

**AGRIFIN ACCELERATE**

# **RURAL JOBS LANDSCAPE STUDY**

*Exploring rural job opportunities for  
youth in agriculture*

**JUNE 2020**



**AGRIFIN**



mastercard  
foundation

**Dalberg**

# OUTLINE OF TOPICS

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**01** *Introduction*

**02** *Executive Summary*

**03** *The Problem*

**04** *Youth Personas*

**05** *Case Study Insights*

**06** *Opportunity Areas*

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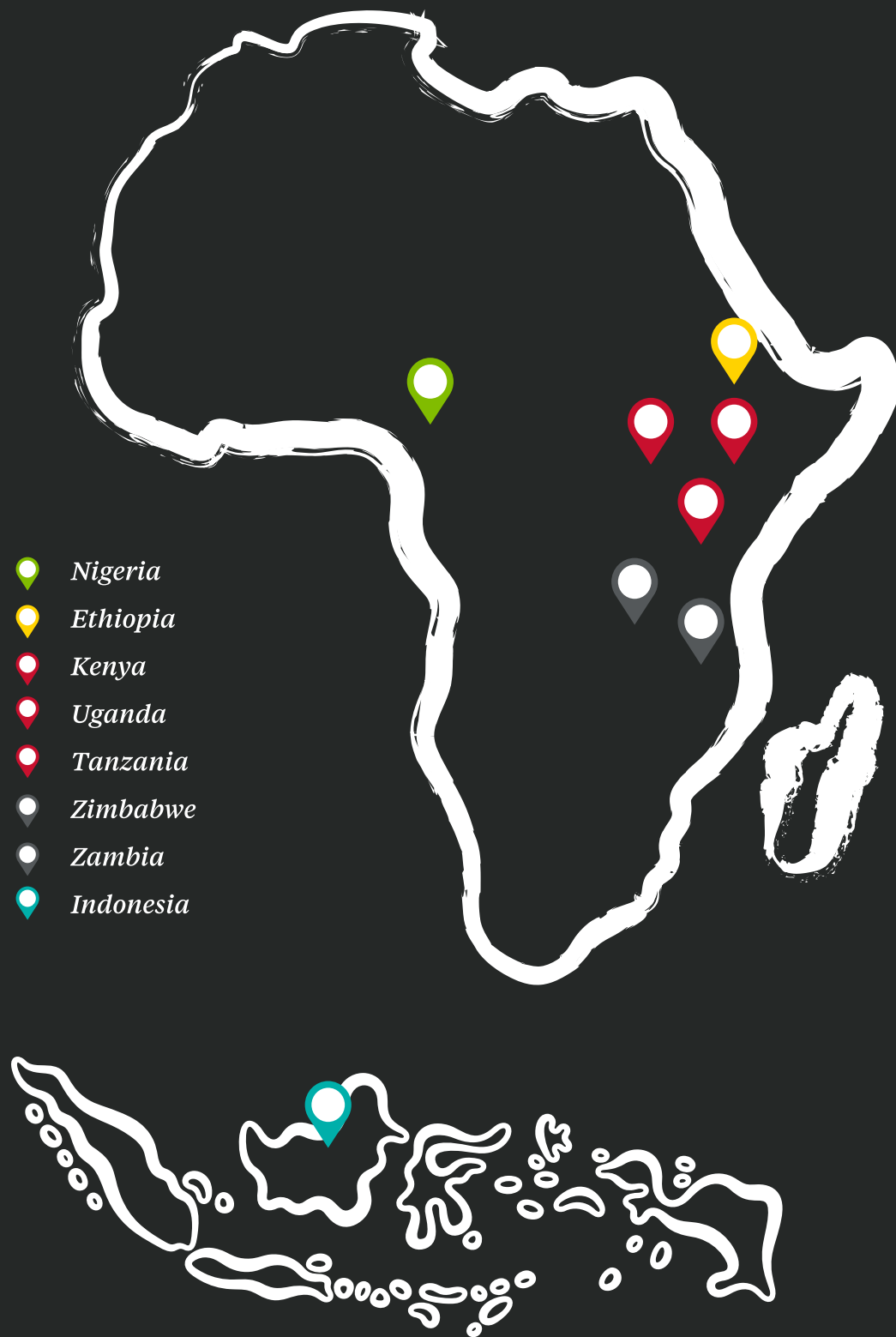
# INTRODUCTION

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# ABOUT AGRIFIN

Mercy Corps' AgriFin programming (MCAF) represents USD 35 million in innovation funding from the Mastercard Foundation, Bill and Melinda Gates Foundation and the Swiss Development Corporation to support development, testing and scale of digitally-enabled services to more than 3 million smallholders by 2021.

- Our objective is to develop sustainable services that **increase farmer income and productivity by 50%**, with 50% outreach to women and youth
- MCAF works as an innovation partner with private sector scale partners and such as banks, mobile network operators, agribusinesses, as well as technology innovators and governments **committed to serving smallholders at scale**
- We help our partners develop, prototype and scale bundles of digitally-enabled financial and non-financial services **supporting partnership development between market actors that leverage their strengths**
- We combine MCAF team expertise with strategic subsidy to jointly implement iterative, fail-fast engagements with partners on a cost-share basis, sharing public learnings to drive market ecosystem growth
- Since 2012, we have completed **more than 150 engagements with over 70 partners**
- Currently, our work reaches more than 2.8 million smallholders



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# RELEVANCE OF THE STUDY

*Why is this study important and what is the relevance in the context of the COVID-19 pandemic?*



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## RELEVANCE

- *About a third of Kenya's population between the age of 15-34 years is struggling to find meaningful unemployment.*
- *By 2024, a majority of the 9.6 million rural youth will find it challenging to find meaningful jobs in agricultural value chains.*
- *The challenge of youth unemployment is further compounded by the ongoing COVID-19 pandemic, as millions of youth previously engaged in the gig economy or informal employment have lost their source of livelihoods.*

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## OBJECTIVE

- *To understand the scale of the challenge of youth unemployment in Kenya*
- *To identify opportunities for meaningful job creation for youth in the agriculture sector*



# **EXECUTIVE SUMMARY**



# CONTEXT

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- *Mercy Corps, through its AgriFin Accelerate (AFA) and AgriFin Digital Farmer (ADF) programs, have always maintained a strong level of focus on supporting engagements that reach youth farmers, clearly identifying existing and potential opportunities for job creation in the agriculture and agri-finance sectors.*
- *In this engagement, AFA has developed a landscaping study to understand the scale of the challenge and the opportunities for meaningful job creation that exist.*
- *The report looks right across the agricultural value chain from production to processing as well as the value-adding ag-services that cut across the value chain.*

# APPROACH

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*Over six weeks, AgriFin and Dalberg used a combination of research methods, gathering insights from AFA partners, aggregators, farmers and field agents:*

- We conducted desk-based research and analyzed available data*
- We surveyed 19 AgriFin partners and interviewed five AgriFin partners*
- We spoke to four youth farmers, aggregators and agents*
- We built on personas from the previous Dalberg and AFA study 'Digital Pathways for Youth in Agriculture'*

*As a relatively short research piece, it is important to note limitations:*

- Market sizing was built on assumptions in order to provide an indication of the opportunity*
- All survey data came from AFA partners who all have a digital element to their business and are therefore not fully reflective of the agricultural ecosystem*





# THE CHALLENGE

***By 2024 there will be 9.6m rural youth in Kenya, however, there are still pathways to provide economic opportunities for a sizeable number.***

- An estimated 2.8m rural youth farmers (29%), half of which (1.4m) will be young subsistence farmers not earning a meaningful wage*
- An estimated 6.8m non-farming rural youth (71%), of which only 1.2m will be engaged in meaningful work (based on current market projections)*
- Agriculture and ag-related services alone will not be able to meet the demand for 5.6m additional youth jobs*

# TYPES OF JOBS IN AGRICULTURE & POTENTIAL SCALE



*Farming and production presents the biggest opportunity to provide youth with meaningful work.*

- *1.4m young subsistence farmers can be supported to increase their yields and ensure they can earn a meaningful wage.*
- *An opportunity to create ~260,000 jobs in commercial farming and, by optimising just 10% of currently unused agricultural land, ~250,000 jobs in contract farming.*



*Value-add agriculture services is a growing industry, driven by the rise of digitally enabled products and business models.*

- *There are opportunities for ~140,000 jobs in aggregation, logistics and agent roles offering bundled services (e.g. input distribution, financing).*



*Agro-processing can also provide meaningful work to low-skilled labour. The current industry is small yet there is growth potential.*

- *Through the Kenyan Government's 2019 - 2029 Agricultural Sector Growth and Transformation Strategy, an estimated 227,000 jobs will be created in agro-processing, food hubs, fish processing, tea processing, and leather processing.*

# YOUTH'S UNIQUE POSITIONING



*Youth are perceived to be flexible, energetic, and equipped with relevant digital skills as well as having the ability to learn quickly. These attributes were all identified as strengths by AFA partners. Such attributes make youth well placed for entrepreneurial jobs in the agricultural value chain such as aggregation, rural agents or logistics. It is these more informal roles, rather than full-time positions, where the largest number of rural job opportunities exist.*



*While these attributes make youth employable and skilled to pursue entrepreneurial activities, they also face a number of challenges including limited land ownership, access to finance, professional connection and access and control over resources. It is also important to note that not all youth carry the same set of entrepreneurial attributes with many better suited to, and preferring, a steady income.*

- For example, one persona group identified as 'Rootless Climbers', do not have the skills and education levels to make their aspirations real and are therefore better suited to low-skilled paid employment such as commercial farming or agro-processing*
- Another group, 'Static Planners', prioritize their home and families, seeing agriculture as a means of achieving stability for their dependents and are therefore very risk-adverse*



*In order to succeed, youth-specific entrepreneurial support is required as well as interventions accommodating to the differentiating needs of other youth segments better suited to stable employment.*

# RECOMMENDATIONS FOR AGRIFIN, PARTNERS & THE WIDER AGRICULTURE ECOSYSTEM

## PROMOTE FARMING AS A BUSINESS (PRODUCTION)

- AgriFin and its partners can leverage digital platforms to provide end-to-end services and promote farming as a business by developing youth-focused bundled services which offer:
- Access to finance, quality input and information (good agricultural practices, weather information, etc.)
- Market linkages to high potential value chains e.g. horticulture, bee-keeping, fish farming

## CREATE NEW JOBS

- Government can support the increase in youth involved in farming-as-a-business by increasing access to land and incentivising investment in commercial farms
- Create rural opportunities outside of farming/production:
- AgriFin and its partners can nurture a digital field force of multi-functional rural agents. This can create multiple revenue streams for agents, improve cost effectiveness for companies and increase access to services for farmers
- County governments can harness public-private-partnerships to increase agro-processing jobs
- The government can incentivise the diversification of the rural economy by supporting non- agricultural job creation

## MATCH SUPPLY & DEMAND

- Funding for educational institutions to deliver training in business development and agriculture services (farming, logistics, machinery maintenance)
- AgriFin partners to spur attitudinal shifts through media to change youth perception towards farming and explore developing digital job linkages to connect youth to relevant jobs and internships

