**Jobs for rural youth: the role of local food economies and rural policies**[1]

**By**

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*A briefing note to be presented at the Bank of Namibia Annual Symposium to be hosted on the 5th of October 2023, Windhoek*

[1] This briefing note is built around a presentation for The Bank of Namibia 24th Annual Symposium: Improving rural communities through Skills Development, Job Creation and Income generating activities: Lessons from other countries.

## I. Opportunities in food economies

1. **Today, the highest proportion of the world's youth lives in Africa, with the majority in rural areas.** In Africa, 10 to 12 million enter the workforce every year, but only about 3 million find jobs. Rural youth are particularly at risk of being caught in poor quality employment. Yet more and better jobs can be created for them: growing populations, urbanisation and rising incomes of the middle class are increasing demand for more diverse, value-added agricultural and food products. With adequate investments to strengthen rural communities and build efficient local food systems, this rising demand can boost job creation along the local agri-food value chains.

2. **Realising the potential of food economies in Africa requires meeting three main challenges**. First, low pay and poor working conditions make it difficult for farmers to sustain their livelihoods and attract new entrants to agriculture. Second, the current trajectory of growth in agriculture is environmentally unsustainable, with intensive and extensive production practices leading to deforestation, soil erosion and resource depletion. Third, while participation in agri-food global value chains (GVCs) by developing countries is increasing, gains in terms of domestic value added and employment creation have been limited.

3. **The OECD (2021) study on jobs for rural youth explores the extent to which local food economies could respond to the employment needs of youth in seven developing countries at different stages of development, including Namibia.** The study finds that the food economy makes up an important share of total employment, especially in low- and lower-middle-income countries, where it ranges from around 50% to 90%. Young people (aged 15-29) make up to 45% of the labour force on average, and mostly work in the agricultural production segment. In middle-income countries, however, the food service segment represents a large share of youth employment in the food economy. In Namibia 24% of total employment are in the food economy, with 41% of these jobs held by youth between the age of 15 and 29. Among employed youth, 28.3% work in the food economy as their primary job. Agriculture production constitutes still the largest share (49%) of jobs for youth in Namibia within the food economy sector, followed by the food-service sector (26%).

4. **The majority of food economy jobs are in rural areas, particularly in low-income countries.** However, the share decreases as countries reach higher levels of development. Jobs in the food economy are often informal and vulnerable. Youth working in this sector are more exposed to

informal employment than adults, but also compared to youth in other sectors. In Namibia 73.4% of youth employed in food economy are informal, compared to 68% of youth working in non-food economy sectors.

5. **The food economy job forecast for 2030 for 11 African countries shows that 115 million jobs could be created in the food economy by 2030, a 20% increase from 2019.** That represents 12 million additional jobs in agriculture and 8 million in the downstream segments. The segments experiencing the highest increase are food processing by 21%, food marketing by 39% and food-away-from-home by 43%. The premise for the forecast was that income growth and rapid urbanisation will hasten the transition towards a higher consumption of meat, fruits and vegetables, compared to cereals, requiring a large shift in outputs. The estimation takes into account the GDP growth forecast, urbanisation rate and employment elasticities for each of the food economy segments.

6. **Jobs in food economies can be created if investments in local food systems are made adequately and in a manner that consolidates economic, social and environmental objectives.** Various models are promoted in developed countries. Agricultural co-operatives, community-supported agriculture, food co-operatives (or "food co-ops"), e-distribution platforms, public procurement, and territorial branding and certification schemes are some of the mechanisms commonly found in developed countries. All models promote local development, as well as fair remuneration to farmers, short supply chains, job creation, social cohesion, and organic or other environmentally friendly production practices, some succeed better than others. Food co-ops, for example, seem to work the best in terms of scalability, environmental impacts and job creation.

