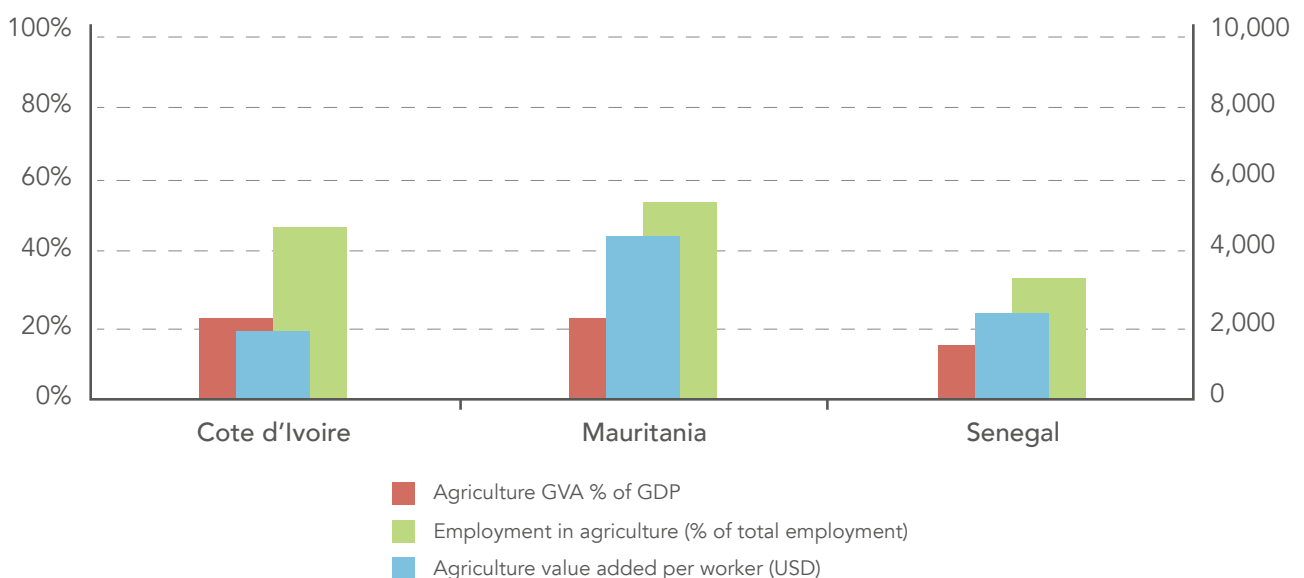
Group 3 (see figure 3) is characterized by diversified economies, in which agriculture accounts only for a small share of total employment (between 5 percent in South Africa and 20 percent in Namibia) and the GDP (between 2 percent in South Africa and 10 percent in Tunisia). The agricultural value chains are much more developed and the agricultural sector is more productive, as exemplified by the higher value added per agricultural worker (between approximately 7 000 USD in Namibia to 12 000 USD in South Africa). In these countries, investments could have a transformative impact by increasing value added along agricultural supply chains, including through labelling such as geographic indicators, and focusing on emerging and niche markets (agritourism and high-end micro-value chains for local markets).

Figure 1: Agriculture Gross Value Added ( percent of GDP), Employment in Agriculture ( percent of total employment) and Agriculture Value Added per Worker (in USD) in Guinea, Malawi, Mali, Mozambique and



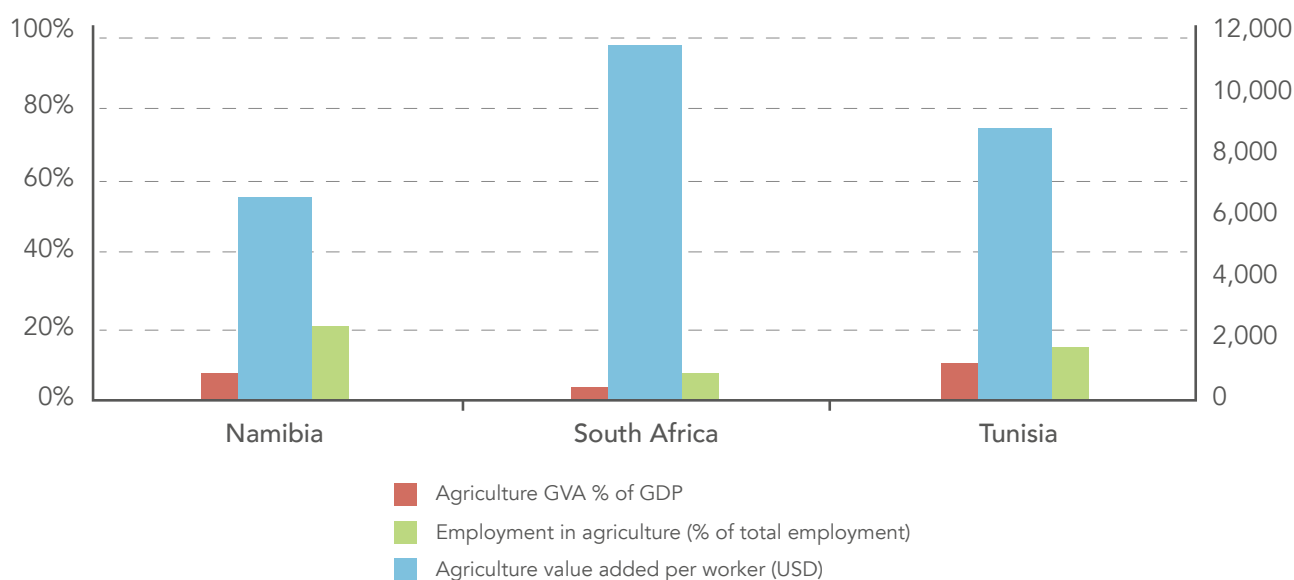
Source: Elaborated by the author based on FAOSTAT (Agriculture GVA, 2018 data; agriculture value added per worker, most recent data available) and World Development Indicators (Employment in agriculture, 2018 data). Data retrieved in June 2020.

Figure 2 : Agriculture Gross Value Added ( percent of GDP), Employment in Agriculture ( percent of total employment) and Agriculture Value Added per Worker (in USD) in Cote d'Ivoire, Mauritania and Senegal



Source: Elaborated by the author based on FAOSTAT (Agriculture GVA, 2018 data; agriculture value added per worker, most recent data available) and World Development Indicators (Employment in agriculture, 2018 data). Data retrieved in June 2020.

Figure 3 : Agriculture Gross Value Added ( percent of GDP), Employment in Agriculture ( percent of total employment) and Agriculture Value Added per Worker (in USD) in Namibia, South Africa and Tunisia



Source: Elaborated by the author based on FAOSTAT (Agriculture GVA, 2018 data; agriculture value added per worker, most recent data available) and World Development Indicators (Employment in agriculture, 2018 data). Data retrieved in June 2020.

## 2 Youth education and youth unemployment

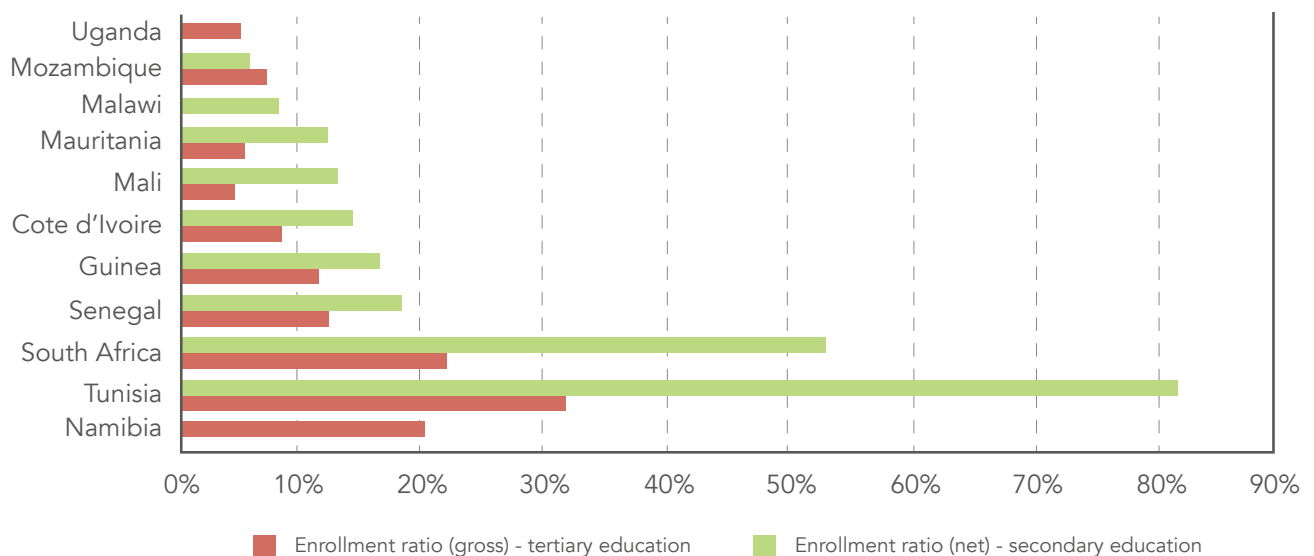
The analysis of enrolment ratios in secondary and tertiary education (see figure 4) confirms the clustering into three groups proposed previously. Enrolment ratios are lowest for Malawi, Mozambique and Uganda (below 10 percent) followed by Cote d'Ivoire, Mali and Mauritania (close to 15 percent for secondary education, below 10 percent for tertiary education), with Guinea and Senegal achieving slightly higher enrolment ratios (17 and 19 percent for secondary education, and 12 and 13 percent for tertiary education respectively). Enrolment ratios in Namibia, South Africa and Tunisia are considerably higher, reaching up to 81 and 32 percent for secondary and tertiary education in Tunisia, respectively.

Yet, in spite of all the macroeconomic differences and education standards in the different countries, perspectives for youth are limited in all of them. Neither has the fact that there is an enormous untapped potential in terms of agricultural development in group 1 (and in group 2) resulted in the creation of enough employment opportunities for the youth, nor has the high education standard in group 3 provided better perspectives to the youth (see figure 5). In fact, the relatively low youth unemployment rates in group 1 and 2 (below 10 percent in most cases) have to be read in conjunction with higher

youth underemployment rates and a stunningly high overall rate of people in vulnerable employment<sup>4</sup> which exceeds 50 percent in all countries of groups 1 and 2 and even reaches rates exceeding 80 percent in some cases (Guinea, Mali and Mozambique). Conversely, vulnerable employment rates are considerably lower in Namibia, South Africa and Tunisia (31, 10 and 20 percent respectively), but youth unemployment rates are much higher (38, 53 and 33 percent respectively). In Tunisia, there is a negative correlation between education and employment, as unemployment rates for people without any degree stands at 4.9 percent whereas it reaches 28.3 percent among university graduates (FAO et INRAT, 2020a). Hence, youth with tertiary education degrees are particularly likely to be unemployed. At the same time, in South Africa, unemployment among youth with tertiary education has increased more in 2018 than unemployment in any other category of youth.