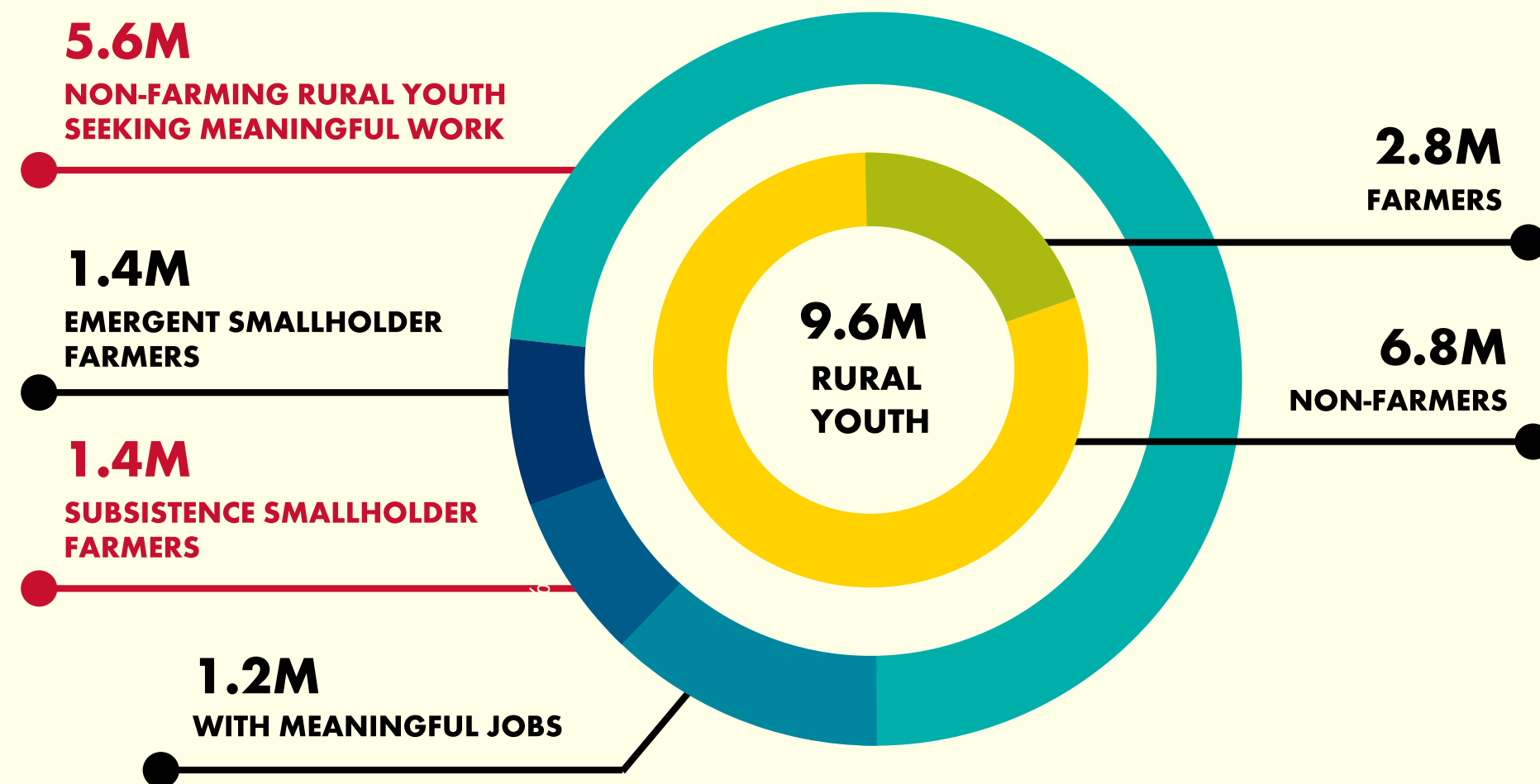
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# THE PROBLEM

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# YOUTH EMPLOYMENT CHALLENGES

*Projected numbers for 2024 indicate Kenya's growing rural youth population will face a challenging job market*



## DEFINITIONS

- *Youth* are persons aged between 15 and 34
- *Meaningful work* includes formal or informal work performed with an employer or for one's self that generates an income which meets minimum wages and does not violate fundamental rights (such as the right to free choice of work without coercion, exploitation, or abuse). It also engages a person's productivity, exceeding 28h a week



# YOUTH VALUE & BARRIERS

*Youth bring unique skills and characteristics to agriculture and agri-business, although a number of barriers still remain*

## VALUE ADD

- **Flexible Disposition**
  - *Young people are open to shifting work environments and are more resilient to the dynamic demands of flexible working patterns*
- **Quick Uptake on New Products & Mentalities**
  - *Youth are able to quickly adopt new products and acquire new skills and ways of working*
- **More Tech-Savvy**
  - *Employers note that youth are more conversant with technology, and more open to mastering technology-related skills*
- **Best Educated Generation**
  - *61% of Kenyan youth have secondary education or higher, compared to 38% of older generations*

## BARRIERS

- **Limited Asset Ownership**
  - *Limited asset ownership makes it difficult for youth to start or grow their own ventures.*
- **Access to Finance**
  - *Larger lending institutions are more wary of youth due to lack of assets and credit history. Alternative financing organizations also lack youth-centric products.*
- **Limited Connections**
  - *Despite high virtual connectivity, youth lack linkages to professional institutions and connections for new job opportunities*
- **Limited Access to and Control over Resources**
  - *About a third struggle to afford costs associated with job seeking including mobile data.*

# YOUTH PERSONAS

*Youth are not a homogeneous group. Targeted and tailored support is required to help them attain a meaningful job.*



## **DETERMINED BUILDERS**

*Achieved success by progressively and intentionally growing their agricultural business activities. They accumulate assets such as land, diversify agricultural activities, and experiment with new ideas and technologies.*

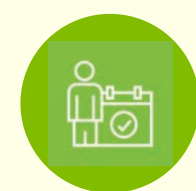
- **Education:** Primary & Secondary
- **Tech Usage:** Avid smartphone users
- **Land Usage:** Inherited or leased
- **Ambitions:** Commercial or contract farming



## **OPPORTUNISTIC MOVERS**

*Risk takers with a strong belief in their own ability. They succeed through opportunistic wins and have occasional failed experiments. Their social safety net and technology usage help them continue to try new things, but do not guarantee results.*

- **Education:** Vocational college
- **Tech Usage:** Avid smartphone or PC users
- **Land Usage:** Inherited or none
- **Ambitions:** Become a successful value-add agri-businessperson



## **STATIC PLANNERS**

*Prioritize their home and families, seeing agriculture as a means of achieving stability for their dependents. They seek financial independence, which will offer greater freedom to determine their own path within agriculture.*

- **Education:** Primary
- **Tech Usage:** Basic feature phone user
- **Land Usage:** Inherited or leased
- **Ambitions:** Autonomy over finances to support dependents



## **ROOTLESS CLIMBERS**

*Ambitious for success in agribusiness and other businesses but struggle to make their aspirations real. They dabble in other value chain businesses, relying on their knowledge and work ethic to help them persevere.*

- **Education:** Primary
- **Tech Usage:** Feature phone user
- **Land Usage:** Leased or none
- **Ambitions:** Consistent and stable income

*\*Note: The above are stylised personas and not intended to be representative of any and all youth in Kenya.*



# OPPORTUNITY AREAS

*While agricultural value chains will not absorb all job-seeking youth, it can provide a large number of opportunities*

**1.4M**

*smallholder farmers*

**5.6M**

*non-farming youth seeking meaningful work*

FARMING AS A BUSINESS FOR SUBSISTENCE FARMERS	> 870K NEW JOB AREAS FOR NON-FARMING YOUTH		
<ul style="list-style-type: none"> <li>• Youth-focused bundled services to provide:</li> <li>• Access to finance</li> <li>• Access to quality inputs</li> <li>• Access to information, including good agricultural practices, weather, products and markets</li> </ul>	<p><b>PRODUCTION</b></p> <ul style="list-style-type: none"> <li>• &gt; 260,000 jobs in commercial farming</li> <li>• &gt;250,000 jobs created by new contract farming</li> </ul>	<p><b>SERVICES ACROSS THE VALUE CHAIN</b></p> <ul style="list-style-type: none"> <li>• &gt; 140,000 jobs in aggregation and agent services</li> </ul>	<p><b>AGRO-PROCESSING</b></p> <ul style="list-style-type: none"> <li>• &gt; 227,000 jobs in manufacturing, export processing, food hubs, fish processing and leather processing</li> </ul>
JOB TRANSFORMATION / UPLIFT	NEW JOB CREATION		

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# YOUTH PERSONAS

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# YOUTH PERSONAS

WHO ARE THE YOUTH AND HOW CAN THEY REALISE THEIR POTENTIAL IN AGRICULTURE?



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***Determined Builders***



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***Opportunistic Movers***



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***Static Planners***



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***Rootless Climbers***

# DETERMINED BUILDERS

*Determined Builders accumulate assets, diversify agricultural activities, and experiment with new ideas and technologies. They have the potential to move into commercial farming, create jobs and be important focal points in the community.*

## TOP OPPORTUNITIES

- **Production**
  - Commercial farming and agribusiness
- **Value Add Services**
  - Aggregate produce from other local farmers
  - Input sales to local farmers
  - Finance and insurance agent
- **Agro-processing**
  - Small-scale agro-processing