7. **Adapting such models to build more efficient local food systems and create jobs for youth in developing countries**, however, requires new, strategic, economic, social and environmental choices, including significant investment in agri-food supply chain infrastructure, regulatory reforms, and new skills strategies.
    - Improving the livelihoods of farmers and smallholder producers requires technology transfers to support the adoption of new production methods; investing in infrastructure to improve rural-urban linkages, as well as access to physical and virtual markets; and creating efficient phytosanitary and hygiene regulations applicable to smallholder

producers and local small and medium-sized enterprises (SMEs) in agri-food processing and services.

- Job creation in the food economy requires narrowing skills gaps and mismatch through vocational training, but also a stronger emphasis on agricultural research and development in regular school curricula.
- Supporting the growth of local SMEs will be critical for creating wage jobs. Regular dialogue with them, and the private sector more generally, will provide important information about labour market needs and allow for adapting training and curricula.
- Finally, environmentally friendly food production and distribution models need to be promoted via organic or agroecological farming practices and technological innovations, as well as by raising awareness of sustainable consumption and values associated with local and regional products.

## II. Rural policies in OECD countries

8. **Supporting the development of local food systems will require integrated rural policies that go beyond a focus on agriculture policies**. Indeed, rural policies in OECD countries have evolved over time with the changing role of rural regions. In the 1950s, most OECD countries' rural development policies focused on addressing problems related to agriculture and food security following the Second World War. Rural development policies then shifted towards improving infrastructure (roads, airports, rails, electrification and basic public services). In the 1960s and 1970s rural regions became hosts to large-scale manufacturing firms, but they depended on large amounts of subsidies.

9. **By the 1980s, rural policies move away from top-down approaches towards more bottom-up decision-making.** Decentralisation allows regions to develop their comparative advantages. Decentralised regions support the creation of small and medium-sized firms that can valorise local knowledge and heritage. In the 1990s, increasing importance is given to local stakeholders to design rural development strategies. New technologies and greater economic openness provided more economic opportunities for rural regions.

10. **Rural areas in OECD economies have continued their transformation over the last few decades as a result of declining and ageing rural population and lower share of agriculture in gross domestic product (GDP).** The shift from rural-led to urban-led growth have minimised

the role of rural areas in national income and society. However, while cities are the main source of economic growth in OECD countries, rural population can coincide with a high GDP per capita. A new paradigm for rural development in OECD countries sees rural areas in a new, more positive light: rather than being treated as lagging regions that need subsidies, with the right policies and investment, rural areas can be sources of untapped potential that can contribute to national growth.

11. **The new rural paradigm (NRP) is an analytical framework developed by the OECD (OECD, 2006) to outline positive policies for rural areas.** The most defining characteristics of NRP are a focus on places rather than sectors and an emphasis on investments rather than subsidies. NRP recognises that rural areas can be competitive in national and international economies. These key orientations are the result of at least three factors that are influencing rural policy making across OECD countries:

    i. ***Increased focus on amenities***. An important influence on the way rural development policy is conceived across OECD countries is the value that society (both rural and urban) is giving to natural and cultural amenities. Because over 75% of land in OECD countries is in rural areas, policies for rural places play an important role in land management and must integrate a range of environmental and economic development issues. Rural stewardship of a nation's natural resources is of concern to all given the potential for widespread harm that can occur through the failure to appropriately deal with natural systems related to land, water, air and other associated resources. Many rural places are also custodians of some of the most important antiquities, historical sites and other recreational amenities (such as ski and water resorts) important for rural economic development. Certain amenities serve not just local consumers but may have value for society as a whole. Moving beyond a narrow focus on the multifunctionality of agriculture, policy makers increasingly emphasise the need to identify and valorise the wide range of resources of rural areas and to account for positive and negative externalities associated with different activities in rural areas.