These trends show that the availability of abundant (human and natural) resources will not per se lead to an increase of investments which will generate employment opportunities, and that, conversely, “increasing the level of education of the emerging workforce in developing countries will not in itself ensure an easy absorption of the higher skilled labour into non-vulnerable jobs” (ILO, 2014). Quite to the contrary, targeted policy interventions are needed to stimulate and steer investments that will generate opportunities for the youth, strengthening their capacities where it is needed and leveraging those that already exist, and have a transformative impact in terms of territorial development.

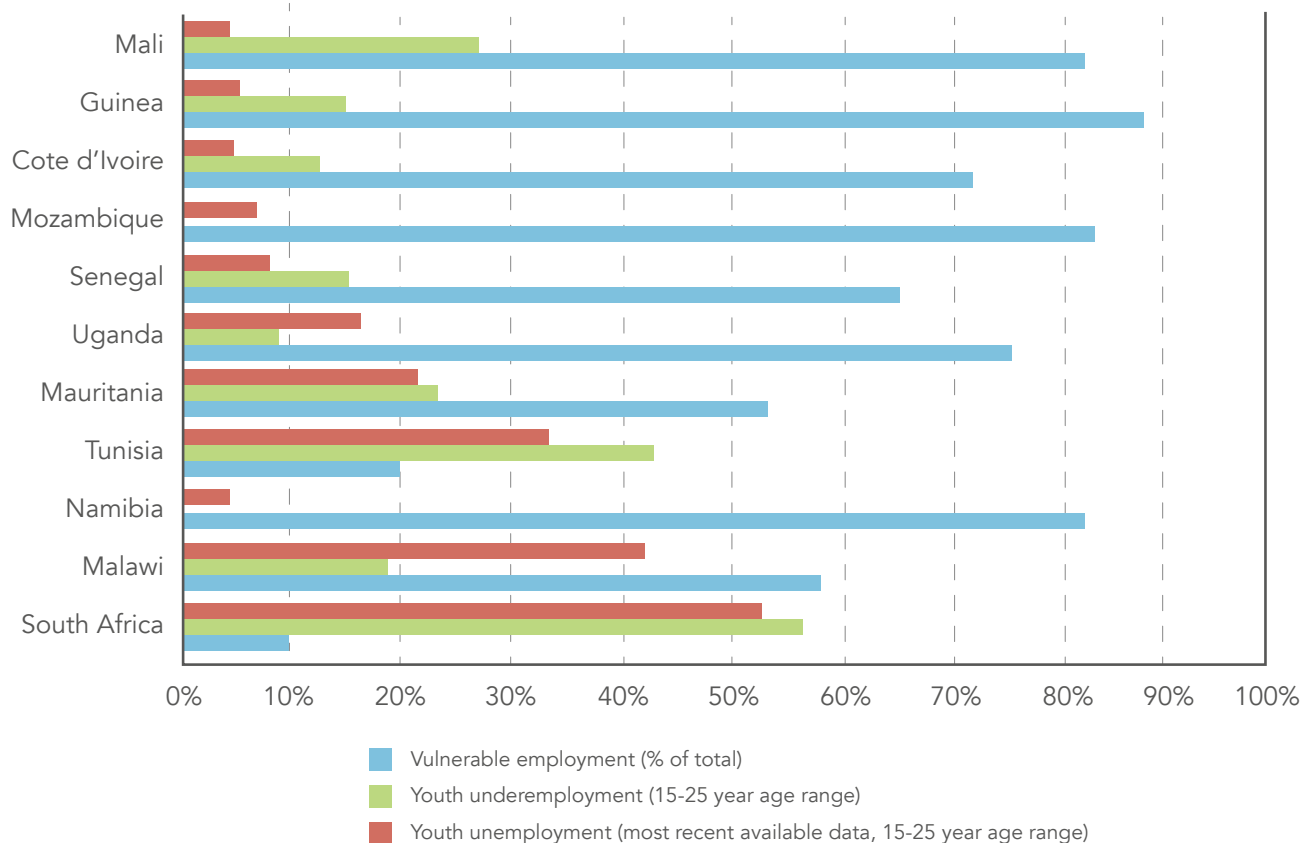
Figure 4: Education - enrolment ratios by country



Source: Elaborated by the author based on UNESCO data. 2018 data or most recent data available. N.B.: No data available for secondary education for Uganda and Namibia. No data available for tertiary enrolment ratios for Malawi.

<sup>4</sup> The ILO defines vulnerable employment as the “proportion of own-account and contributing family workers in total employment” (ILO, 2013).

Figure 5: Vulnerable employment, youth under- and unemployment



Source: Elaborated by the author based on data from ILOSTAT (2018 or most recent data preceding 2018); INRAT background paper for Tunisia; World Development Indicators.

In conclusion, in group 1 countries and, to a lesser extent, group 2 countries, agriculture still represents the principal sector which can absorb a high number of youth entering the labour market each year, as per the current socio-economic indicators. In group 3 countries, investments in the agricultural sector, despite its diminishing importance, could have a transformative impact, especially when carried out downstream in the value chain and when exploiting currently undervalued potentials such as labelling (such as social and environmental performance certification or geographical indications<sup>5</sup>) or agritourism, against the backdrop of particularly high unemployment rates in rural areas.

<sup>5</sup> According to FAO (2018d), "Geographical indications (GIs) refer to products with specific characteristics, qualities or reputations resulting from their geographical origin. This differentiates products based on unique local features, history or distinctive characteristics linked to natural and human factors, such as soil, climate, local know-how, and traditions. GIs are recognized as intellectual property rights (IPRs) and therefore offer both a helpful marketing tool and protection of the name."





# III. EMPOWERING YOUTH TO ACCESS FACTORS OF PRODUCTION AND TECHNICAL SUPPORT SERVICES

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This chapter presents key findings from FAO's capacity analyses and strategic planning processes and good practices that empower youth to access factors of production (capital and land) and technical support services which are essential to ensure the economic viability of their investments. It discusses the specific role investment incentives can play in overcoming common market failures and imperfections and provides policy recommendations based on these analyses.

## 1

### **Access to financial services**

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. Important financial services include loans and insurances as well as bank accounts and saving schemes. Yet, access to financial services is a key challenge for young agri-entrepreneurs. The following section (1.1) will discuss youth's access to (i) commercial financial services, including bank accounts, loans and insurances; and (ii) informal saving schemes and micro-loans. The subsequent section (1.2) will provide an overview of existing government incentive schemes that aim to address market imperfections. Finally, the last section (1.3) will provide policy recommendations to empower youth's access to financial services.

#### **1.1 Access to commercial and informal financial services**

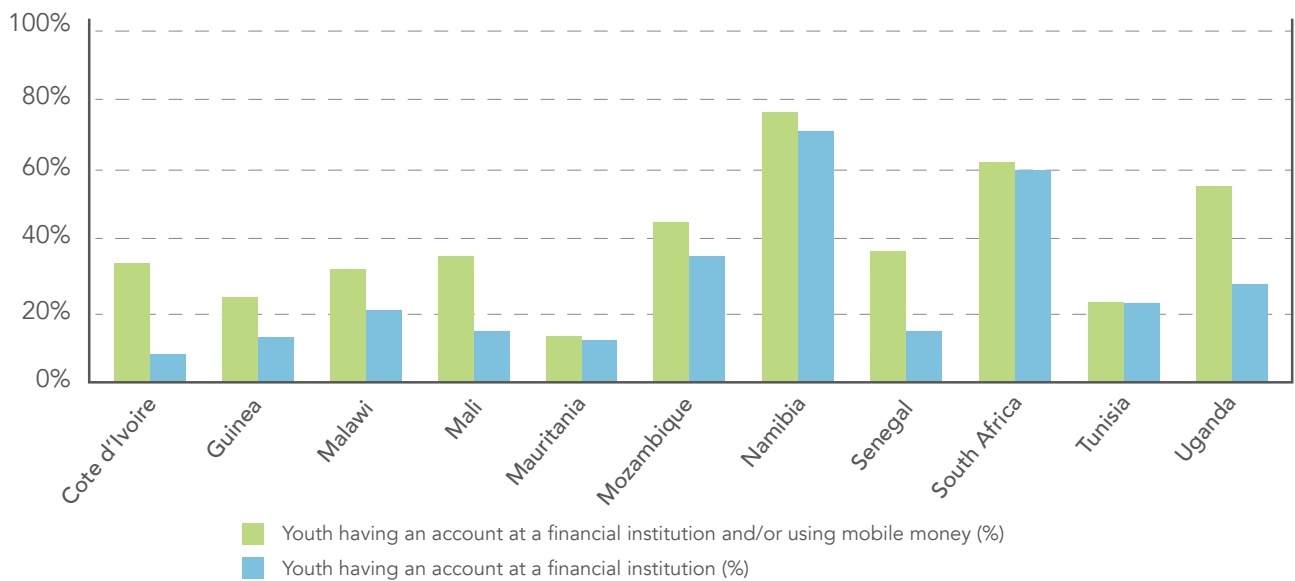
##### *(i) Commercial financial services*

Bank accounts allow young people to save capital that can be invested at a later stage and to prove their bankability for the request of commercial loans. However, the prevalence of youth who reportedly have bank accounts in financial institutions is below 20 percent in Cote d'Ivoire, Guinea, Mali, Mauritania and Senegal, between 20 and 50 percent in Malawi, Mozambique, Tunisia and Uganda and exceeds 50 percent only in Namibia and South Africa (see figure 6). The introduction of mobile money has had a significant impact on increasing the prevalence of accounts in the first group (increasing it to around 30 percent except in Guinea, where the ratio is slightly higher than 20 percent), but a less significant and/or virtually no impact in the second and third group.