## EDUCATION & EARNINGS

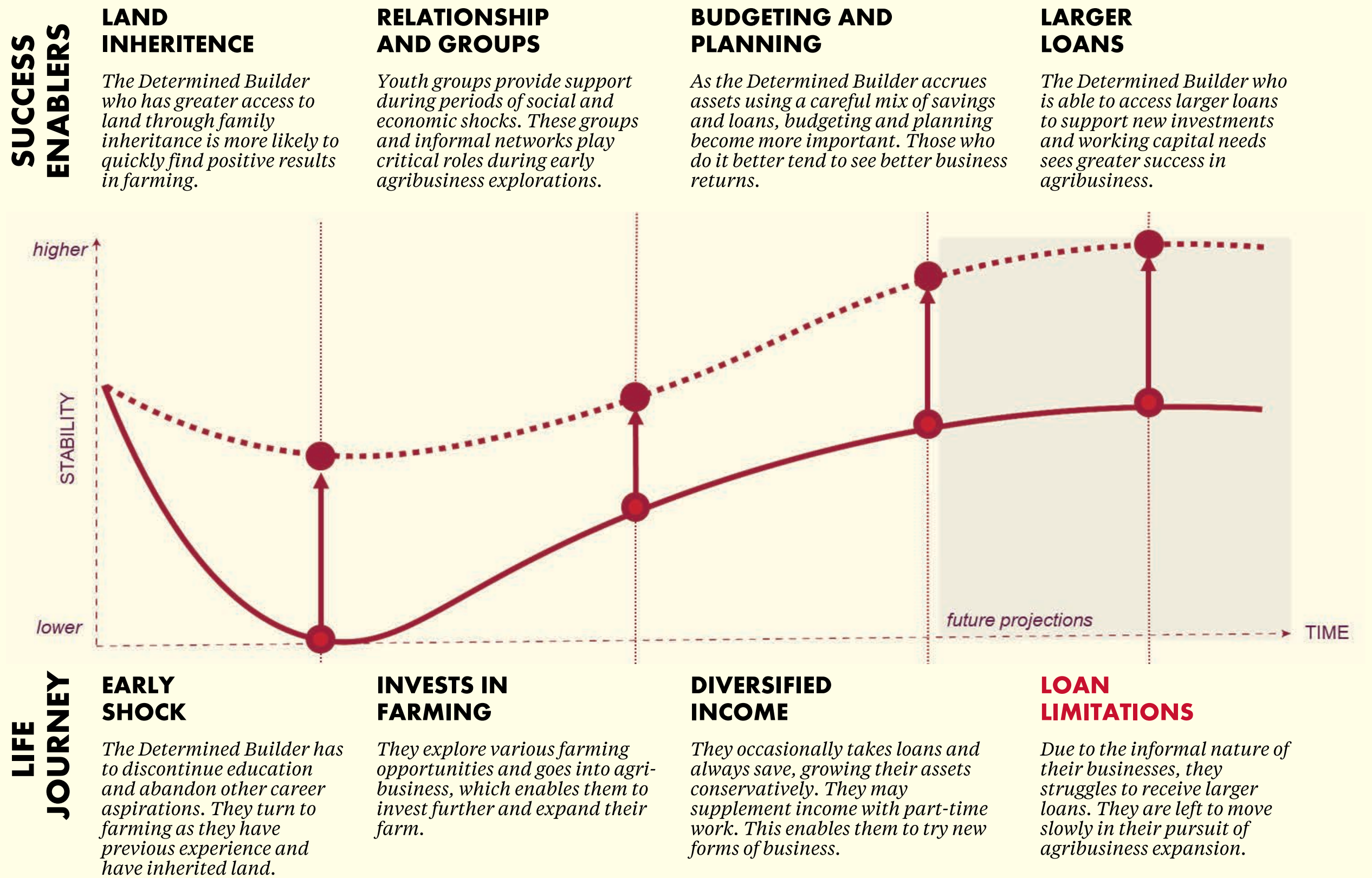
- **Education: Primary and secondary school**
- **Gross earnings: KES 25,000 to KES 1.5M monthly**

## SUPPORT AREAS

- Avail formal business training (e.g. cashflow management and feasibility analyses for potential ventures) to support expansion
- Encourage asset prospecting and planning by providing access to information and databases of available assets (e.g. land) for lease as individuals or groups within the locale
- Provide access to financial services that allow determined builders to progressively acquire high-value assets they can use to further expand their operations (e.g. machinery or storage facilities)
- Tap into social networking tendencies to grow determined builders' networks of agronomic training resources/organizations, fellow farmers, and larger agribusinesses for learning and inspiration

# DETERMINED BUILDERS

## PATHWAYS TO AGRICULTURAL SUCCESS



# OPPORTUNISTIC MOVERS

*Opportunistic Movers take risks and believe in their own abilities. They are comfortable with multi-tasking and resourceful with their social networks. They have high potential as sales agents or aggregators.*

## TOP OPPORTUNITIES

- **Value Add Services**
  - Input distribution to local farmers/agrovets
  - Aggregate produce from local farmers networks
  - Multi-service agent for local farmers (e.g. input provision, financial services, equipment leasing, precision services)
  - Logistics services for smallholder farmers

## EDUCATION & EARNINGS

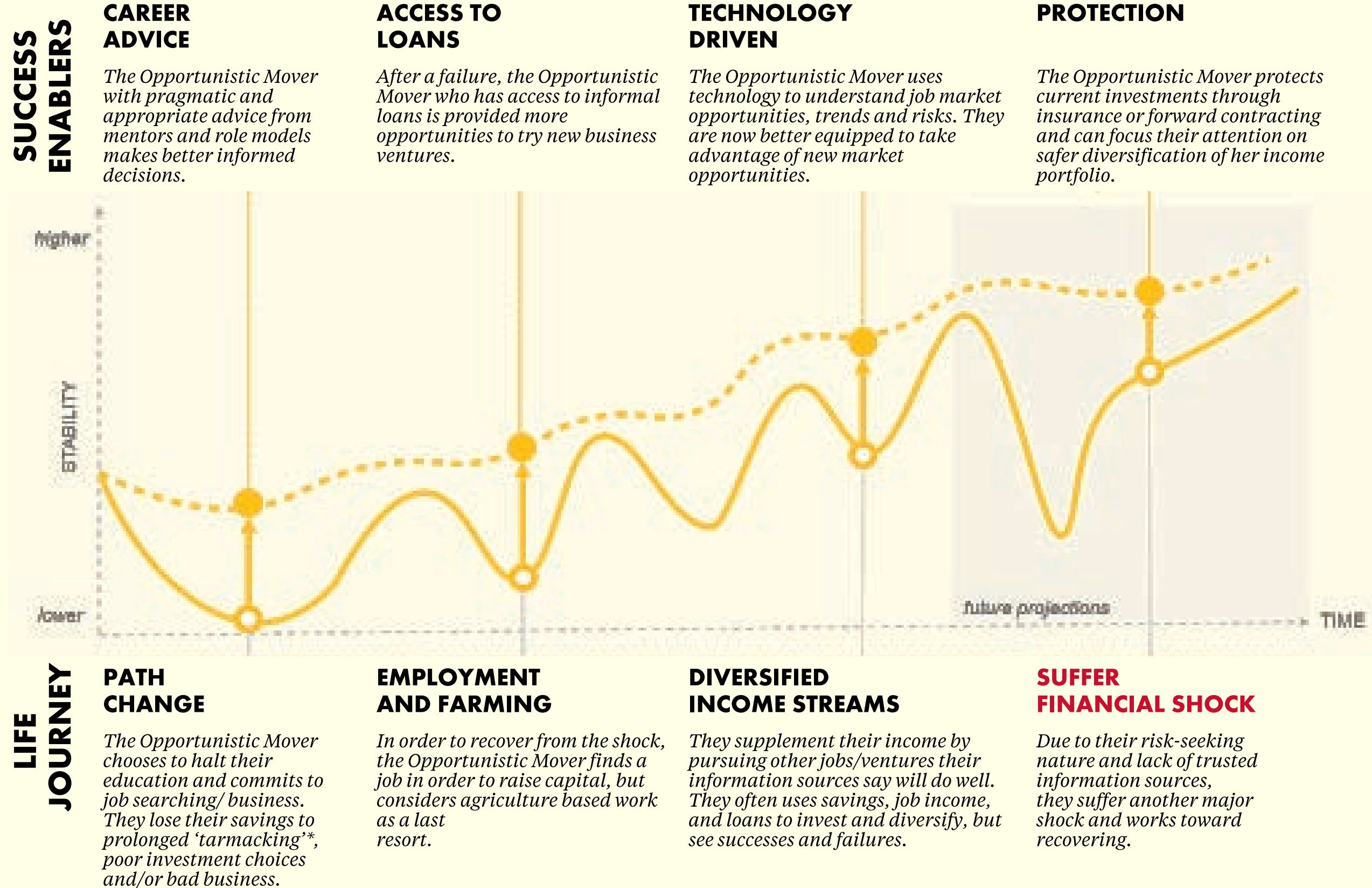
- **Education: Vocational College**
- **Gross earnings: KES 5,000 to KES 100,000 monthly**

## SUPPORT AREAS

- *Promote value chain entrepreneurship by sharing information on job opportunities across agricultural services in fields such as logistics, finance, and post-harvest processing*
- *Provide access to finance to cover the working capital needed to sustain and upscale entrepreneurial ventures*
- *Provide training that offers transferable skills across the value chain e.g. sales pitching and digital training*
- *Leverage Opportunistic Movers' online connectivity to promote positive narratives of agriculture and deliver targeted messages on agricultural services as a meaningful career path, especially for Opportunistic Movers who opt to discontinue education/switch career paths*

# OPPORTUNISTIC MOVERS

## PATHWAYS TO AGRICULTURAL SUCCESS



# STATIC PLANNERS

*Static Planners prioritize their home and family, seeing agriculture as a means of achieving stability for their dependents. Their aspirations for financial stability could be realized by introduction to higher value crops/agricultural practices.*

## TOP OPPORTUNITIES

- **Production**
  - Small-scale commercial farmer
  - Produce supplier for aggregators
- **Value-Add Services**
  - Part-time community trainer for agricultural practices

## EDUCATION & EARNINGS

- **Education: Primary school**
- **Gross earnings: KES 3,000 to KES 10,000 monthly**