    ii. ***Pressures to reform agriculture policy*****.** Pressure towards the reform of the current agriculture-based approach to rural development come in two different forms. The first has to do with the obstacles that certain agricultural policies pose to international trade. The World Trade Organization strongly questions the distorting nature of payments associated with farm policy. Recent world trade negotiations have shown that little progress can be made without reforms of farm subsidies in developed countries. This international pressure is coupled with internal budgetary pressures. In many OECD countries, farm subsidies are increasingly questioned because of their impact on public finances thus nourishing debates on alternative uses of public resources targeting rural areas. In the case of the European Union, budgetary pressures are particularly strong also due to the process of enlargement. This process raises the issue of how to sustain financially a system whose cost increases with the entrance of new member countries, some of which contain a large farming sector and aspire to equal treatment as compared to "old" members.

iii. ***Decentralisation and trends in regional policy***. The theory and practice of regional policy have recognised that to address the characteristics of different regions and help them develop, financial redistribution is not enough. This has led in many countries to policies and programmes that have an explicit goal to develop rural places and make them more competitive by mobilising local assets. Since the 1980s, regional redistribution policy is becoming less prominent on the political agenda, while policies aimed at identifying and targeting local economic opportunities are growing in importance. Regional policy has thus begun a paradigm shift from a top-down, subsidy-based strategy to reduce regional disparities into a much broader family of policies designed to improve regional competitiveness. **These new approaches are characterised by several factors.** First, there is a strategic development strategy that covers a wide range of direct and indirect factors that affect the performance of local firms. Second, there is a greater focus on endogenous (local) assets and knowledge and less of a focus on exogenous investments and transfers. Finally, there is a collective/negotiated governance approach to such matters, involving national, regional and local government plus other stakeholders, with the central government taking a less dominant role.

## III. Lessons from OECD countries

12. **Challenges for rural areas in developed countries are different from developing countries.** Most OECD countries are concerned with an ageing and declining rural population, while developing countries face demographic boom. Cities are the main source of economic growth in OECD countries, while in developing countries, rural areas still provide livelihoods for the majority of the population. Nevertheless, some lessons can be drawn from OECD experiences. Reviews of rural policies in 11 OECD countries (Germany, Mexico, Scotland, Finland, The Netherlands,

Spain, Italy, China, Quebec, England and Chile) provide some lessons for developing countries (OECD, 2016).

13. **Lesson 1. *National economic growth objectives can be best achieved through enabling all regions to realise their potential*.** The fact that rural regions are lagging behind might represent an incentive to encourage outflows of labour to be directed to the much faster-growing urban areas. However, there may be other considerations for investing in lagging regions. For instance, improving public services delivery can improve both welfare and social cohesion, which in turn can contribute to better outcomes in terms of education, health, and income across the population of lagging regions.

14. **Lesson 2. *Rural policy that increases rural employment opportunities through investment-based mechanisms rather than subsidies can be a valuable way of reducing spatial inequality***. Migration of low-income households from rural to urban regions may lower the rural rate of poverty, but it will increase the urban rate and may leave these people worse off since their skills are less likely to be relevant in an urban setting.

15. **Lesson 3. R*ural areas are not homogenous; their roles and economic activities have diversified along with national economic development*.** Making the most of this diversity requires shifting away from a top-down approach to a multi-level governance approach, which requires co-ordination mechanisms across different sectors and levels of government.

16. **Lesson 4. *Local governments and stakeholders have an important role in defining rural development policy*.** This ensures that policies account for the unique situation and distinct problems of specific rural areas, while making a better use of local assets. However, limited capacity at the local level is often a key constraint for bottom-up rural development, prompting the need for greater cohesion and improvements in local leadership capabilities.

17. These key lessons are should be considered in the design and implementation of rural development strategies in developing countries.

**References**

*This note was prepared as a support document for the OECD presentation at the Symposium. It is a compilation of key messages from the following references. Direct citations are sometimes used.

OECD (2021), Jobs for Rural Youth: The Role of Local Food Economies, Development Centre Studies, OECD Publishing, Paris.

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