Related to this, access to other financial services (credit and insurance schemes) appears to be even lower. Even though a quantitative analysis cannot be undertaken due to the lack of reliable data, studies, focus group discussions and expert interviews from the capacity analyses indicate serious challenges in this regard. In countries where a rating system was used to assess young agri-entrepreneurs' and farmers' access to those financial services

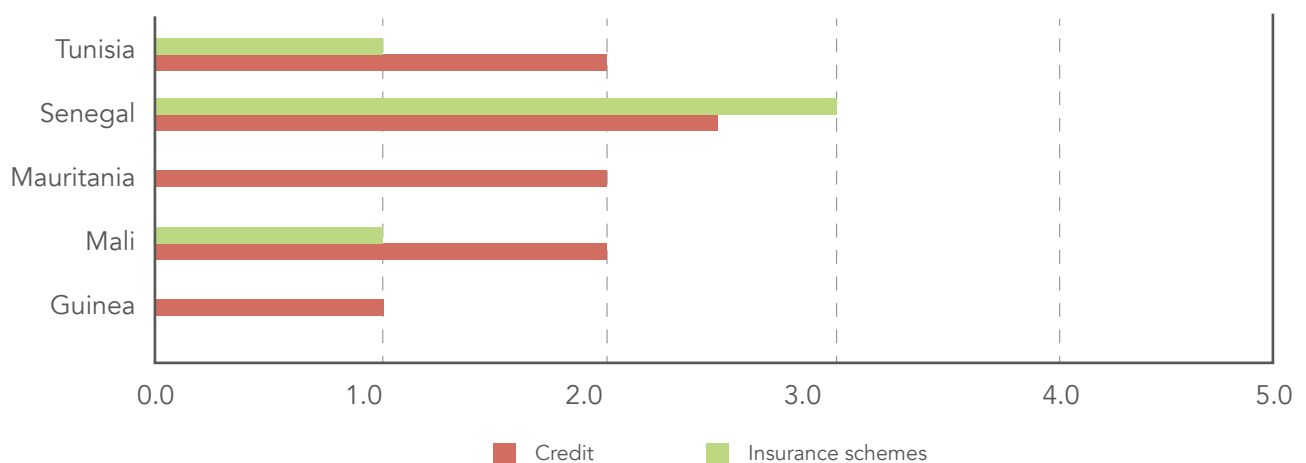
(using a range between 0 (no access) to 5 (excellent access), access to credit scored 2 on average and access to insurance schemes 1 (see figure 7). Scores for access to credit oscillated consistently between 1 (Guinea) and 2.5 (Senegal). In countries where no rating system was used, the lack of access to agricultural insurance was highlighted as well (Malawi and Mozambique).

Figure 6: Youth who report having bank accounts ( percent of total youth)



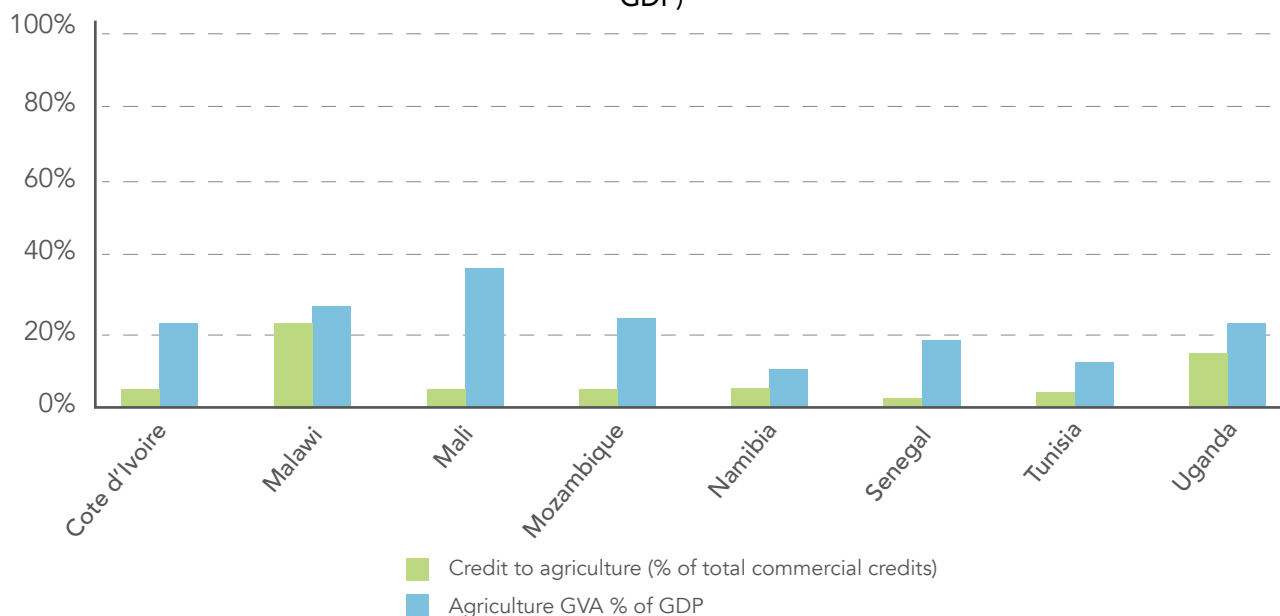
Source: Elaborated by the author based on Global Findex database. Most recent data available (2017).

Figure 7 : Young agri-entrepreneurs' and young farmers' access to financial services, as indicated in the capacity assessments (0 = no access, 5 = excellent access)



Source: Elaborated by the author based on the FAO RAI and youth capacity assessments database, 2020.

Figure 8 : Credit to agriculture ( percent of total credits) and gross value added of agriculture ( percent of GDP)



Source: Elaborated by the author based on FAOSTAT data retrieved in April 2020. Agriculture GVA: 2018 data. Credit to agriculture: most recent data available.

Imperfect capital markets partially explain the low access of young agri-entrepreneurs to commercial financial services, including credits and insurance schemes. Three major constraints can be identified – (i) youth specific challenges, (ii) broader challenges relating to the agricultural sector, and (iii) capital scarcity. Firstly, banks usually require guarantees which determine if a loan is granted and under what conditions. Young agri-entrepreneurs usually have neither significant cash flows nor substantial savings to reach a sufficient degree of self-financing capacity, let alone valuable collateral such as real estate, home equity or other assets that a financial institution may accept as a security. Their perceived or actual lack of experience may be an additional impediment. Secondly, the liberalization of the financial sector has not resulted in significant spill over effects into rural credit (Turvey, 2017) and it “appears that agricultural producers face a negative bias in access to credit” (FAO, 2018a). This may in part be explained by the higher risk of agricultural investments compared to other investments (e.g. government debt bonds or sectors which are considered as less risky), which may constitute a particular challenge in countries in which the financial sector is underdeveloped and capital is scarce (Amadhila, unpublished). This is exemplified by the high spread between the gross value added of agriculture to the GDP and credit to agriculture in total credits, especially in group 1 countries, except for Malawi and Uganda (see figure 8).

At another level, regulatory constraints also exist. On the one hand, these include the lack of regulation of interest rates or general fixed reference rates which are too high for young agri-entrepreneurs who already have to pay higher fees due to their higher-risk profiles. Hence, in Tunisia, one of the main outcomes of the multi-stakeholder planning process was the need to regulate lending policies and interest rates. In Namibia and

South Africa, experts argued in favour of stronger consumer protection regulations. Conversely, in Uganda, participants argued that the *2016 Tier 4 Microfinance Institutions and Money Lenders Act* should be revised by setting youth-specific interest rates for lending institutions.

### **(ii) Informal financial services**

Against the backdrop of limited access to commercial financial services, many young people revert to self-financing through saving schemes and informal forms of loans (provided by family members or personal networks). In many countries, vibrant communities and youth organizations have created institutions that support saving among youth, sometimes with support from NGOs. Savings associations and related services provided by youth organizations also exist, including those using mobile money. In Côte d'Ivoire, the *Fédération nationale des organisations professionnelles de jeunesse rurale de Côte d'Ivoire* (FENOPJERCI) has developed a specific saving scheme to which members can contribute by making payments to FENOPJERCI staff or via mobile money transfers.

While these informal means of financing may be quite useful and, indeed, essential for start-up entrepreneurs operating at a very small scale, business acceleration or more expensive investments would still require access to larger loans. Hence, expanding the range of financial products and services available to young agri-entrepreneurs beyond microcredits is indispensable to support the sustained growth of young businesses.

## **1.2. Financial incentives: challenges, opportunities and good practices**

Against the backdrop of market imperfections and limited capacities of NGOs and youth organizations to fill the gap, some countries have developed different types of incentives that aim to empower young people to access financial services and invest in their businesses. The most common type of youth-specific incentives and other incentives accessible to the youth are government financed loan schemes which mainly exist in some of the group 2 and 3 – i.e. lower-middle and upper-middle income countries (Mauritania, Namibia, Senegal, South Africa and Tunisia), as well as in Mozambique. At another level, Namibia and Senegal have established guarantee funds that aim to incentivise finance institutions to invest in youth through de-risking. While there is no empirically verified hypothesis that would explain the absence of any such mechanism in the low-income country group (*Group 1*), it may be assumed that financial constraints are the most likely cause<sup>6</sup>. In these countries, time-bound financial incentive schemes in forms of loans do exist<sup>7</sup>, but are often not integrated into regular government budget and depend on donor funding. While capital scarcity is an understandable constraint, it may still be worthwhile to conduct a cost-benefit analysis of the socio-economic advantages of existing fiscal incentive schemes, such as loans and loan guarantees, compared to financial incentives for MSMEs, which

<sup>6</sup> Tavares-Lehmann (2017) concludes that “very often, in developing economies, they [fiscal incentives] are the only type of incentive being offered, as these countries do not have the financial resources to provide outright financial incentives that their developed counterparts do.”

<sup>7</sup> One case is the FAO-Ministry of Agriculture, Animal Industry and Fisheries *Youth Inspiring Youth in Agriculture Initiative* in Uganda that identified youth champions who received small grants for their businesses.

may require government saving but may also be more efficient in empowering youth and stimulating local economic growth. The following two subsections will discuss existing loans and loan guarantees, the identified challenges and good practices.

### (i) Loans

Loans are financial incentives that can be concessional (provided on “more favourable terms than market conditions”) or non-concessional (based on market rates) and can be particularly important to support growth of small and medium-sized enterprises in the absence of broad availability of commercial credits (Tavares-Lehmann, 2017).