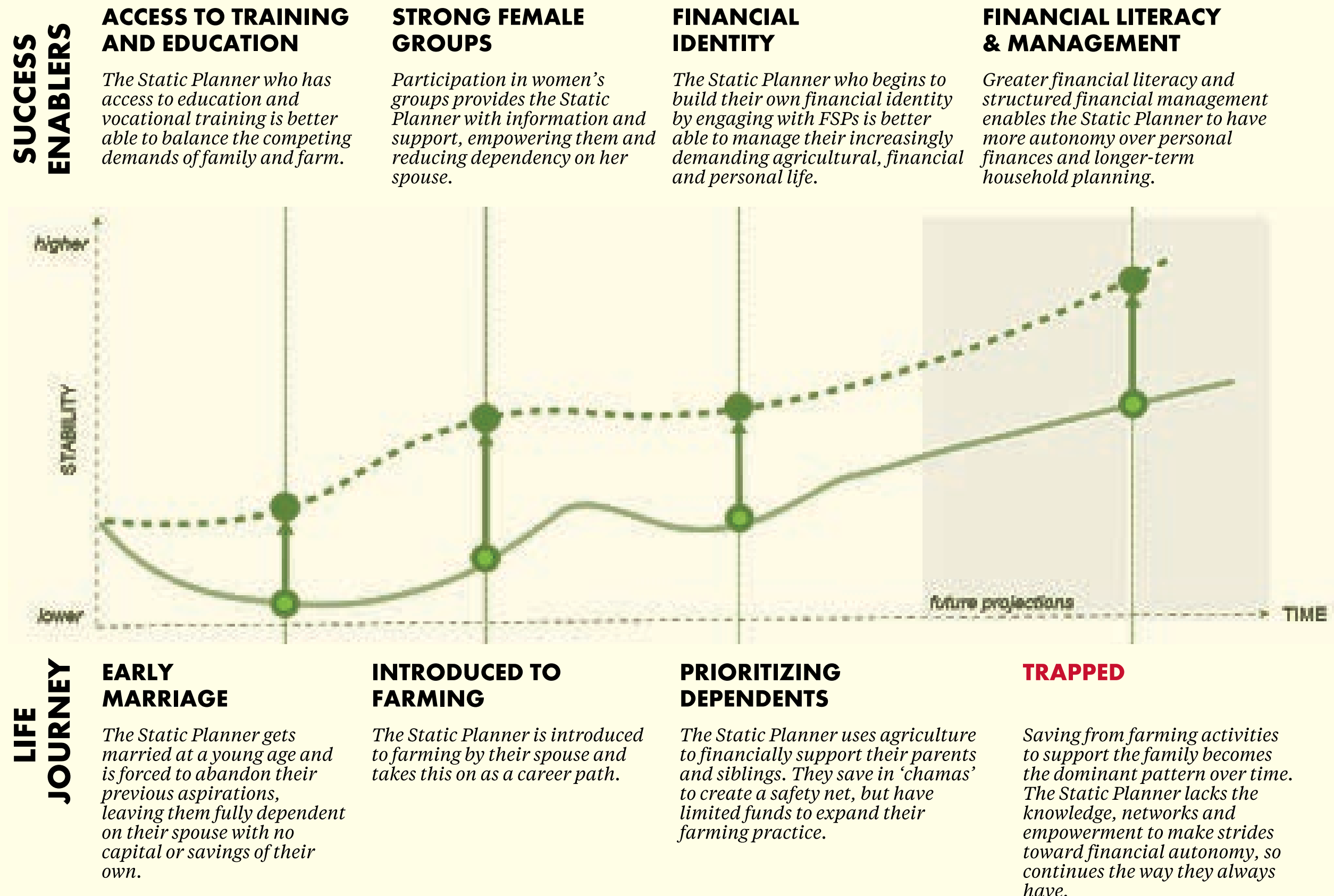
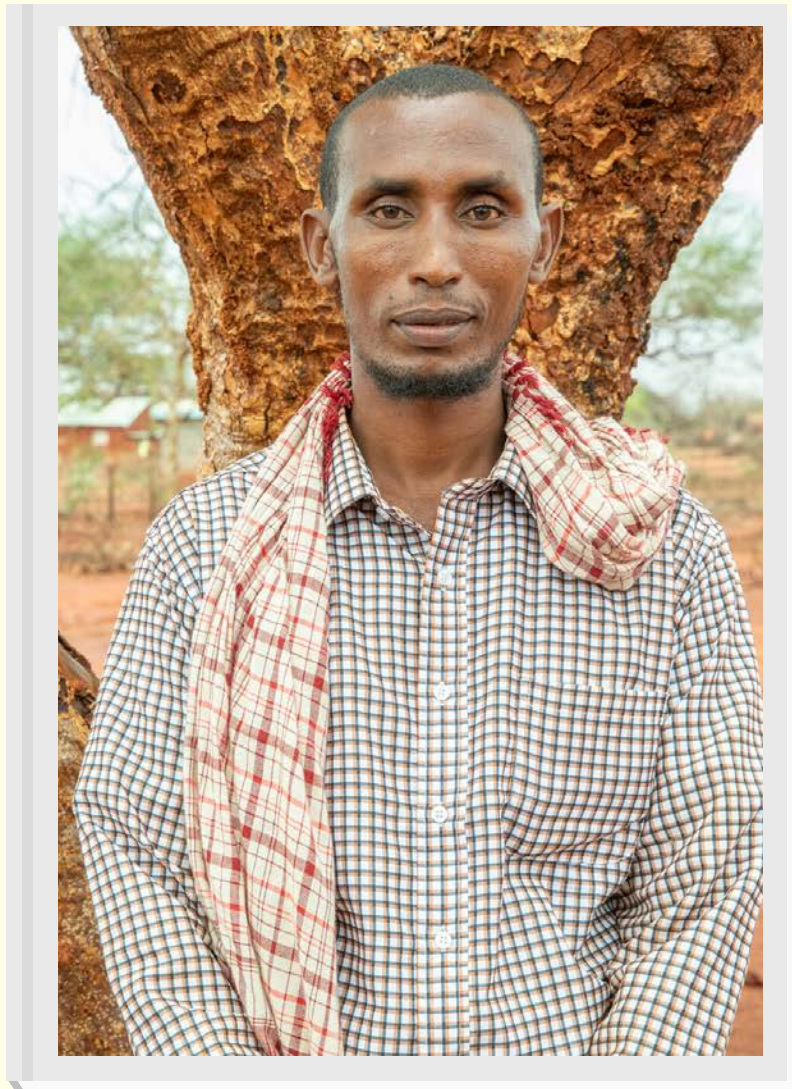
## SUPPORT AREAS

- *Diversification into targeted high-return value chains by delivering training and information on improved agricultural practices*
- *Access to financial services for quality inputs through simple digital platforms that challenge static planners to set goals and meet them, incentivize good financial behaviour and disseminate information about the benefits of setting up and tracking budgets*
- *Crop protection and post-handling services to cushion farm produce risks will appeal to static planners' desire for predictable returns and angle them towards farming as a stable income earner*
- *Strengthening women-centric support platforms by tapping into Static Planners' social support networks of women-specific groups as channels to draw encouragement and support*



# STATIC PLANNERS

## PATHWAYS TO AGRICULTURAL SUCCESS



# ROOTLESS CLIMBERS

*Rootless Climbers are ambitious for success in agribusiness and other businesses, but struggle to make their aspirations real. They rely on their knowledge and work ethic to persevere. They seek stable employment and would be well suited for fixed positions.*

## TOP OPPORTUNITIES

- **Production**
  - Farm manager
- **Value-Add Services**
  - Stockist
  - Transport co-ordinator
- **Agro-processing:**
  - •Processing plant technician
  - •Machine operator
  - •Quality inspector
  - •Equipment sales and/or servicing

## EDUCATION & EARNINGS

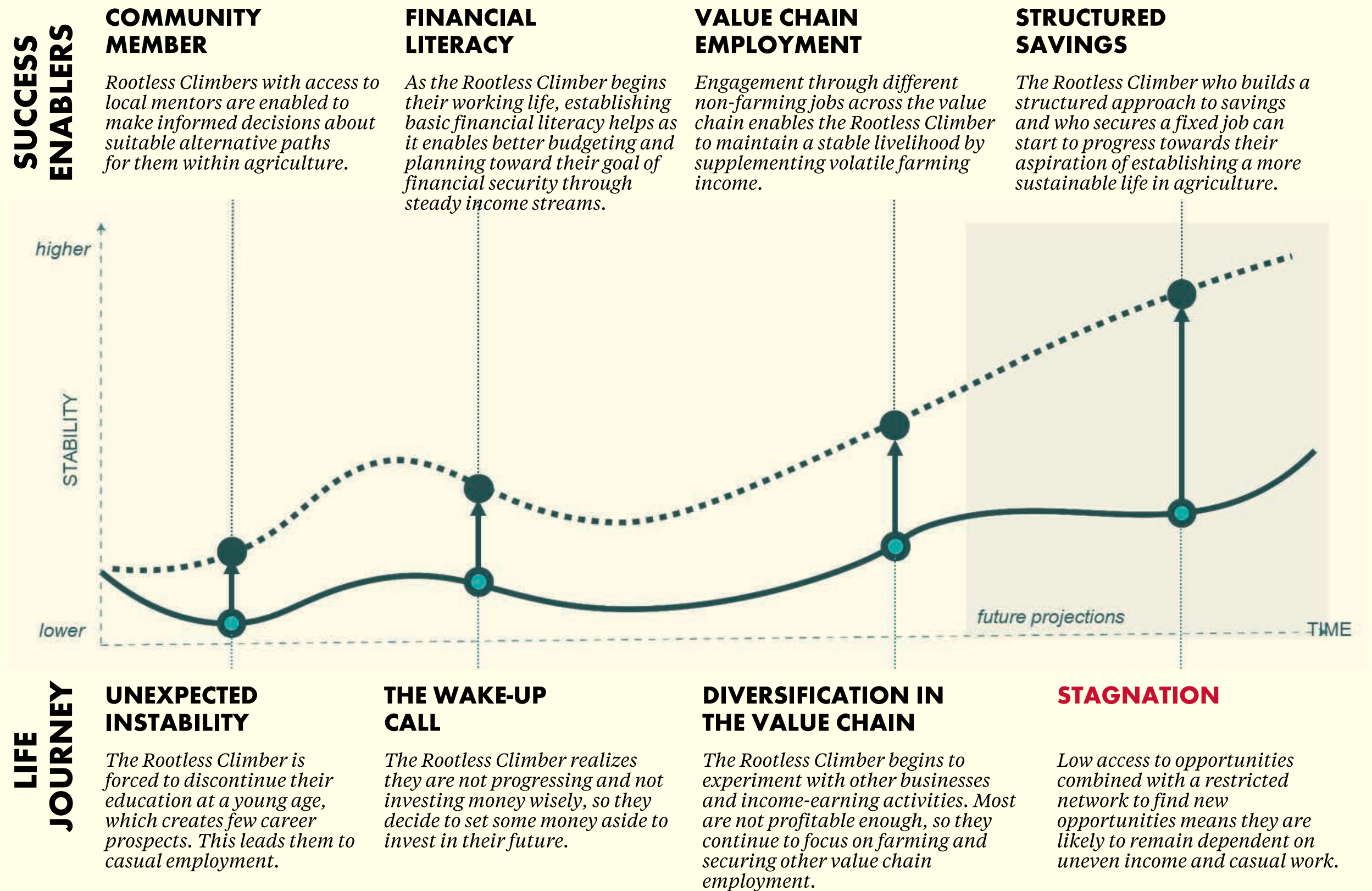
- **Education: Primary school**
- **Gross earnings: KES 5,000 to KES 20,000 monthly**

## SUPPORT AREAS

- Use digital technologies for job linkages (such as Ejoobi) to connect Rootless Climbers with valuable information on employment opportunities across the value chain
- Provide internship/attachment opportunities that equip Rootless Climbers with work experience and expose them to professional development opportunities across the value chain so that they can position themselves to succeed in fixed employment
- Create peer-to-peer mentorship platforms where Rootless Climbers can assist each other to make informed decisions on their career paths
- Provide training for Rootless Climbers to develop the skills to build their career path and gradually advance into more senior positions

# ROOTLESS CLIMBERS

## PATHWAYS TO AGRICULTURAL SUCCESS



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# **CASE STUDY INSIGHTS**

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# RURAL JOB CREATION

## OPPORTUNITIES ACROSS THE AGRICULTURAL VALUE CHAIN



### AGRICULTURAL PRODUCTION

*Agricultural production offers the largest opportunity for job creation by (i) moving subsistence farmers into farming as a business and (ii) developing commercial farmers' capacity. High potential value chains include poultry, horticulture, and vegetables. There are <260K jobs in commercial farming; and <250K jobs in contract farming.*



### VALUE-ADD AG SERVICES

*Value-add agricultural services a growing sub-sector which has provided an increasing number of jobs in agent networks, aggregation and logistics. There are ~70K jobs in agent roles (commissioned work); and ~70K jobs in aggregator roles (entrepreneurial opportunities).*



### AGRO-PROCESSING

*Agro-processing can provide meaningful work to low-skilled labour. The current industry is small<sup>1</sup> however there is growth potential. There are ~227K jobs spread across government plans to establish agro-processing hubs, fish processing, leather processing and tea processing facilities.*

# AGRICULTURAL PRODUCTION

*Agricultural production offers just 3% of total jobs in Kenya despite being one of the largest contributors to Kenya's GDP – leaving ample room for growth. 20% of total youth in Kenya are farmers and half of these are subsistence farmers.*

