

DELIVERING MORE & BETTER JOBS:

UNLOCKING THE GLOBAL FOOD SYSTEM

October 17, 2016

Strategic Imperatives & the Jobs Challenge

Global Food & Agriculture: Value proposition

Twin Goals

SDGs

Triple Bottom line

End Extreme Poverty Sustainably

Close to 1 bln (~80% of total poor) are rural

~ 750 mln (~65% of total poor) working in agriculture

~ 700 mln rural poor to lift out of poverty by 2030

Boost Shared Prosperity Sustainably

- **Eliminate hunger and improve food security**
- **Provide more, resilient, and better quality jobs**
- **Increase supply chain efficiency and raise real incomes of the poor**

Climate-Smart Agriculture

Nutrition & Food Quality

Value Chains & Market Access

Livelihoods & Agriculture Jobs

Jobs - What is the Scale of the challenge?

TODAY

- Over 200 million unemployed worldwide, millions more underemployed (informal jobs); many are poor, excluded, vulnerable
- Additionally, 1.6 billion working age women/youth have 'dropped out' of labor market

2030 & BEYOND

- By 2030, there will be 400 million more young people looking to join the labor market
- 600 million + jobs needed by 2030
- By 2050, the global population set to rise to 9.7 billion; growing urbanization but also increasing pressure on rural/agriculture base

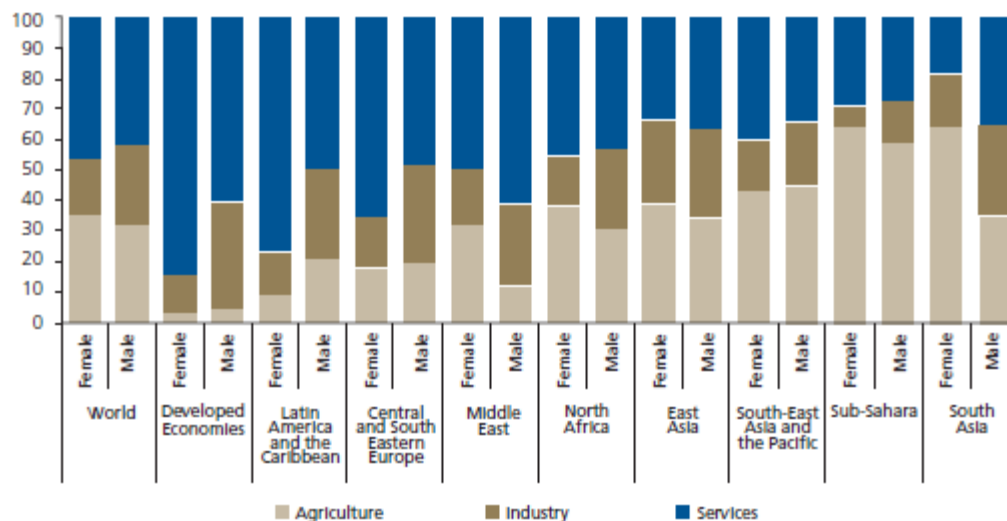
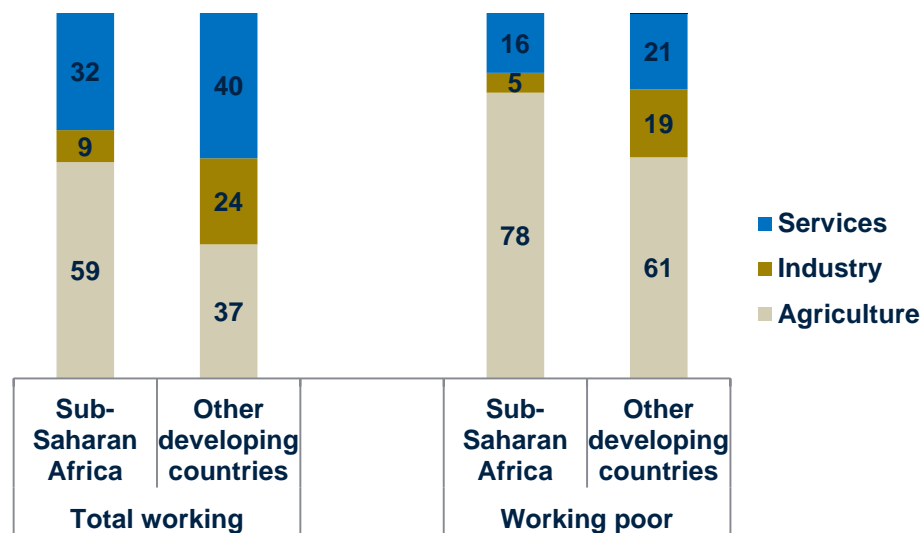
Unemployment & Underemployment => a dramatic loss of human capital that compromises economic growth and augments poverty and inequity