A youth-specific credit scheme that caters for youth at the very early stages of business planning is the Namibian Youth Credit Scheme (NYCS) under the Ministry of Youth, Sport and Culture. NYCS targets all Namibian youth between the ages of 18 and 35 years and aims at providing financial support directly to youth that do not have adequate collateral to access loans from the mainstream banking system. The loans offered range from N\$ 2 000 – N\$ 20 000 (approx. USD 100 to USD 1 000)<sup>8</sup>. The share of loans allocated to agricultural investment is not yet being publicly disclosed. NYCS provides training to beneficiaries in basic management practices in addition to the loan. In Mozambique, the Support for Youth Initiatives Fund (FAIJ) provides loans to young entrepreneurs (all sectors) and has been promoted as an important investment opportunity for FDI in Mozambique’s investment guide for agro-processing and light manufacturing sectors (APIEX Moçambique, 2018). However, an evaluation report finds that the government faces challenges in recollecting the loans from beneficiaries and non-repayment remains an important challenge (eMJee Consult, 2018). In addition, focus group discussions with youth conducted in Mozambique by the National Democratic Institute (NDI) and the Centre for Research on Governance and Development (CPGD) lead to the conclusion that there is limited follow up in terms of capacity development and technical assistance once funds are disbursed (NDI and CPGD, 2016). While it is impossible to establish a causal relationship between both observations, they yet indicate the need to provide comprehensive packages of incentives combining different types of services, as will be further discussed below.

Yet, there are few specific loans that support *youth in agriculture* and that tackle some of the specific challenges that these youth face. However, the need for more specific targeting that takes into account the constraints of young entrepreneurs investing along agricultural value chains, as well as return on investment in terms of economic development potential, has been identified as a recurrent priority. In this regard, the Tunisian land loans provide an interesting good practice, since access to these loans is conditioned by the fulfilment of specific criteria (see text box below).

<sup>8</sup> This corresponds to usual ticket sizes of microfinance loans in Namibia (Bank of Namibia Research Department, 2004).

## Box 2: The Tunisian land loans (*prêts fonciers*)

As in many countries, the lack of access to land is an important entry barrier for young agri-entrepreneurs in Tunisia. In order to tackle this challenge, the Tunisian Agricultural Investment Promotion Agency (APIA) has developed a specific credit scheme to support young agri-entrepreneurs to acquire and develop land.

The land loans (*prêts fonciers*) are a specific instrument under the Tunisian investment code and are accessible to all youth under the age of 40 who have graduated from university (in agriculture and related technical fields) or have a certificate of professional competence. The land itself must have a potential which is currently not being fully exploited.

The total volume for each loan can reach up to DT 250 000 (approx. USD 85 000), with an interest rate of 3 percent, a grace period of 7 years and 5 percent self-financing requirement for land acquisition, and 10 percent for land development (including electrification).

Young agri-entrepreneurs who have benefitted from the land loans are also eligible for other, non-youth-specific investment subsidies (grants complementing private investments), such as those that cover parts of expenses related to investments in water-saving technologies.

While the operational modalities (including eligibility criteria) of the land loans have varied over time, this credit scheme is quite well established, with data on the total amount of loans provided dating back to 1985. The total volume of new *prêts fonciers* has increased continuously over the last years.

Sources:

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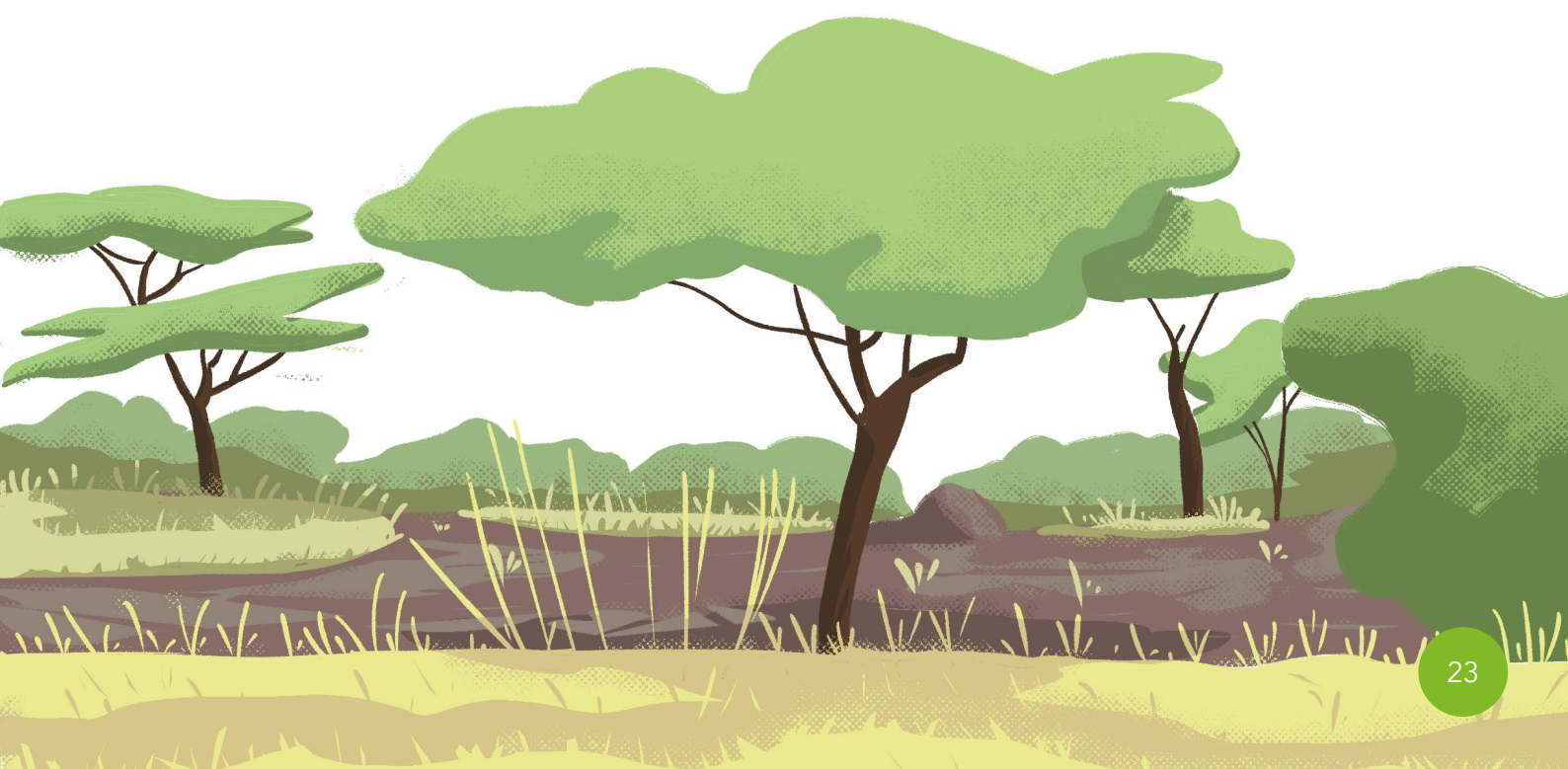
<http://www.fao.org/documents/card/en/c/cb0563fr>

<http://www.onagri.tn/uploads/veille/Impact-de-la-loi-sur-les-investissements-apia-dgfiop.pdf>

Finally, there are a series of government owned, controlled or managed financial incentive schemes and programmes that target all kinds of small-scale producers indiscriminately, including youth and women. Even though they are not youth-specific, some useful good practices and lessons learned of potential risks may be derived from them. In South Africa, a plethora of government managed or financed programmes exist (which do not specifically target youth but nonetheless are accessible to them), including the Micro Agricultural Financial Institutions of South Africa (MAFISA) that

specifically aims to address the financial needs of the smallholders through the provision of loans at low interest rates (capped at 8 percent). MAFISA loans are channelled through the Land Bank to selected financial intermediaries which disburse small loans. The government's objective was to create synergies between MAFISA and the government's extension services, which would both support producers in the loan application, and provide technical assistance once the loan is granted to ensure its economic viability. Despite the excellent architecture, an independent performance and expenditure review commissioned by the Government of South Africa identified a series of challenges (Cornerstone Economic Research (Pty) Ltd., 2014). Firstly, despite the planned integration of MAFISA with extension services, support from the latter appeared to be limited. Secondly, there was an uneven geographical access to MAFISA funds. Thirdly, the business model could have been improved, since it was too risky for intermediaries, which could not be profitable in case default rates would exceed 5 percent. Note also that the interest rates established by MAFISA were fixed, whereas overall interest rates are market driven and hence subject to change.

In Mauritania, a specific micro-finance institution – *Union Nationale des Mutuelles d'Investissement et de Crédit Oasien et des zones pluviales* (UNMICO) – provides loans to the agricultural sector. UNMICO has the merit of combining needs-driven rural credit at low interest rates with capacity development support to ensure the economic viability of an investment, which is quite important (as will be further discussed below). The box below provides more detailed information on UNMICO's operational modalities.





### Box 3: The business model of the Union Nationale des Mutuelles d'Investissement et de Crédit Oasien et des zones pluviales (UNMICO)

UNMICO manages local *caisses* (funds with a specific cash desk) in partnership with local economic agents (cooperatives, producer organizations, farmers and others) who will become co-owners (“sociétaires”) of the *caisse* and should gradually increase their managerial and financial responsibilities. The main objective of the *caisses* is the provision of short-term micro-loans which constitute 80 percent of the loan portfolio.

Prior to setting up a *caisse*, UNMICO carries out feasibility studies and engages with local stakeholders to identify and prioritize key challenges, as well as their potential solutions based on a set of economic, technical and sociocultural criteria.

Subsequently, UNMICO provides training to the *sociétaires* and beneficiaries on various issues, including financial literacy and management, accounting practices, or management and governance of a *caisse* and other organizations. UNMICO also ensures regular follow-up and monitoring with each *caisse* and the beneficiaries to contribute to the durability of each project.

Sources:

UNMICO. Note sur l'accompagnement des bénéficiaires.

Most recent statistics on each *caisse*: <http://unmico.net/?q=node/33>

#### (ii) Loan guarantees

In countries in which financial institutions are fairly well developed and represented in rural areas, loan guarantee funds can be a powerful tool to incentivize these institutions to lend to clients which may be perceived as risky, such as youth and women, and who may not have any collaterals. In Senegal, the *Fonds de Garantie des Investissements Prioritaires* (FONGIP, in English: Guarantee Fund for Investments in Priority Sectors) provides loan guarantees with specific schemes targeting youth and women, both individually and youth/women groups, including to provide self-employment among the youth (Sénégal – Ministère de l'Économie, des Finances et du Plan, undated). Guarantees can be provided to both individual applicants (with an official request signed by the finance institution), as well as by financial institutions for loan portfolios (FONGIP, undated). Guarantees cover loans with a duration of up to five years, with a maximum ceiling of 70 percent of unpaid loans. FONGIP charges a commission fee of up to 1.5 percent for the provision of the guarantee (ADIE, undated). In Namibia, Bank Windhoek has established guarantee schemes with the National Youth Council and the Erongo Development Foundation, where the latter

provide guarantees for 60 percent of the financing for small and medium enterprises (SMEs) that cannot provide any form of collateral. In Tunisia, where such a guarantee fund does not yet exist, its set up has been made one of the key priorities under the roadmap jointly developed by APIA, FAO and INRAT under the strategic planning process.

### 1.3. Policy recommendations: Enhancing access to financial services

Governments can make an undeniably important contribution to empowering young agri-entrepreneurs to invest through the provision of financial incentives. However, a series of challenges remain. These could be overcome by considering the following five recommendations: (i) close information asymmetries and improve communication between agencies providing incentives and young beneficiaries; (ii) enhance targeting criteria of financial incentive schemes; (iii) foster synergies with other government and non-government led programmes; (iv) monitor the performance of financial incentive schemes; and (v) consider innovative mechanisms to enhance access to commercial financial services.

**Improve communication and reduce information asymmetries.** When governments provide financial incentives, it is key to communicate their existence and modalities via all possible communication channels (radio, posters and social media amongst others) to raise awareness among potential beneficiaries. It is equally important that rules and selection criteria are clear and procedures as simple as possible. The different analyses and assessments revealed that many potential beneficiaries were not aware of the incentives being offered or did not understand the modalities and application procedures. This may lead to information asymmetries that advantage youth with higher education degrees, access to internet and/or government sources. As one background study argued, under current conditions, this bias may disproportionately advantage those youth who “have access to the information [...] and successfully make use of all these opportunities at the expense of the majority of underprivileged young people and their organisations that are relinquished in impoverished rural areas” (Hakizimana, forthcoming).

**Define specific targeting criteria for incentive beneficiaries.** It is essential to establish clear targeting criteria defining who should benefit from financial incentives. This does not only include youth-specific criteria, but also criteria defining priority sub-groups among the youth (educated vs uneducated, male vs female, rural vs urban, etc.). Youth are not a homogenous group and the needs, capacities and constraints of, say, a young urban graduate and a rural farmer with basic education vary considerably. Many financial incentives are indeed targeting youth with higher education levels (which may be enshrined in the eligibility criteria, as in Tunisia, or more implicit, through procedures which de facto exclude less educated youth). Strict eligibility criteria targeting youth with higher education degrees may be perfectly justified in countries like Tunisia, given that unemployment rates of youth with tertiary education are considerably higher (28.1 percent) than the overall youth unemployment rate (25.5 percent, see: FAO et INRAT, 2020b), and that targeting university graduates may help utilize scarce resources more efficiently

and sustainably. Conversely, such criteria may be counterproductive in countries where socio-economic trends indicate different priorities. At another level, the narrow eligibility criteria of the land loans, limiting access only to youth having graduated in agriculture, agronomics or related disciplines, was questioned by some young graduates from other disciplines (economics, marketing, etc.) who yet had acquired practical farming skills on the family farms of their parents.

**Foster synergies with other government and non-government led programmes.** While loans with advantageous conditions (low interest rates, long grace periods, etc.) may be useful incentives for young agri-entrepreneurs to invest in their businesses, the efficiency of public spending in this domain could be increased significantly if loans were provided in synergies with other government and non-governmental programmes. In particular, complementary capacity development, marketing (such as through access to fairs) and incubation services would be key in ensuring that young agri-entrepreneurs do not only have access to financial services, but are also empowered to improve the productivity and efficiency of their businesses. One programme that aims to address this is the comprehensive package provided in 2019 to 121 youth by the Namibian Ministry of Sport, Youth and National Services, which includes finance, training, coaching and mentoring. The Funding Facility for the 121 constituency youth enterprises is hosted by the Ministry of Sport, Youth and National Service in collaboration with the Development Bank of Namibia (DBN). The beneficiaries do not need to provide collateral as this is provided through a credit guarantee scheme, in collaboration with the Namibia Special Risks Association (Amadhila, unpublished).

**Monitor the performance of financial incentive schemes.** Public disclosure of the financial viability of the loan schemes, as well as a more consistent monitoring of investees' performance can make an important contribution in increasing collective understanding of what works and what not in terms of financial incentives. However, there is little evidence about systematic monitoring and evaluation of the performance of financial incentives. In fact, with the exception of South Africa, the author could not gather any publicly available information at all concerning evaluations commissioned by governments. There appear to be some evaluations of loan schemes funded by third partners, such as technical and financial cooperation organizations and NGOs (such as is the case for Mozambique). In consequence, relatively little is known about the performance of the loan schemes, neither on the repayment ratio, nor on the actual impact of the loans on the performance of young agri-entrepreneurs.

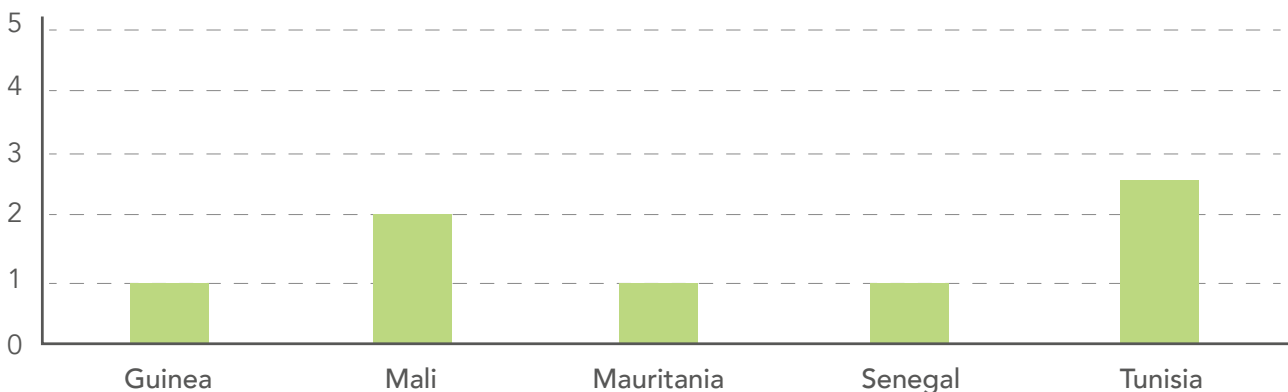
**Consider innovative mechanisms to enhance access to commercial financial services.** Setting youth-specific interest rates for commercial banks may be a seducing idea, but may in fact only further deter banks from lending to youth in the absence of any additional guarantees. Beyond loan guarantees, governments may consider a whole range of mechanisms that can empower youth to access commercial financial services. Tunisia has recently passed a law in which the state commits to pay the difference between the

interest rate of a loan and the average money market rate up to 3 points for investments in specific sectors, including agriculture (Journal Officiel de la République Tunisienne, 2019). Blended finance, which is the “strategic use of development finance for the mobilisation of additional finance towards sustainable development (OECD, 2018)”, is another innovative mechanism to increase access to commercial finance which can be explored.

## 2 Access to land

Next to financial capital, land remains the most important factor of production for young agri-entrepreneurs. Youth can access land through inheritance, government distribution or via the market (Comité technique foncier et développement, 2020). Accessing land has become increasingly challenging for youth over the last decades and was one of the most frequently identified challenges preventing youth from investing in agriculture (see figure 9). In countries where a rating system was used to assess young agri-entrepreneurs’ and farmers’ access to land (using a range between 0 (no access) to 5 (excellent access), responses were consistently at 1, except in Mali (because of targeted government intervention which will be discussed in this chapter) and Tunisia (because of the land loans).

Figure 9 : Youth’s access to land as identified in the assessment and planning processes  
(0 = no access; 5 = excellent access)



Source: Elaborated by the author based on the FAO RAI and youth capacity assessments database, 2020.

The following sections will (1) discuss main challenges, opportunities and good practices regarding access to land through (i) inheritance, (ii) direct acquisition or leasing, and (iii) distribution; and (2) provide policy recommendations based on this analysis.

## 2.1 Youth's access to land through inheritance, the market, and distribution programmes

### *(i) Access to land through inheritance*

Traditionally, youth inherited land from their parents. Against the backdrop of a demographic transition which is characterized by increased life expectancy rates and slowly decreasing, yet continuously high fertility rates, youth are less likely to access land through inheritance. As life expectancy rates increase, parents are “less likely to transfer land to their children when [they] are entering the labour force (IFAD, 2019)”. At the same time, population growth leads to increased density in rural areas which in turn reduces the availability of land and thus increases its value. Hence, in many cases, youth only “enjoy subsidiary land rights and work on the family land for little or no remuneration (FAO, CTA and IFAD, 2014)”.

For young women, it is often practically impossible to access land through inheritance, as many customary systems favour farm succession to the oldest son (FAO, CTA and IFAD, 2014). Several countries highlighted gender related challenges in regard to communal land rights, usually disadvantaging young women at the expense of their brothers<sup>9</sup>. In Namibia, participants at the capacity assessment hence specifically suggested to revise the section on communal land inheritance of the Communal Land Reform Act to align it with the 3rd CFS-RAI Principle on gender equality.

### *(ii) Access to land via the market*

Young people may also access land via the market, either through leasing or rental – which may in many cases be the affordable and only option for young farmers – or outright purchase. Given the increasing scarcity of arable land, the acquisition of land may in many cases be too onerous for the youth, especially in the absence of financial services and incentives such as the Tunisian land loans.

Governments can contribute to the efficiency of land markets and ensure that young people are empowered to engage in those markets through sound laws and regulations. In several countries, young women and men participating at the assessments argued that land acquisition or leasing processes may be unclear, cumbersome or expensive, and would hence deter youth from engaging in land acquisition or leasing. Even though these issues were less frequently highlighted than the others discussed in this paper, it is noteworthy that concrete solutions enshrined in policy strategies exist.

In Cote d'Ivoire, where such challenges were reported, the 2nd National Investment Plan aims to i) increase awareness among the youth on existing procedures; and ii) securitize customary land tenure rights at low cost through collective requests (Cote d'Ivoire, 2017). Additional measures could include a simpler and less expensive land acquisition process (e.g. by establishing a ceiling for administrative costs), as well as an enhanced legal status for land leasing agreements.

<sup>9</sup> Challenges highlighted, inter alia, in the background papers drafted by Kama Berté (Cote d'Ivoire) and Alina Amadhila (Namibia).

### (iii) Access to land through redistributive reforms and programmes

Redistributive reforms and programmes can “facilitate broad and equitable access to land and inclusive rural development (FAO, 2012c)”. They include the “allocation of public land, voluntary and market-based mechanisms as well as expropriation of private land, fisheries or forests for a public purpose (FAO, 2012c)”. One main finding of the assessment processes is that redistributive reforms and programmes can be a potentially useful tool to advance land ownership among the youth. However, they need to be well regulated and geared towards youth empowerment and be ideally combined with other capacity development interventions.

Recently, some countries have made progress in establishing specific youth quota. For example, the Malian Land Tenure Law reserves at least 15 percent of all government cleared land to youth and women groups (Journal officiel de la République du Mali, 2017). While the quota may be subject to discussion, the mere fact that land is not only allocated to household heads only can be considered as a significant progress. It is noteworthy that this law was developed with the strong involvement of civil society and producer organizations, including Mali’s umbrella rural youth organization *Fédération nationale des jeunes ruraux* (FENAJER, in English: Federation of National Rural Youth).

In South Africa, the draft Beneficiary Selection and Land Allocation Policy sets an even more ambitious target and proposes that “no less than 50 percent allocation of agricultural farming land for smallholders under the Redistribution Programme [be allocated] to women, 40 percent to youth, and 10 percent to people living with disabilities (South Africa, 2020)”. Yet, the establishment of a societally acceptable balance between an allocation of resources aiming at boosting productivity and interventions to support the most vulnerable segments of the historically disadvantaged groups seems to be a challenge. As such, the proposed focus of the policy on “unemployed agricultural graduates (South Africa, 2020)” may be justifiable in terms of an efficient allocation of public resources to stimulate growth and is aligned with the Policy’s objective to “rekindle the class of black commercial farmers”. Yet, given its additional objectives to “address diverse needs” and target vulnerable populations, including the rural poor, it will be important to see how and if the policy will also be able to promote the economic inclusion of the least privileged youth (Hakizimana, forthcoming).

At another level, it is essential to ensure that youth will be equipped with the right skills to farm the land distributed to them productively. In this regard, it is noteworthy that the Tunisian RAI and youth roadmap calls for land distribution to pastoralists, while stressing that the “granting of state land to young people should be managed as efficiently as possible, by equally making training and financing available, in order to avoid the pitfalls of the former experiences”<sup>10</sup>.

<sup>10</sup> Translated from the French original in FAO et INRAT (2020b): «L’attribution des Terres Domaniales aux jeunes doit être la plus encadrée possible avec à la fois un accès à la formation et au financement, pour éviter les écueils des expériences précédentes.»

## 2.2. Policy recommendations: enhancing access to land

Lack of access to land remains a key challenge for young women and men. Some of the key challenges youth face in regard to access to land could be overcome by considering the following five recommendations: (i) Eliminate all discrimination based on gender in inheritance laws and practices; (ii) ensure that land acquisition and leasing regulations and procedures are clear, cost-effective and well-known; (iii) establish clear youth-specific targeting criteria for land distribution programmes; and (iv) blend land distribution with additional support mechanisms.

***Eliminate all discrimination based on gender in inheritance laws and practices.*** For young women, it is often practically impossible to access land through inheritance, as many customary systems favour farm succession to the oldest son. Governments can contribute to gender-sensitive youth empowerment by eliminating gender-based discrimination in both customary and legal inheritance regimes.

***Ensure that land acquisition and leasing regulations and procedures are clear, cost-effective and well-known.*** When land acquisition and leasing procedures are unclear, cumbersome or expensive, the less educated and less experienced will refrain from engaging in land transfers or lose out due to the lack of knowledge of their rights and responsibilities. Ensuring that regulations and procedures are clear and easily understandable, including through translation into local languages, can empower rural communities in general, and youth in particular. Furthermore, appropriate and well-targeted communication campaigns, using the preferred channels and language of the youth, help raise awareness among the latter on such regulations.

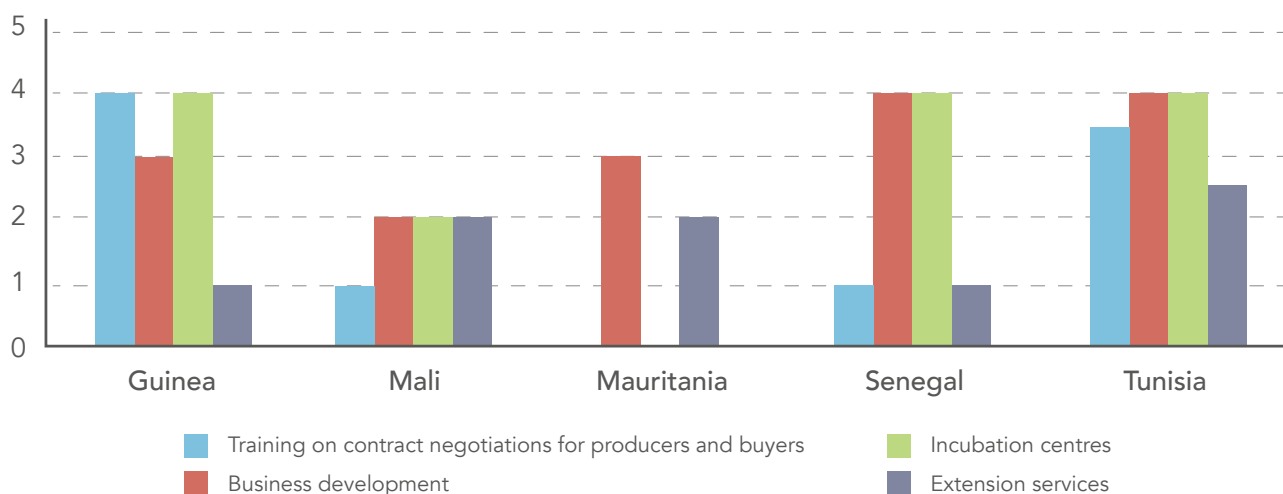
***Establish clear youth-specific targeting criteria for land distribution programmes.*** In the context of land distribution programmes, it should be clear from the outset who is going to benefit. Setting clear youth-specific targeting criteria, preferably with a high degree of specificity, are essential in this regard. It may be useful to select beneficiaries through a competitive process based on business proposals submitted by applicants to ensure the economic viability of the distribution programme.

***Blend land distribution with additional support mechanisms.*** When land is distributed to beneficiaries without the right farming and business skills, the programme may fail from an economic perspective. Hence, it is essential to provide additional support mechanisms, including extension services, business and management trainings, financial services and possibly in kind contributions such as basic equipment.

### 3 Information and technical services

While access to financial services is a precondition to empower youth to invest in agriculture and food systems, young agri-entrepreneurs usually require additional services to develop and expand thriving businesses. This includes incubators, coaching and other advisory services that help youth develop, pilot and implement projects that are economically viable. Access to information and technical services is comparably higher than access to factors of production, and in particular in regard to business development related services (see figure 10 below). In countries where a rating system was used to assess young agri-entrepreneurs' and farmers' access to information and technical services (using a range between 0 (no access) to 5 (excellent access)), business development and incubation services were rated to be relatively accessible (3/5 in Guinea and Mauritania [the latter for business development only]) or very accessible (4/5 in Senegal and Tunisia). Access to extension services has been identified as being lower (between 1 in Guinea and Senegal, 2 in Mali and Mauritania, and 2.5 in Tunisia).

Figure 10: Access to information and technical services as identified in the assessment and planning processes (0 = no access; 5 = excellent access)



Source: Elaborated by the author based on the FAO RAI and youth capacity assessments database, 2020.

#### 3.1 Access to incubators, coaching and advisory services

Incubators, coaching and other advisory services are “information and technical service” incentives (Tavares-Lehmann, 2017). A business incubator is an “organisation that accelerates and systematises the process of creating successful enterprises by providing them with a comprehensive and integrated range of support, including: Incubator space, business support services, and clustering and networking opportunities (European Commission, 2002)”. Business support services can include the provision of prospective studies, including the identification of market opportunities, marketing support, and



mentoring. There is empirical evidence of the “relationship between business incubation and the achievement of objectives related to human capital, employment and growth (Fernández Fernández, Blanco Jiménez and Cuadrado Roura, 2015)”.

Business incubators can, but do not necessarily have to be state-owned. They can be managed by governmental agencies, universities, NGOs, or private companies with funding from public, private and donor resources. These incubation centres are usually free of charge. In most of the group 1 and group 2 countries, incubators and other information and training services are, in fact, provided by NGOs and foundations. This applies for example to Cote d’Ivoire, Guinea, Mozambique and Uganda. Guinea has a plethora of NGO-led incubators, such as *Saboutech* and *Osez Innover* (“Dare to Innovate”). *Saboutech* is a private sector driven initiative with funding from multinational enterprises and the government (Forbes Afrique, 2016). In Senegal, *Yeesal Agri Hub* is a member-driven association that requests small fees from its members and received support from the Italian NGO LVIA.

In yet other cases, incubators are driven by partnerships between the public sector, donors and technical partners. In Senegal, the *Modèle d’insertion des jeunes dans l’agriculture* (MIJA, in English: Model for Youth Integration into Agriculture Programme) is managed by the government’s youth employment agency (ANPEJ), and is funded by the government with support from FAO and the Spanish Agency for Development Cooperation. The six MIJA platforms offer comprehensive incubation services including model farms. One key



outcome is its success in empowering young agri-entrepreneurs to organize themselves into the self-help association *Réseau africain pour la promotion de l'entrepreneuriat agricole* (RAPEA, in English: African Network for Agricultural Entrepreneurship Promotion), which provides technical support services to start-up agri-entrepreneurs, fosters knowledge sharing and facilitates collective action.

In yet other cases, incubators may be managed by government agencies, possibly in collaboration with local universities. In Tunisia, the *Pépinières d'entreprises agricoles* (agricultural incubation centres) are managed by the Agricultural Investment Promotion Agency (APIA), often in collaboration with universities (APIA, 2020). The incubation centres offer office spaces, experimental pilot plots, trainings and coaching. 100 university researchers, 50 technical coaches, 33 bank staff and 20 economic and finance specialists support young agri-entrepreneurs in developing and refining their projects and enhance their management skills over a period of 24 months. Subsequently, APIA supports incubated youth in marketing their products through participation in fairs and public events, as well as in the identification of financial resources, including access to APIA's investment subsidies and partnerships with the BTS and other banks. Even beyond the 24 months mentoring period, formerly incubated youth can come back to the premises to exchange and network with peers. In terms of access to finance, more than 100 projects were funded by BTS and others through APIA's partnerships between 2009 and 2016. Despite these efforts, challenges remain. In particular, there is still a lack of awareness of the advantages provided by the government. Strengthening coordination with other, donor-funded, cooperative, and private sector support mechanisms is another challenge, as confirmed by findings of FAO's and INRAT's assessment work on RAI and youth (Elloumi et al., 2020).

### 3.2. Policy recommendations: enhancing access to technical and information services

Incubators, coaching and advisory services can make an important contribution in strengthening business skills and plans, and transforming an idea into practice, but practical challenges remain and need to be tackled. These relate both to the geographic accessibility of those services, as well as to the sustainability of their impacts. Some of the key challenges youth face in regard to access to those technical and information services could be overcome by considering the following two key recommendations: (i) Integrate incubation and coaching with other financial and technical support services; and (ii) coordinate concerted efforts of different actors and entities offering incubation and coaching services.

***Integrate incubation and coaching with other financial and technical support services.*** Youth usually require follow-up support after the incubation period, including further mentoring and access to factors of production. Indeed, acquired skills and techniques on farming may serve little in practice if an incubated young agri-entrepreneur graduates but still cannot afford land. A successfully piloted innovation in the processing of food may never be scaled up without the mobilization of sufficient financial resources. Hence,

it may be useful to consider strategic partnerships with private entities (such as between APIA and BTS in Tunisia) or to integrate incubation and coaching services with financial incentive packages.

***Coordinate concerted efforts of different actors and entities offering incubation and coaching services.*** While centralized and government-steered approaches such as those in Tunisia (*Pépinières d'entreprises agricoles*) and in Senegal (MIJA) can seek to ensure a broad regional coverage, countries that mainly rely on private initiatives may end up with a concentration of incubators in areas attractive to those who manage or fund them, which may not necessarily coincide with the priorities of the country. This may lead to regional biases, privileging urban youth over their peers in rural areas, which is particularly important in light of mitigating rural-urban youth migration. In case financial resources do not permit a state financed incubator network, governments can seek to ensure a regional balance through careful negotiation with resource partners, including the private sector, and partnerships through limited equity participation, which may influence the location of the incubators.

## IV. ENGAGING YOUTH IN THE DESIGN OF POLICIES, LAWS AND INCENTIVES

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*“There are many programmes and initiatives for the youth, but never any programmes and initiatives by and with the youth” – A participant at the 2019 Conference on Responsible Agricultural Investment to Achieve the Sustainable Development Goals by 2030<sup>11</sup>.*

It is today widely acknowledged that “open and inclusive policy-making processes help to ensure that policies are better informed (OECD, 2013)”. Considering that policies “affect different groups in different ways (FAO, 2002)”, it is essential to engage all those who may have an interest in, or be impacted by, new policies or policy reform. Far more than being passive beneficiaries of programmes, projects and incentives, youth should be considered as actors in their own right who are the best placed to know their own strengths, needs and constraints. As such, it is noteworthy that the first priority of the UN Youth Strategy is “Engagement, Participation and Advocacy - Amplify youth voices for the promotion of a peaceful, just and sustainable world (United Nations, 2018)”. Inclusive and participatory policy-making is not a silver bullet that ensures per se that youth are empowered to invest in thriving businesses. It is, however, an indispensable prerequisite to enhance the effectiveness and sustainability of interventions and measures aiming at empowering young agri-entrepreneurs and making rural areas more attractive.

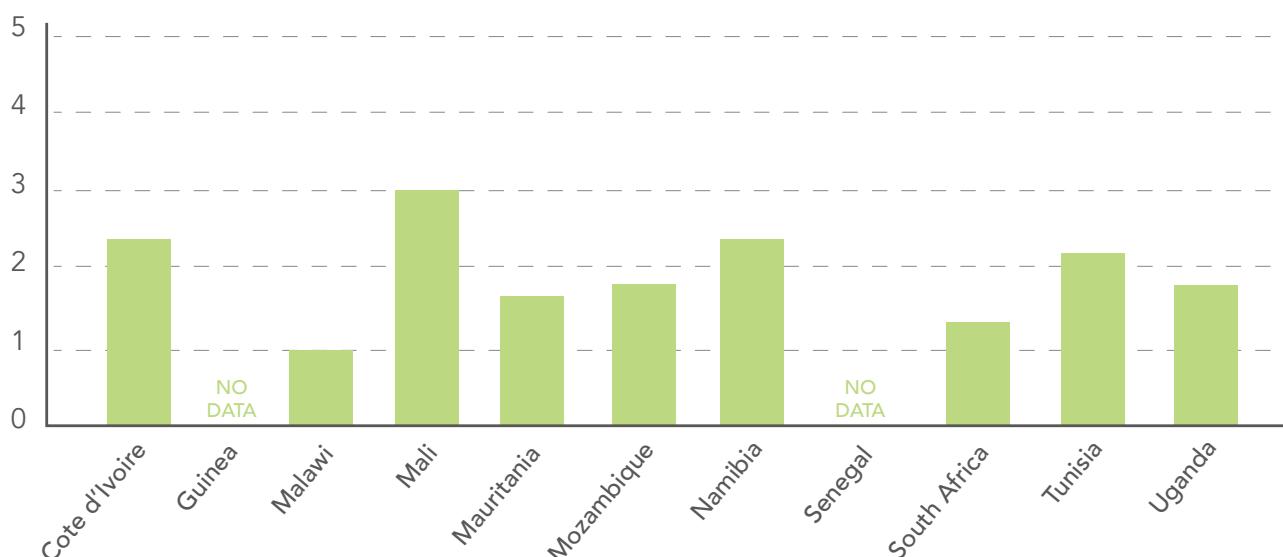
While there may be commitment in principle, studies have concluded that there is “still a long way to go to ensure the active participation of youth in policy processes (FAO, CTA and IFAD, 2014)” in practice. Not least because of prevalent cultural biases against young people in contexts in which “seniority is [...] associated with authority (FAO, CTA and IFAD, 2014)”, the voices of youth may often be overheard or ignored. Young women can be particularly disadvantaged, especially in settings where gender-based discrimination persists. Although some legal documents and policies, such as the African Youth Charter (African Union, 2006), explicitly state youth’s rights to participate in policy design, many young men and women remain unaware of their rights in this regard.

<sup>11</sup> The “Conférence sur l’importance d’augmenter les investissements responsables dans l’agriculture pour réaliser les Objectifs de développement durable à l’horizon 2030” was organized by FAO in Tunis, Tunisia, on 17 and 18 October 2019 with stakeholders from six countries – Guinea, Mali, Mauritania, Morocco, Senegal and Tunisia .

# 1 Youth engagement in decision-making processes: situational analysis

The analyses undertaken have led to similar conclusions considering the specific case of young agri-entrepreneurs. When participants and experts were asked to rate the participation of youth organizations between 0 (no participation) and 5 (excellent participation), all countries except Namibia (2.5) and Mali (3) scored lower than 2.5. The three main challenges relate to the (i) lack of organization and coordination amongst youth in agriculture and agribusiness; (ii) low capacity and limited advocacy skills of youth leaders; and (iii) lack of effective, meaningful and inclusive consultation mechanisms in which youth can engage.

Figure 11: Youth participation in coordination mechanisms / multi-stakeholder platforms (0 = no participation; 5 = excellent participation)



Source: Elaborated by the author based on the FAO RAI and youth capacity assessments database, 2020.

**Organization and coordination.** The existence of well-organized youth organizations that coordinate among themselves is a prerequisite for meaningful policy dialogue with government. In fact, governments need to be able to identify legitimate interlocutors when designing inclusive policy-making processes. Cote d'Ivoire, Mali, South Africa and Senegal have independent rural youth or young agri-entrepreneurs' organizations that are active at national level. In Mali, the *Fédération nationale des jeunes ruraux* (FENAJER, in English: Federation of National Rural Youth) is a dynamic umbrella organization that unites more than 5 000 member organizations (FENAJER, undated) and is active since 2005. FENAJER is itself a member organization of the National Coordination of Farmer Organizations of

Mali (CNOP-Mali), and a recognized interlocutor in *Mali's Conseil supérieur de l'Agriculture* (Supreme Council on Agriculture). In South Africa, the Commercial Agricultural Youth Chamber (CAYC) has a membership of approximately 1 200 youth cooperatives and 1 900 individual young farmers. CAYC has engaged quite actively in advocating amongst policy makers for more youth-sensitive policies and incentives. In particular, CAYC successfully lobbied the Department of Agriculture and Land Reform to establish a youth structure called "Youth in Agriculture and Rural Development (YARD)", which aims to respond to the needs of the youth by implementing appropriate policies and services and promote economic equality among the youth, including through the Agricultural Black Economic Empowerment (AgriBEE) programme (Hakizimana, forthcoming).

While these examples are encouraging, they are far from being the norm. In some of the countries, rural youth and young agri-entrepreneurs' organizations operate at low scales with low capacities (as is the case in the two Maghreb countries), or there may be only several dynamic mid-sized organizations (as is the case in Senegal). In Uganda, many engaged smaller and mid-scale youth organizations exist, but politicization and "fighting" amongst them has been frequently mentioned as a major impediment to effective youth participation in policy making by the capacity analysis participants (including the youth themselves). In all cases, the bargaining power of youth is significantly reduced.

**Low capacity and limited advocacy skills of youth leaders.** In order to actively participate in policy-making processes, rural youth and urban agri-entrepreneurs need the right skills. However, only a few of them possess these. The limited advocacy skills of their leaders are significant constraints of many youth organizations. In almost all countries, both governments and youth organizations themselves have specifically referred to this skills gap as a significant challenge given that it prevents young agri-entrepreneurs from efficiently defending their interests in front of other well informed and equipped stakeholders, such as the larger-scale private sector.

**Consultation mechanisms and formality of policy dialogue.** Another important issue is the institutional governance framework. Formal consultation mechanisms, such as multi-stakeholder platforms, may provide youth organizations with an opportunity to engage with policy makers. In Mali, for example, the *Conseil supérieur de l'Agriculture* has a very broad mandate, including the monitoring of the implementation of the country's agricultural orientation law and the development of proposals related to the orientation law. FENAJER is actively participating in the Council. In other cases, such mechanisms may exist, but they may have less power over political decision-making processes. In yet other cases, they may not exist at all. Less organized youth are penalized more than those in countries where there is a high degree of organization and coordination (such as in Mali and South Africa).