## CHALLENGES

- *Access to land: Young farmers in Kenya own and operate an average of 0.7 - 1.0 hectares of land, in comparison to 2.7 - 3.2 hectares for adults*
- *Access to finance: Youth lack the collateral and credibility to access the growth finance that adults more easily obtain*
- *Education and skills: Youth often face an education -agriculture skills mismatch with higher education creating off-farm aspirations*
- *Access to markets: Youth struggle to access physical markets and have a limited understanding of how markets work*
- *Inputs: Youth, like other farmers, have limited access to the quality inputs to make their farming profitable*
- *Infrastructure: Limited access to value chain infrastructure like planting, harvesting and storage equipment makes it harder for youth to compete with adult farmers*
- *A negative perception of agriculture as a career of last resort: Youth view agriculture negatively due to its perceived low overall remuneration and quality of life*

## GROWTH AREAS

- *Opportunities for youth will come from both: Moving subsistence farmers into 'farming as a business' through value chains that offer high returns with minimal requirements, such as poultry, fish, fruit and vegetables and horticulture Increased commercial and contracting farming with the potential for ~ 260,000 jobs in commercial farming and ~250,000 jobs created by new contract farming*

## TARGET PERSONAS



**Determined Builders**



**Static Planners**

*Sources: 'Youth in Agriculture in Kenya', 2015. Pathways into/out of poverty study, Milu Muyanga, T Jayne, W Burke. 2010; \*Actual figure likely to be higher, as influenced by what is defined as a job*

# CASE STUDIES

*Uganda and Nigeria provide strong case studies for interventions that have led to job creation and improved incomes.*

## UGANDA

### NUCAFE'S FARMER OWNERSHIP MODEL FOR RURAL PROSPERITY

- *Description*
  - *The National Union of Coffee Agribusiness and Farm Enterprises (NUCAFE) seeks to establish a sustainable market-driven system for coffee farmers to increase their incomes*
- *Farmer Ownership Model*
  - *Value addition: NUCAFE does not buy coffee from farmers, rather it provides value addition services such as transportation and processing that allows farmers to sell their coffee in markets that deliver higher prices*
  - *Trainings: NUCAFE's involvement in the Skilling Youth in Agri-business (SKY) program has enabled it to provide tailored training for youth in the coffee value chain*
  - *Credit: NUCAFE offers farmers advanced payment options of up to 80% of their total produce to access quality input provisions*

**RESULTS: 250% PRICE INCREASE FOR COFFEE FARMERS AFFILIATED WITH NUCAFE**

## NIGERIA

### YOUTH EMPLOYMENT IN AGRICULTURE PROGRAM (YEAP)

- *Description*
  - *The Government of Nigeria, FAO and ILO set up YEAP in December 2014*
  - *YEAP sought to train and provide access to credit to 758,500 young Nigerians with an aim of helping them start their agribusiness and employ other youth in their farms*
  - *The training focused on priority value chains such as production and processing of tomatoes, cocoa, honey, and maize*
- *Program Focus*
  - *Nagropreneurs: Youth who are graduates from higher institutions and may or may not have studied agriculture, but who show interest in agribusiness*
  - *Market-oriented producers: Youth with an interest in agriculture regardless of their education background*

**RESULTS: 75,000 JOBS CREATED BY END OF 2018**

# VALUE-ADD AGRICULTURAL SERVICES

Value-add agricultural services represent a growing employment opportunity for youth, with an increasing number of job opportunities in agent networks, aggregation and logistics. AFA partners, the majority of which are in value-add services, average 75% of youth in their workforce. They have, on average, doubled their workforce between since 2017, and expect to keep growing by another 50% by 2021.

## CHALLENGES

- *Access to finance: Youth lack sources of working capital to sustain themselves and weather the seasonal business cycles of agricultural activities*
- *Access to information on job opportunities: Rural youth rely heavily on immediate networks to source for jobs, and may miss suitable opportunities despite qualifications*
- *Insufficient work experience: Even where youth possess the required skills, employers require a familiarity with formal work environments and norms*
- *Inadequate training: Based on responses from AFA partners, employers see a gap in young people's ability to practically apply the theoretic content they were taught in training institutions*
- *Negative perception of agriculture: Qualified youth may discard agriculture-based opportunities due to the misperception that agricultural activities are not economically viable*

## GROWTH AREAS

- 70,000 Agent Jobs
  - *Commissioned work: Bundled services agent (e.g. financial services, equipment leasing, input provision, data tagging)*
- 70,000 Aggregators
  - *Entrepreneurship: Inputs distribution, aggregation services*

## TARGET PERSONAS



**Determined  
Builders**



**Opportunistic  
Movers**

Sources: Dalberg Analysis responses from a sample of 14 AFA Partners engaged in input provision, financial services, end-to-end services, aggregation/market access, and precision agriculture, Dalberg Analysis, Assumes that there are 7million SHF, with each agent vending multiple services and catering to 50 people, Dalberg Analysis. Assumes that each aggregator groups 100 farmers



# CASE STUDY



*AgTech companies, such as SunCulture, are creating new job opportunities for rural youth*

## SUNCULTURE

*SunCulture is an innovative agri-tech organization providing off-grid, solar-powered irrigation and energy products for smallholder farmers across Kenya. SunCulture's irrigation kits improve livelihoods by increasing yields from farming activities (2x to 5x), multiplying incomes (5x to 10x), and meeting farmers' domestic needs.*

### SALES AGENT PROFILE

- Average Earnings: KES 10,000 to KES 100,000
- Age: Mid-20s to early 30s
- Minimum requirements: High school education; basic knowledge of farming and local farming practices; strong communication skills; entrepreneurial spirit

### RURAL AGENT DISTRIBUTION



### CHALLENGES FACED

- Recruiting women to build a gender-balanced agent network. There is a misperception that men are better placed to sell equipment and tech products
- Equipping promising sales agents with the soft skills to successfully transition into management roles

### KEY LEARNINGS

- Agency models are an efficient way to reduce customer acquisition costs and harness local relationships/knowledge to scale agri-businesses
- Agent roles create synergies with other job opportunities in the value chain through cross-selling potential (e.g. agro-dealership), further increasing earning capacity
- **"Some agents started out balancing other jobs, however the scenario has changed. When they saw the potential, then they chose to focus on SunCulture...some agents have progressed and are now recruiting and managing their own sales teams" -Head of HR, SunCulture**

# AGRO-PROCESSING

The agro-processing market in Kenya is currently small, with processed goods making up only 16% of Kenya's total agricultural exports. This is low in comparison with South Africa and Ivory Coast (52% and 32% respectively). As part of the Government's Agricultural Sector Transformation and Growth Strategy, there are plans to create 227,000 new jobs across the country.

## CHALLENGES

- *Suitable crops: Kenya's primary cash crops (tea, coffee, cut-flowers, avocados) do not require significant processing, limiting the need for processing plants*
- *Infrastructure: A lack of critical utilities such as reliable roads, power and water supply at potential sites*
- *Government coordination: There is currently limited inter-ministerial and county level coordination*
- *High capital requirements: Agro-processing requires significant capital expenditure and is seen as a risky by many potential investors*
- *Lack of incentives: As it stands, there are no current transport or tax breaks to encourage the commercialization of new facilities*

## GROWTH AREAS

- *There are government efforts to establish:*
  - *Six new agro-processing hubs across the country in the next five years, creating 110,000 new jobs*
  - *A food hub in Mombasa in the next three years creating up to 60,000 new agro-processing jobs and a fish processing factory creating 12,000 jobs*
  - *Leather processing factories creating 35,000 jobs*
  - *Tea processing facilities to create 10,000 jobs*

## TARGET PERSONAS



**Determined  
Builders**



**Rootless  
Climber**

# CASE STUDY

*The Ivory Coast has transformed its agro-processing industry through government intervention*

## **IVORY COAST: NATIONAL AGRICULTURAL INVESTMENT PLAN (NAIP) 2010-2015**

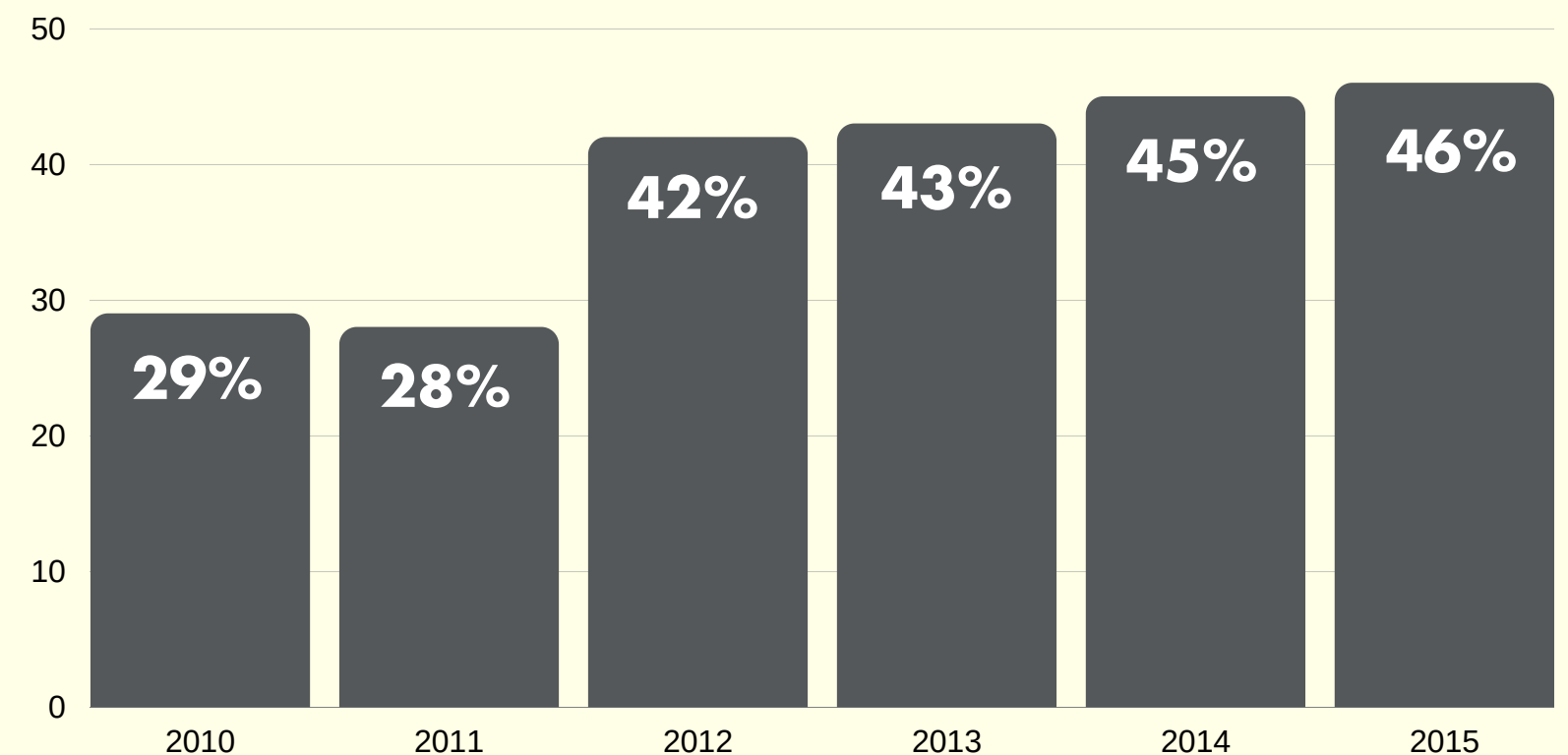
*Ivory Coast's National Agriculture Investment Plan (NAIP) is the agricultural pillar of the National Development Plan (NDP). The first phase sought to increase investment in processing activities, and promote a diversified mix of strategic cash and food crops for growth and food security.*