- 1. QUANTITY - How can Agriculture create millions of new jobs to absorb growing working-age populations, mainly in Asia and Sub-Saharan Africa?**
- 2. QUALITY - How can these be more productive, more profitable, and more sustainable jobs?**

More & Better Jobs - Drivers and Pathways

Agriculture is the driver of jobs & incomes of the poor

- primary agriculture accounts for a large share of employment (70% in agric-based countries & more than 1/3 in other developing countries)
- 80 percent of the poor in SSA are employed in agriculture.
- >60% of female employment in all income groups is in agriculture in SSA and SAR
- increasing the performance of agriculture can raise wages and incomes of these households
- additional jobs are created in agribusinesses as economies grow.
- agriculture has been at least twice as effective, in aggregate, at lifting people out of poverty as other sectors.

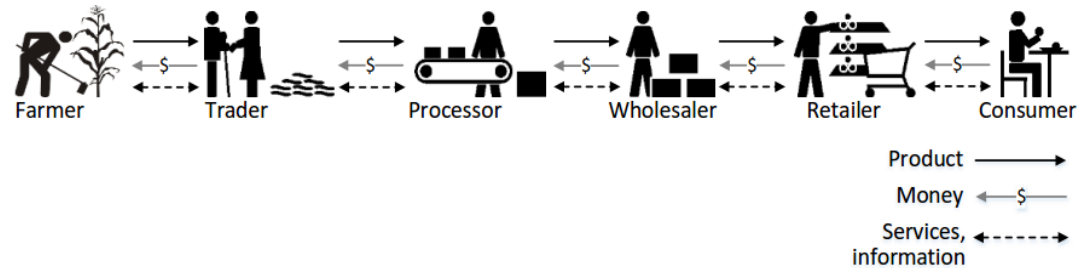


Sources: For the top figure, the data are from World Bank staff estimates based on International Income Distribution Database, as reported in *The State of Africa Report* (2014). For the bottom figure, the data are from the IFC Jobs Study *Assessing Private Sector Contributions to Job Creation and Poverty Reduction* (2013) based on 2009 ILO statistics.

Significant opportunity to harness the food system as an engine for jobs and enterprise

Agriculture is more than just about on-farm production...

....It's a value chain of connected enterprises



And it's not just about the number of jobs...quality and inclusiveness are just as important:

- Identifying opportunities for job creation (more jobs)
- Empowering small firms/farms to capture more value and reducing informality (better jobs)
- Integrating small firms/farms with established sources of demand (inclusive jobs)



Food System Opportunities Today

- ✓ The size of the Global Food & Beverage sector is put at close to \$10 trillion - it is dynamic, complex and multi-tiered
- ✓ A growing middle-class and global rise in demand for processed, packaged or convenience foods on the one hand, and a growing consumer awareness of, and interest in food quality, safety and increasing demand for organic, fresh and novelty foods, on the other are creating new opportunities
- ✓ Agribusiness GDP/agriculture GDP is 0.5 % in Africa, 2% in India, and 10 % in the US suggesting significant potential for job growth in agribusinesses as economies develop

Table 1: Key profitability metrics for the agribusiness value chain

Sector	Input	Farmers	Traders	Food companies	Retailers
Sales: US\$bn (approx.)	400	3,000	1,000	3,500	5,400
Number of players	100s	450 million	Tens	Thousands	Millions
EBIT %	15%	Variable	2–5%	10–20%	5%
R&D % sales	<1% (fertilizers) – 10% (seeds)	0%	<1%	1–2%	<1%
R&D spend: US\$bn	10	–	Low	8	Low
Composition/ Sub-sectors	<ul style="list-style-type: none"> • Seed • Fertilizer • Crop protection • Machinery • Animal health and nutrition • Crop insurance • Food ingredients 	<ul style="list-style-type: none"> • Grains • Fruit and vegetables • Meat • Dairy 	<ul style="list-style-type: none"> • Handling • Primary processing • Secondary processing 	<ul style="list-style-type: none"> • Bakery • Meat • Dairy • Snacks • Ready meals • Beverages 	<ul style="list-style-type: none"> • Multiples • Discounters • