Agricultural Transformation and Youth Employment Creation

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Introduction

- Youth unemployment crisis in Africa: a time bomb
- The case of Nigeria
  - Official unemployment rate: 23.9% in 2013
  - Projected to reach 24.3% in 2014
  - Youth unemployment rate is above 50%
  - 1.8 million youth enter labor market annually

All an economy growing at about 7% p.a. the last 5 years or so
There is “grievance” and no shortage of “greed”
A solution?

- The ATA and it’s objectives
  - Transform and modernize agriculture
  - Increase food production and food self-sufficiency: add 20 million metric tons of domestically produced food by 2015
  - Improve nutrition
  - Create value through commodity value chains
  - Create 3.5 million new jobs most of which will go to the youth and women

- Strategy and several polices to achieve these objectives
Nigerian Agricultural Sector

- About 42% of GDP
- Employs about 63% of labor force
- Growing at the rate of 7% since 2005
- Accounted for 45% -- 50% of the growth rate of GDP
- Yet poverty abounds; rural unemployment rate higher than urban areas
Employment Strategy

- Youth Employment in Agric. Program (YEAP)
- Not clear how this number of jobs are going to be created
- But document produced by FAO for this purpose provides a conceptual framework
  - Training, financing, and setting up of young commercial farmers
  - Training and setting of “agricpreneurs”
- Supported by the government, at least initially
- Not clear about role of product and labor markets as well as private sector
Experiences Elsewhere

- Output expansion and technology effect in South & Southeast Asia: biological package with HYV required more labor per hectare than old packages (Bangladesh: UDP)

- Expansion of non-farm agricultural employment, perhaps more important than farm jobs (Hazell & Ramaswamy, Heady, Bezemer & Hazell).

Important of linkages: forward and backward

- Brazil: farm job loss due to mechanization more than made up in the forward/backward linkages

- Large versus small; self employed versus wage labor, most jobs created by small/medium scale
Experiences Elsewhere

- Public versus private role: public provides enabling environment and private sector creates most of the jobs (even in India, MGNREGA notwithstanding)
- Infrastructural development: crucial role for government
- Labor and other input market institutions: flexible enough to allow for changing environments
- Supply of appropriate skills
Lessons for Nigeria

- Focus on technology, especially biological package is appropriate, especially with type of crops targeted (rice, cassava, cocoa, etc)
- Development of value chains indicate an emphasis on creation of non-farm jobs as elsewhere
  - Seem to forget the backward linkage: R&D in agric, production of farm inputs
- The role of the public sector: government taking the lead instead of providing an enabling environment. How many “agricpreneurs” when 1.8m people enter job market each year?
Lessons for Nigeria II

- Large versus small enterprise focus
  - The case of rice milling: job losses with large integrated mill strategy compared to small/medium scale mill strategy

- Enabling Environment
  - Institutional reforms
    - Land: PTCLR, ongoing pilots
    - Labor market reforms
  - Infrastructural development
    - Energy
    - Roads
Lessons for Nigeria

- Producer price strategies: cannot entice young people into agriculture if not profitable
  - Producer price for rice lowest in comparator countries
- Skills development to fill the gap
  - Skills mismatch of the current education system
- Change the mindset of average Nigerian farmer towards long term rather than quick fix and quick cash!!