*The NAIP aimed to revive agricultural growth at a rate of 9% per year through milestones such as creating 2.4M jobs over the five period; transforming at least 50% of agricultural products locally; and increasing food security. The first phase of the NAIP helped Côte d'Ivoire achieve record production results as the world's #1 grinder of cocoa.*

*NAIP I cost USD ~1.4B4, funded through public private partnerships. Its success has fueled more funding for the NAIP II (2016 – 2020) which will further increase investment into agro-processing activities.*

### **AGRO-PROCESSING, IVORY COAST**

*Weighted % of Production Activities*



*Sources: World Bank, Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS), 2017, Ministry of Agriculture, Republic of Cote d'Ivoire, Republic of Cote d'Ivoire, Institut national de la Statistique (INS), Republic of Cote d'Ivoire*



# **STRATEGIC OPPORTUNITIES**





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# STRATEGIC OPPORTUNITIES:

*How AgriFin can create 1 million jobs for youth over the next 5 years*

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***1. Promoting farming as a business by providing end-to-end services for youth***

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***2. Building a digital platform to promote youth access to land***

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***3. Matching demand and supply through job matching platforms***

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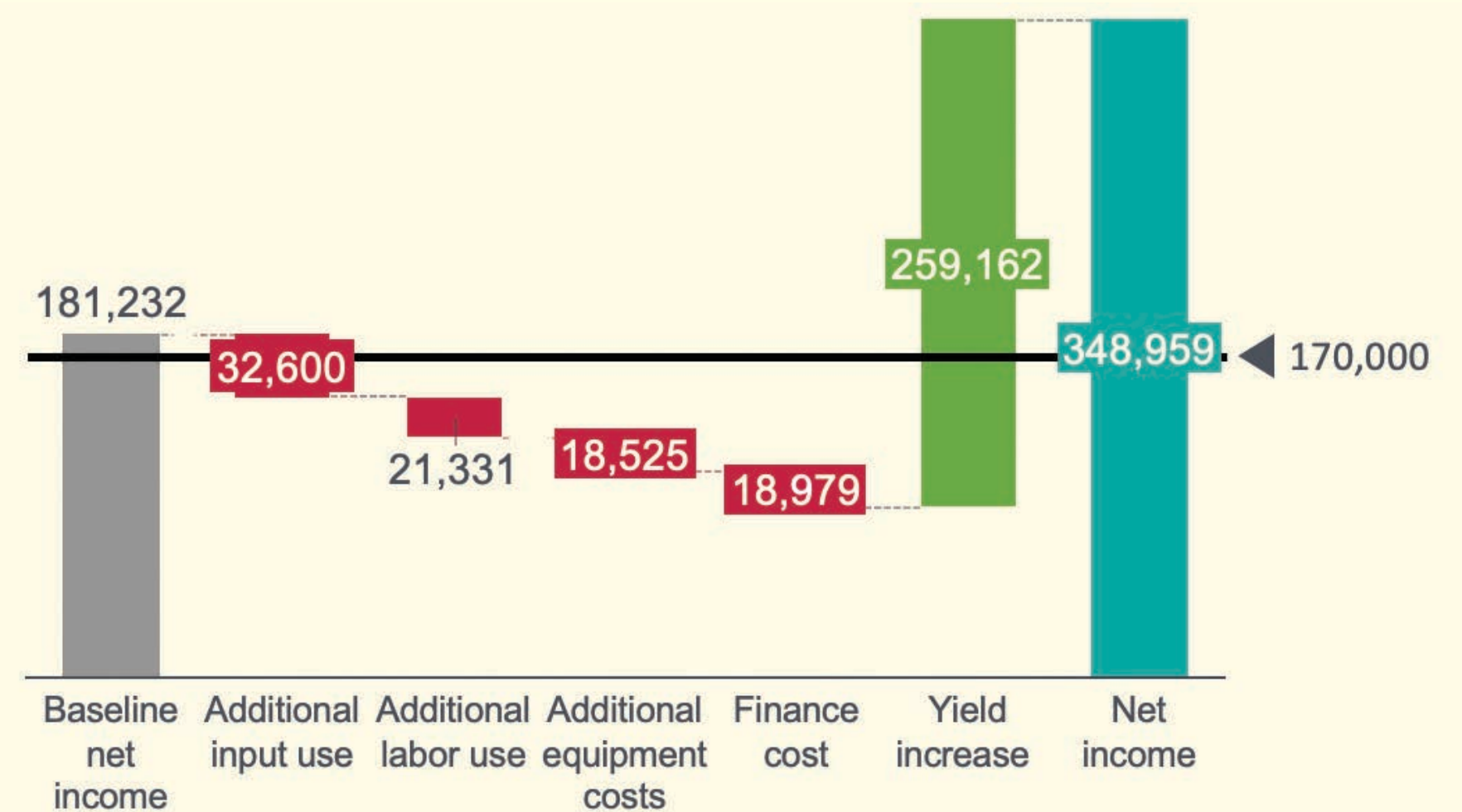
***4. Using edutainment and eLearning platforms to shift youth perceptions towards and upskilling***

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***5. Matching demand and supply through public private partnerships to build connectivity hubs serving as centers of excellence for rural youth***

# PROMOTING FARMING AS A BUSINESS BY PROVIDING END-TO-END SERVICES FOR YOUTH: SUPPORTING YOUTH-FOCUSED ACCESS TO FINANCE, MARKETS, EQUIPMENT, TRAINING AND QUALITY INPUTS

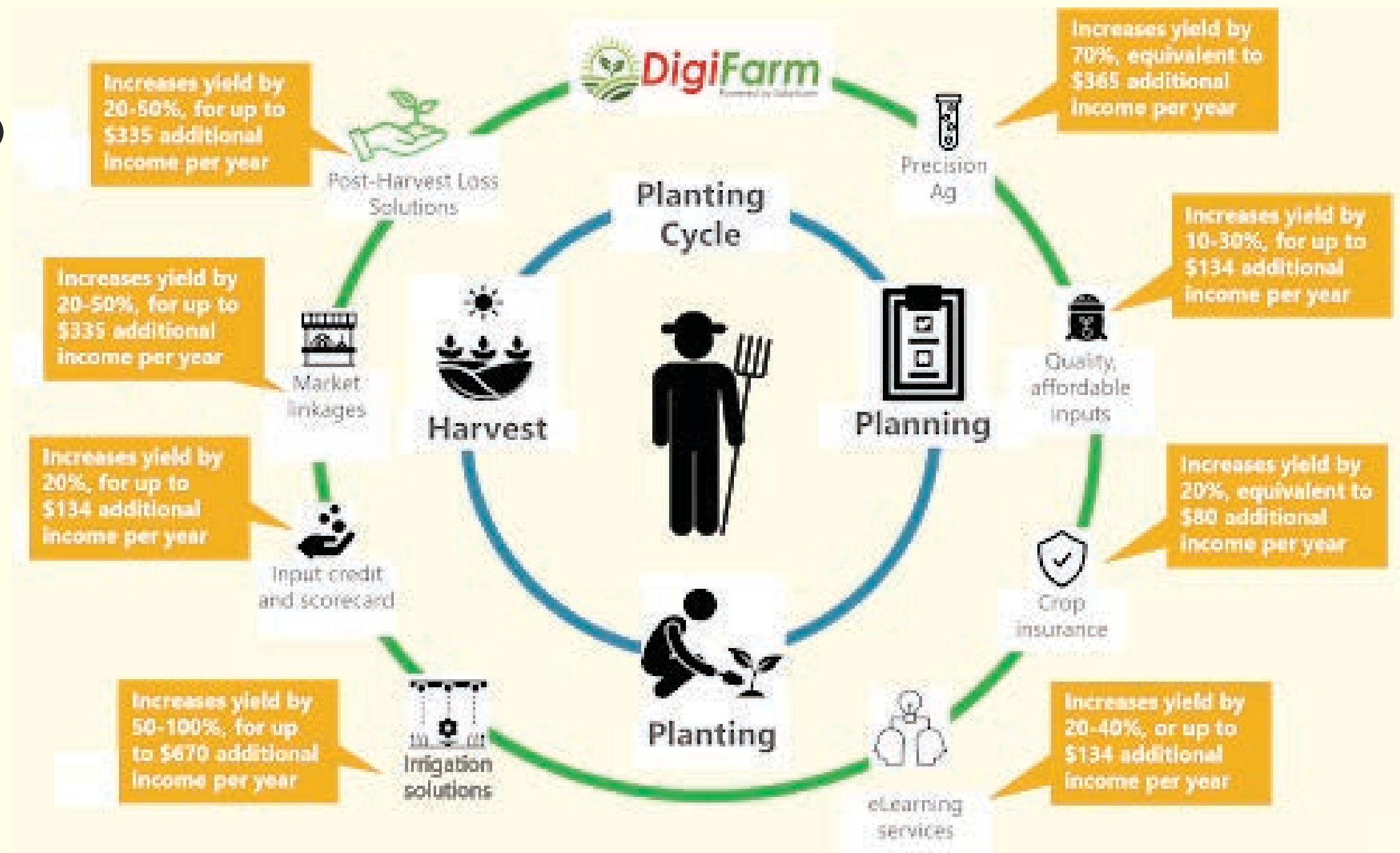
- Deploy youth-focused financial products through alternative credit scoring, loans and savings packages that are tailored to cater to youth's circumstances (such as limited or no collateral)
- Facilitate access to inputs and equipment through linkages to distributors of quality inputs, extension services, and shared/leased access to farming and post harvest equipment
- Enable access to markets by disseminating market information (e.g. prices) or leveraging tech platforms such as Agriwallet or Twiga to connect youth farmers and buyers
- Provide capacity development through training on financial management, business development and/or technical agricultural skills



The above farmer economics model illustrates how access to bundled services for farmers can result in higher yields, and consequently higher revenue from product sales that is just over 2x the basic wage

**PROMOTING FARMING AS A BUSINESS BY PROVIDING END-TO-END SERVICES FOR YOUTH: DELIVERING BUNDLED SERVICES THROUGH INNOVATIVE DIGITAL PLATFORMS SUCH AS SAFARICOM'S DIGIFARM**

*The DigiFarm platform has 1.3m million registered farmers to-date. Through this platform, AFA can support its partners to deliver bundled services to youth SHF, boosting yields and providing an ecosystem for digital value-add Ag services to thrive*



# PROMOTING FARMING AS A BUSINESS BY PROVIDING END-TO-END SERVICES FOR YOUTH: GROOMING A DIGITAL SALES FORCE OF MULTI-FUNCTIONAL RURAL AGENTS AND AGGREGATORS AS ENTREPRENEURIAL SERVICE POINTS

## THE ENTREPRENEUR

*Patrick: Coop Farmer & Transporter*

**AGE: 32**  
**OCCUPATION: COOP FARMER & TRANSPORTER**  
**FAMILY: MARRIED WITH 2 CHILDREN**  
**LOCATION: NDARAGUA, KENYA**