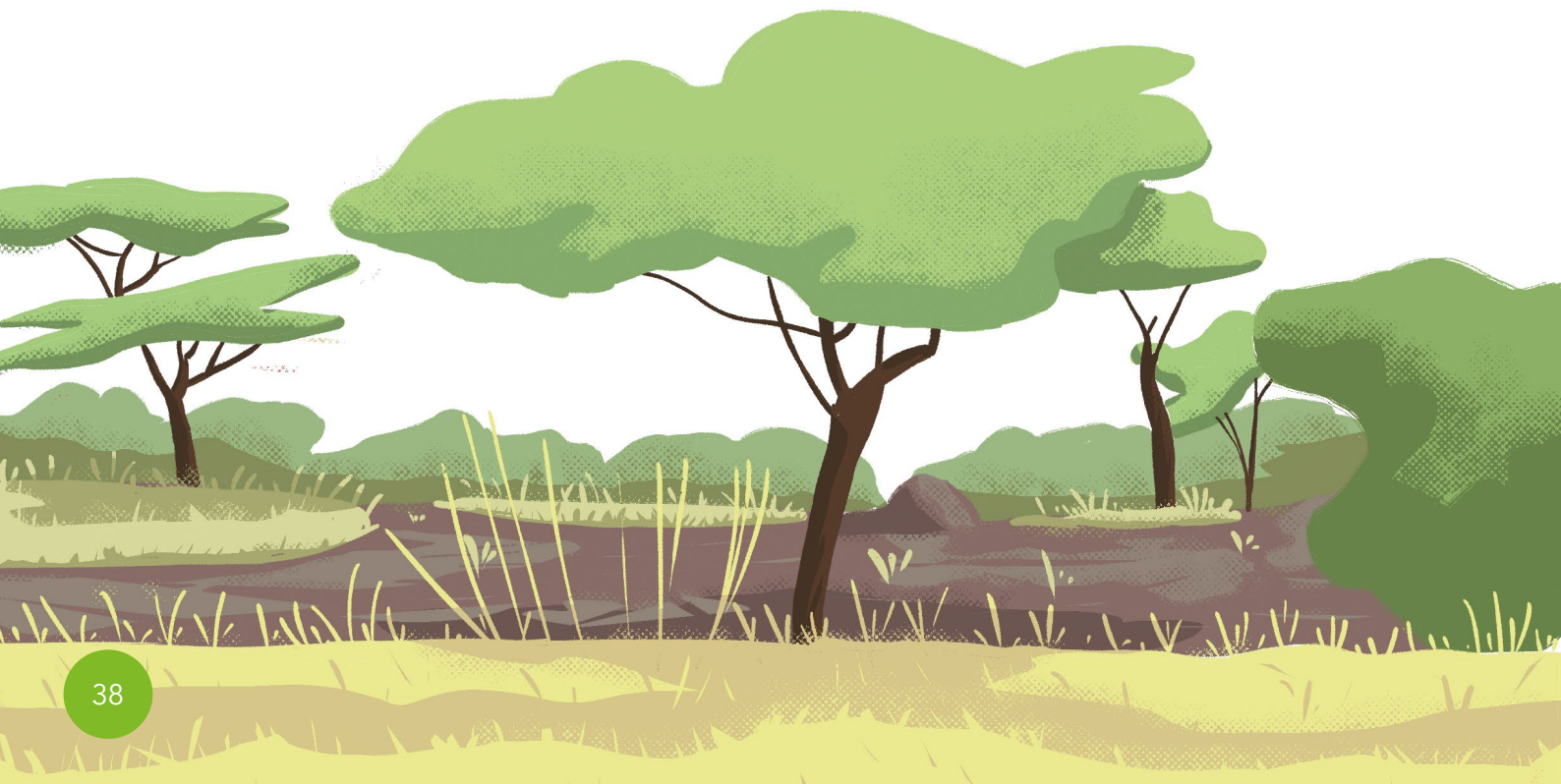
## 2 Recommendations: Empowering youth to engage in policy making

Even though the youth themselves have the ultimate responsibility to make their voices heard, governments can make an important contribution to empowering youth to engage in policy making processes by (i) supporting capacity development initiatives targeted at youth organizations; (ii) formalizing policy dialogue through multi-stakeholder platforms; and (iii) actively communicating the existence, nature and objectives of such platforms.

**Support capacity development initiatives targeted at youth organizations.** Where youth organizations are weak or non-existent, governments may wish to seek support from independent third parties (NGOs, international organizations, or bilateral development cooperation) to provide capacity development support. Targeted interventions could aim at strengthening organizational capacities of youth organizations, advocacy skills of youth leaders, as well as technical skills on certain topics such as responsible investment or rural development.

**Formalize policy dialogue and create multi-stakeholder platforms.** Effective and inclusive multi-stakeholder platforms provide youth organizations with a space in which they can communicate their needs and priorities and engage directly with policy makers. Ultimately, an institutionalized dialogue with youth organizations will also be beneficial for governments: the youth themselves are best placed to know their strengths, needs and constraints. Knowing their needs will enable policy makers to design more effective incentive schemes and support mechanisms.

**Communicate the existence, nature and objectives of multi-stakeholder platforms** using all possible communication channels (radio, posters and social media amongst others) to raise awareness among youth organizations on opportunities to engage in policy dialogue. In addition, it is important to clarify how organizations can apply for membership or other forms of association (for example, observer status).



## V. FIVE POLICY RECOMMENDATIONS TO EMPOWER YOUNG AGRI-ENTREPRENEURS TO INVEST IN AGRICULTURE AND FOOD SYSTEMS

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Targeted incentives are key to empower youth to invest in agriculture and food systems. Against the backdrop of imperfect capital markets, the provision of financial incentives both to young agri-entrepreneurs (direct loans and grants) as well as to financial institutions (through guarantee funds) is indispensable in many countries. While the importance of financial incentives is undeniable, young agri-entrepreneurs usually need additional support to develop and expand thriving businesses. This includes incubators, coaching and other advisory services that help youth develop, pilot and implement projects that are economically viable. In addition, it is essential that the youth are actively engaged in all policy making processes that concern them in order to ensure that policy measures and incentives will be effective and generate high returns on investment.

In order to maximize positive impacts of investment incentives on the youth, the following five key recommendations should be considered: (i) develop clear targeting criteria that determine the conditions of access to incentive schemes; (ii) provide packages of incentives rather than stand-alone or isolated support interventions; (iii) ensure that the overall policy and legal framework empowers, rather than impedes young agri-entrepreneurs' investments; (iv) develop a youth-sensitive and context-specific communication strategy; and (v) engage youth in policy making processes.

*(i) Develop clear targeting criteria that determine the conditions of access to incentive schemes.*

Agencies providing financial incentives, incubation services or access to land should assess carefully for what purpose financial investment incentives are needed (e.g. to engage youth with university degrees in agriculture, to improve the sustainability of production models, etc.). Accordingly, specific targeting criteria that define who should benefit from these incentives need to be established. If empowering youth is the principal objective, age-specific criteria should be established to ensure that the incentive is youth-specific. If the capacities of a certain category of youth (such as graduates) should be leveraged, or a particularly disadvantaged group (such as young women in remote rural areas) should be empowered, this should be reflected in the targeting criteria, too. Finally, if empowering youth is an important, but not the only objective, seek to ensure that the incentive scheme criteria do favour youth's access rather than inadvertently discriminate against them.



***(ii) Provide packages of incentives rather than stand-alone or isolated support interventions.***

Even though it may seem useful to provide different types of incentives to as many young people as possible, it may be preferable to provide packages of incentives to a smaller number of beneficiaries in case of constrained budgets. By combining loans with investment subsidies, incubation, coaching and mentoring services, the chance of having sustainable returns on investment in youth may be much higher than through isolated, scattered efforts. In some cases, especially in some of the least developed economies, it has also to be acknowledged that broader rural development interventions may be necessary to empower youth in rural areas (IFAD, 2019). Concerted action between agencies, including donors, the private sector and philanthropic institutions is essential in this regard.

***(iii) Ensure that the overall policy and legal framework empowers, rather than impedes young agri-entrepreneurs' investments.***

Even when coherent and well-structured incentive regimes are in place, their effectiveness may be limited in the absence of an overall policy and legal framework that empowers young agri-entrepreneurs. Interventions that aim to enhance conducive financial sector regulations, youth-sensitive land tenure policies and laws, as well as legal and regulatory frameworks that promote quality food labelling and marketing are some of the actions policy makers can take to align policy and legal frameworks with broad-based pro-youth commitments.

***(iv) Develop a youth-sensitive and context-specific communication strategy.***

It is illusionary to assume that a critical mass of young people – particularly those in rural areas – will read and understand the government gazette or other official sources of communication to identify new incentives, investment opportunities and possibilities to engage in policy making processes. Communication should be youth-sensitive and context-specific, using the internet, social media, radios, television, posters and other formats as appropriate. The youth themselves are best placed to identify their preferred communication channels.

***(v) Engage youth in policy making processes.***

Engage with youth organizations and other relevant stakeholders in policy making processes, including the design of investment incentive schemes rather than consider them only as passive beneficiaries. The youth themselves are best placed to know their strengths, needs and constraints. Particular attention should be paid to ensure that the voices of possibly marginalized groups are being heard by ensuring their meaningful and inclusive participation. Further down the line, youth should be directly involved in setting performance criteria and be engaged in the impact monitoring of incentive schemes. Where youth organizations lack capacity to do so or exist as a multitude of smaller organizations too fragmented to coalesce, consider supporting a neutral third party (such as an NGO) to strengthen their capacities.

## Concluding remarks and outlook

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This report summarized lessons learned from FAO's assessment and strategic planning work with eleven African countries to empower youth to invest in agriculture and food systems. It furthermore provided a series of recommendations for policy makers which aim to support more efficient, inclusive and youth-focused investment incentive regimes.

While the assessments carried out to date contributed to the generation of a significant body of empirical evidence, in-depth analyses on specific topics would be essential to further enhance understanding of the usefulness of certain types of incentives. In particular, a comparative assessment of the performance of incentive schemes in different countries could make an undeniable contribution in identifying good practices that work. It has also to be acknowledged that this report used a sample of countries with limited regional scope. Even though the eleven countries may be quite representative of a broader African context, covering the Maghreb, as well as Eastern, Western and Southern Africa in its complexity, the applicability of the results in other regions, such as Asia or Latin America and the Caribbean, should be subject to critical scrutiny. In this regard, recent efforts by AsiaDHRRA to apply the R-CAT in South-East Asia (AsiaDHRRA, 2020) have to be welcomed and results obtained in that region of the world compared against those presented in this report.

In addition, further support is needed to move from *assessment and planning towards implementation of recommendations*. On the one hand, this requires the development of normative guidance. The planned FAO-CCSI Guide on incentives for responsible investment in agriculture and food systems will make a useful contribution in this regard. On the other hand, follow-up support is needed at country level. Innovative models, such as the set-up of a think-tank in Tunisia tasked to propose feasible solutions to empower young agri-entrepreneurs which would be pilot-tested should ideally be scaled up and expanded to other countries.

Finally, knowledge-sharing and continuous engagement between key stakeholders at regional level needs to be encouraged and enhanced. The successful experience of the 2019 Conference on Responsible Agricultural Investment to Achieve the Sustainable Development Goals by 2030 with six francophone countries could constitute a useful reference point in this regard.

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