**"I NEED TO SAVE IN ORDER TO BUY INPUTS IN BULK SUCH AS HAY TO PREPARE FOR DRY SEASONS. I NEVER WANT TO BE STRANDED AT ONE POINT ABOUT HAY."**

### TECHNOLOGY USAGE



### ABOUT PATRICK

*Patrick practices zero grazing with his cow. he has been hired to transport milk to the coop from other smallholder farmers. he spends a lot of time tending to his cows, and often hires a casual laborer to help with milk pickup.*

### RESOURCES

*1/2 acre of land, 1 lactating cow, 2 donkeys & a donkey cart, motorbike-- information from coop agrovet, model farms & other farmers*

### NEEDS

*School fees, feeds for his cow, casual laborers he can trust, ability to expand his transportation business, system to manage his collection route*

## THE YOUNG DREAMER

*Mishak: Small Plot Independent Farmer*

**AGE: 32**  
**OCCUPATION: COOP FARMER & TRANSPORTER**  
**FAMILY: MARRIED WITH 2 CHILDREN**  
**LOCATION: NDARAGUA, KENYA**

**"ANYTHING THAT'S A QUICK FIX IS GOOD. GETTING ASSISTANCE IS A SAVING GRACE"**

### TECHNOLOGY USAGE



### ABOUT MISHAK

*Mishak is a university student studying economics and statistics. In 2016, he purchased a 1/2 acre plot near town and one dairy cow. He takes small loans from Branch or KCB M-PESA to smoothen cash flow.*

### RESOURCES

*1/2 acre of land, 1 cow, parent's farm, university education, internet*

### NEEDS

*Finding buyers, convenient transactions, dairy & agricultural extension services*

**DIGITAL FIELD FORCE CAN AND MUST COMPLETE A WIDE RANGE OF TASKS. IDEAL CHARACTERISTICS OF DIGITAL FIELD AGENTS RANGE FROM BEING AN ACTIVE COMMERCIAL FARMER OR BEING OTHERWISE ENGAGED IN AGRICULTURE, BEING A LOCAL RESIDENT, BEING – OR HAVING THE ABILITY TO BECOME – A COMMUNITY LEADER, BEING DIGITALLY LITERATE, ENTREPRENEURIAL, AND MOBILE.**



**LAND-LEASING SCHEMES COULD PROVIDE AFFORDABLE RESOURCES FOR YOUTH TO ADOPT FARMING-AS-A-BUSINESS, INCLUDING CONTRACT FARMING**

**"UBERIZATION" OF LAND**

*Reduces the need for land ownership*



*Decreases land idling capacity*



*Bundles value-added services*



*Supports cloud-enabled workflow automation*

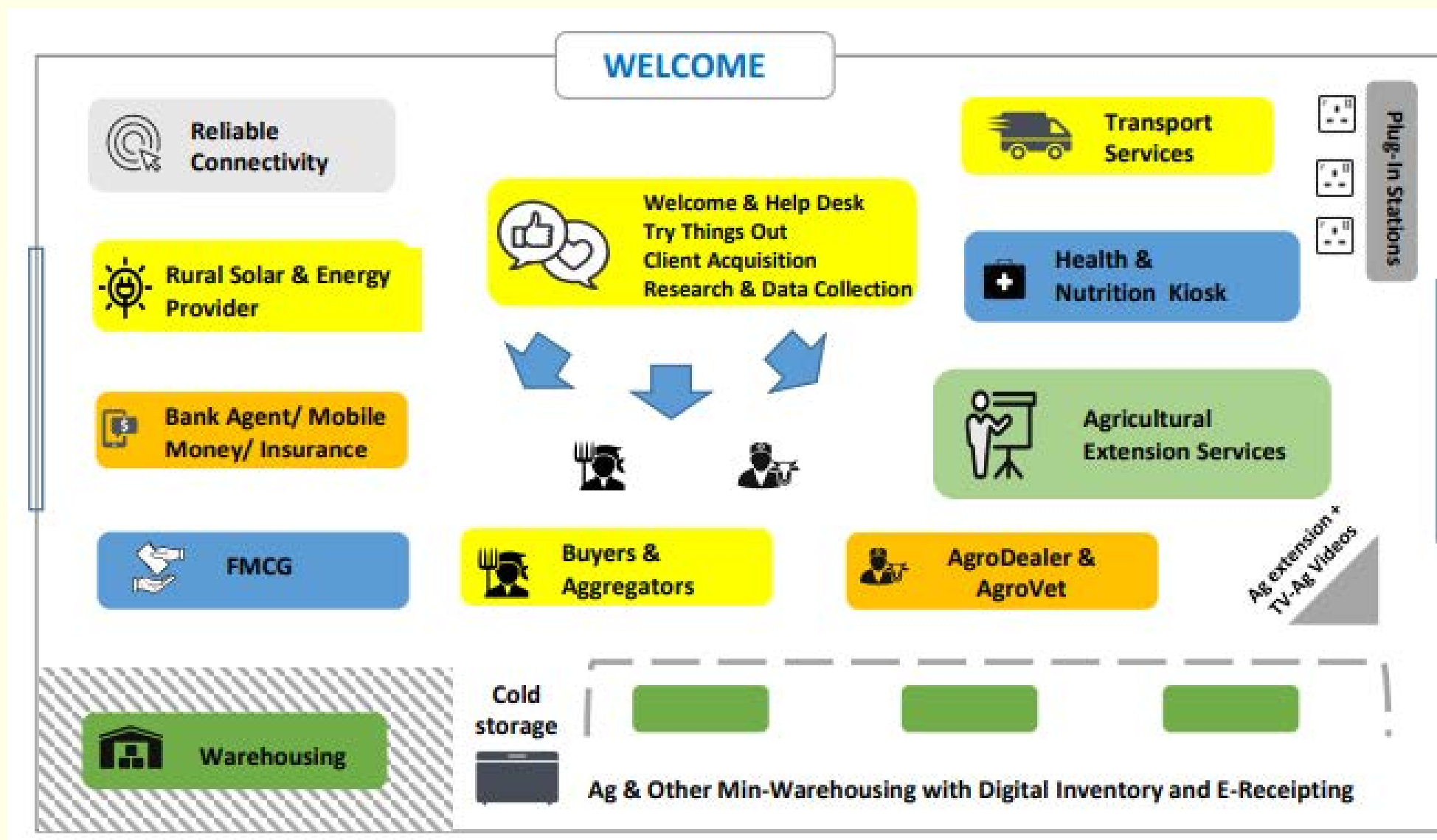


# MATCHING SUPPLY AND DEMAND THROUGH JOB MATCHING PLATFORMS



- *Kenyan youth' pathways to meaningful livelihoods are influenced by various activities, inflections, and enablers*
- *Tech platforms such as WhatsApp for Business and USSD can be used to address the information asymmetry in the labor market, particularly in rural areas, connecting youth to a wider range of jobs across the agricultural value chain and commercial farming opportunities*

# MATCHING DEMAND AND SUPPLY THROUGH PUBLIC PRIVATE PARTNERSHIPS TO BUILD CONNECTIVITY HUBS SERVING AS CENTERS OF EXCELLENCE FOR RURAL YOUTH: **HOW E-COMMERCE HUBS CAN HELP CREATE 260,000 JOBS IN COMMERCIAL FARMING**

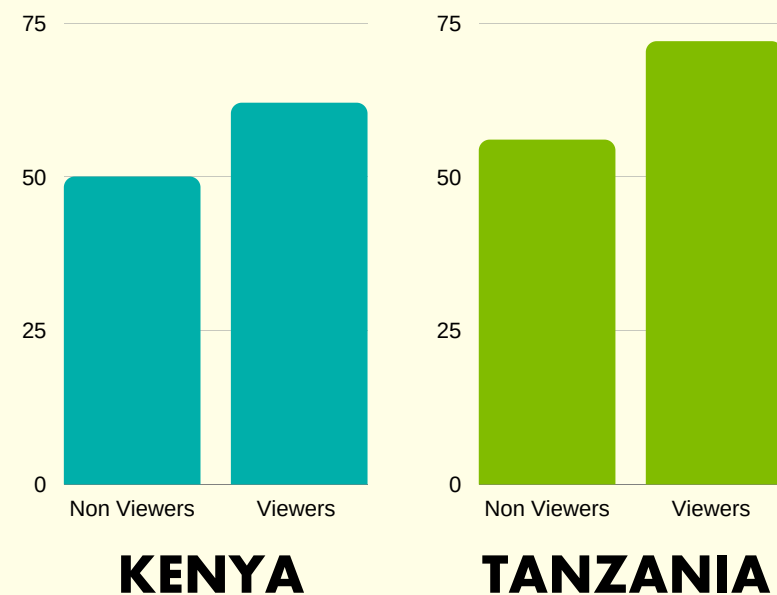


- *The Kenyan Agricultural Sector Transformation and Growth Strategy plans to unlock 50 new large-scale private farms (larger than 2,500 acres).*
- *Based on this we estimated 125,000 acres of new farmland. In order to calculate jobs we took 4 top (and varying value chains) and found the average worker per acre. Sugarcane (1.7 p/acre), Horticulture (4.3p/acre), Maize (1.4 p/acre), Pyrethrum (1p/acre)*

# USING EDUTAINMENT AND ELEARNING PLATFORMS TO SHIFT YOUTH PERCEPTIONS TOWARDS AGRICULTURE AND UPSKILLING: 'DON'T LOSE THE PLOT' CASE STUDY

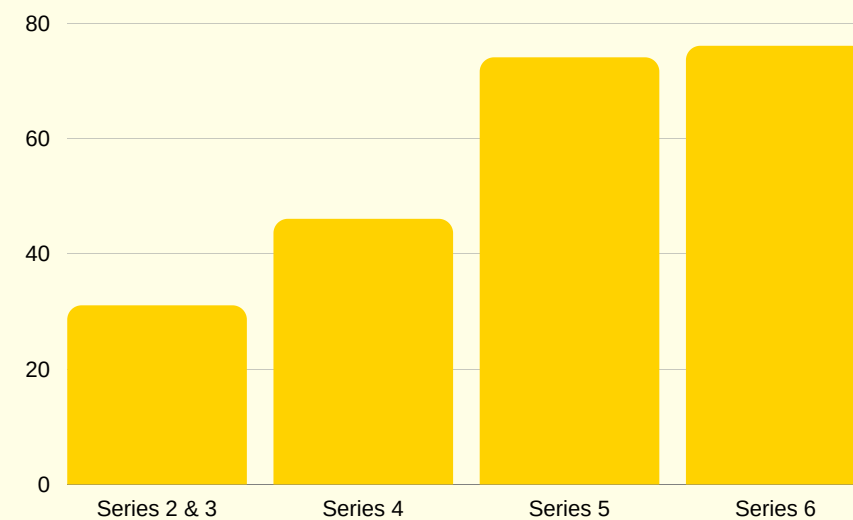
*Don't Lose the Plot (DLTP) was a pilot agricultural support platform built around a weekly television program that followed the lives of select youth farmers. DLTP aimed to increase youth interest and participation in agriculture as a viable business in Kenya, Tanzania, and Uganda. DLTP was complemented by an online budgeting tool "Budget Mkononi". Shamba Shape Up (SSU) was a reality make-over TV show educating smallholders on good agronomic practices broadcast in 3 countries.*

## **SELF REPORT: % OF DLTP VIEWERS WHO AGREE TO FARMING AS 'PROFITABLE'**



**72% of high intensity viewers of DLTP in Tanzania believe farming is profitable over 56% of non-viewers**

## **SELF REPORT: % OF SSU VIEWERS WITH CHANGE IN HOUSEHOLD INCOME**



**2.26 as many viewers in series 6 can attribute household income growth to SSU influence on farming relative to series 1**

**84% OF DLTP VIEWERS IN KENYA & 90% OF HIGH INTENSITY VIEWERS IN TANZANIA INDICATED THEY WOULD TAKE UP FARMING AS A BUSINESS**

# MATCHING DEMAND AND SUPPLY THROUGH PUBLIC PRIVATE PARTNERSHIPS TO BUILD CONNECTIVITY HUBS SERVING AS CENTERS OF EXCELLENCE FOR RURAL YOUTH: **INDIA CASE STUDY**

## **E-CHOUPAL: OFF-TAKER-LED ICT-ENABLED AGRICULTURAL TRADE SYSTEM, EVOLVING INTO SERVICES AND FMCG RETAIL POINTS**

### OVERVIEW

- Core Offering: Information and market hub for agricultural trade, extension services, and rural retail (sales) points.
- Target Users: Farmers
- Lead: ITC Limited (an Indian Conglomerate)
- Launch Date: 2000
- Reach:
  - 6,000+ hubs, 4 mil. farmers in total (as of 2011)
  - Each e-Choupal serves ~600 farmers in 5km radius
- Infrastructure:
  - Phone line or VSAT connection, powered by solar
  - Installed at Sanchalak's house

### E-CHOUPAL



#### Services Offered

- Web-based market information, incl. price at various procurement hubs
- Secure a floor price with a specific hub
- Training opportunities
- FMCG products for purchase, and Link to Choupal Sagar for greater services
- Order system for ag inputs
- Site set-up: Sanchalak's (entrepreneur) house used as kiosk + Computer and Internet

#### BUSINESS MODEL

- Some soft finance from ITC to cover costs, while entrepreneurs (Sanchalak) also bear costs and raise revenue from e-Choupal.
- CapEx: (borne by ITC)~\$800 to establish an e-choupal with dial-up connectivity and ~ \$2,000 if a VSAT has to be mounted
- OpEx: (borne by Sanchalak)Electricity and internet – ~ \$60 to ~ \$160 p.a.Support and maintenance – ~ US\$100 p.a.
- Revenue:Sanchalak earns income from commission on processed product

### CHOUPAL SAGAR



#### Services Offered

- One-stop retail supermarket – agricultural inputs, FMCG, and financial product
- Additional training and healthcare services
- Service as doubled-up hub with electronic weighbridge, etc.

#### SUCCESS FACTORS

- Anchors on existing village institutions
- Tries to understand the communities' needs using ex-middlemen to conduct surveys in setting up new e-choupals
- Provides support to Sanchalak, incl. ICT and management training, and encourages them to offer other services
- Partnerships with academic institutions and NGOs to provide appropriate info
- Trades a wide varieties of produce, including soybeans, coffee and oil seeds limiting seasonality of transaction volume

### ITC PROCUREMENT HUB



#### Services Offered

- Purchase produce at pre-negotiated price via e-Choupal's internet, or higher.

# MATCHING DEMAND AND SUPPLY THROUGH PUBLIC PRIVATE PARTNERSHIPS TO BUILD CONNECTIVITY HUBS SERVING AS CENTERS OF EXCELLENCE FOR RURAL YOUTH: ETHIOPIA CASE STUDY

## AREA

## DESCRIPTION

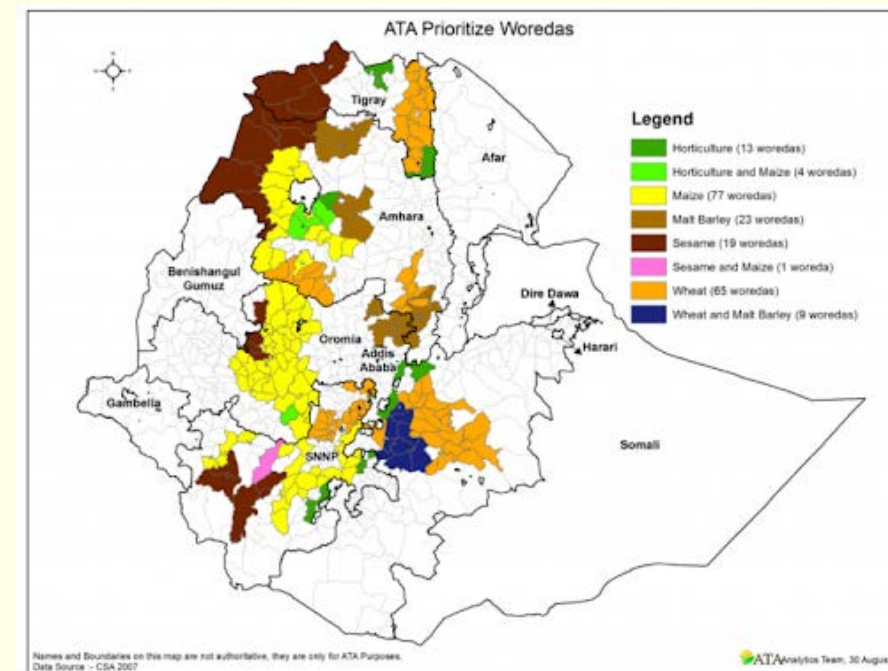
## LOCATION OF ACCS (2011-2012 E.C)

### THE ACC CONCEPT

- *Initiated during the first Growth and Transformation Plan (GTP I), the Agricultural Commercialization Clusters (ACC) approach aims to integrate key interventions and investments in specific geographic areas, targeting high value commodities*
- *The ACC selects geographies based on a 3-step process – i. priority list of commodities; ii. potential clusters for each commodity, and iii. list of regional clusters per crop*

### VISION AND OBJECTIVES

- *ACC's vision is to support agricultural led growth and rural transformation*
- *The clusters serve as Centers of Excellence, and supports regions to maximize production and productivity while integrating commercialized activities*
- *Objectives are to increase income of small holder farmers, increase agri-business, bring value addition and improve market linkages*



### DESIGN FEATURES

- *Adjacent woredas are clustered to support rapid enhancement of priority commodity and value chain through proximity of actors*
- *Use of multi-stakeholder platforms to prioritize and coordinate activities*

# THANK YOU!

**SUPPORTED BY MASTERCARD FOUNDATION**

**LEESA SHRADER**

**AGRIFIN PROGRAMS DIRECTOR  
LSHRADER@MERCYCORPS.ORG**

**ELENA HOLTKOTTE**

**STRATEGIC LEARNING AND COMMUNICATIONS LEAD  
EHOLTKOTTE@MERCYCORPS.ORG**



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# ANNEX 1 – RURAL DEMOGRAPHIC CALCULATIONS FOR 2024

RURAL DEMOGRAPHICS	CALCULATIONS
<p><b>9.6 million rural youth</b></p>	<p>UN Population projections combined with Dalberg data on youth proportions shows that there will be approximately 15.4 million youth (15 – 34) of 60 million Kenyans in 2024. Based on current rural-urban splits, then 62% of youth (9.6 million) would be in rural areas.</p>
<p><b>2.8 million rural youth farmers</b></p>	<p>The total national youth population is estimated to 15.4 million in 2024. Dalberg’s prior research as part of the Human Account shows that:</p> <ul style="list-style-type: none"> <li>• 20% of youth are farmers, so assuming current proportions remain there will be 3.08 million farmers in Kenya.</li> <li>• 92% of youth farmers will be based in rural areas, resulting in 2.8 million rural youth farmers.</li> <li>• There is 50 - 50 split among the number of subsistence and non-subsistence farmers, resulting in 1.4m subsistence farmers, and 1.4m non-subsistence farmers</li> </ul>
<p><b>5.6 million youth non farmers seeking gainful employment</b></p>	<p>There will be 6.8m youth who are non-farmers. Based on Dalberg’s prior research and statistics from the Kenya National Bureau of Statistics via the KIHBS 2015/2016 we estimate there are:</p> <ul style="list-style-type: none"> <li>• 6% of young people in rural areas who are unemployed, and 76% who are employed but earning below minimum wage.</li> <li>• Therefore 82% of the 6.8 million rural youth non-farmers will be seeking gainful employment equalling 5.6 million</li> </ul>

**Assumptions for youth farmer and non-farmer calculations:**

- Current proportions based on current population data will remain the same
- Gainful employment refers to more than just having a job, it is having one that yields above minimum wage and over 30 hours of work a week



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# ANNEX 2 - JOB ESTIMATIONS CALCULATIONS: ~ 870K NEW JOB AREAS FOR NON-FARMING YOUTHS

SUB SECTOR	ESTIMATED JOB #'S	ASSUMPTIONS
<b>Commercial Farming</b>	<b>~ 260,000 jobs</b>	<i>According to the Agricultural Sector Transformation Strategy Kenya, Flagship 4 aims to unlock ~50 new large-scale private farms with ~2,500 acres each. This is equal to 125,000 acres of new commercially farmed land. To estimate the number of potential jobs created we used the average workers per acre required across 4 common value chains in Kenya. Sugarcane (1.7p/acre), Horticulture (4.3p/acre), Maize (1.4p/acre) and Pyrethrum (1p/acre). Using the four value chains across 31,250 acres gave us 53,125 jobs in sugarcane, 134,375 jobs in horticulture, 43,750 in maize and 31,250 In Pyrethrum coming to a total of 262,500 jobs.</i>
<b>Contract Farming</b>	<b>~250,000 jobs</b>	<i>The Kenyan Agricultural Sector Transformation and Growth Strategy estimated that more than 15% of Kenya's land mass (21million acres) is classified as high-potential agriculture zones. Of this, 19 million acres are under agricultural production. If 15% of this high-potential agricultural land is leased to youth with plots of 1.2 acres, 250,000 jobs could be created</i>
<b>Aggregation Services</b>	<b>~70,000 jobs</b>	<i>There will be an estimated 7 million farmers by 2024. We estimated that there is the potential for 1 aggregator for every 100 farmers. While we know that aggregators will often have more than 100 clients, a lot of farmers will also have more than 1 aggregator which brought us to this estimated average.</i>
<b>Agent Services</b>	<b>~70,000 jobs</b>	<i>There will be an estimated 7 million farmers by 2024. We estimated that there is the potential for 1 aggregator for every 100 farmers. While we know that aggregators will often have more than 100 clients, a lot of farmers will also have more than 1 aggregator which brought us to this estimated average.</i>
<b>Agro-processing</b>	<b>~227,000 jobs</b>	<i>Agro-processing numbers were estimated using the Agricultural Sector Transformation Strategy Kenya. The report identifies estimated the creation of 110,000 new jobs by doubling the amount of agro-processing across 6 hubs, 10,000 new jobs in tea production, 60,000 jobs at new food hubs (processing imported raw materials), 12,000 in fish processing and 35,000 jobs in leather processing.</i>



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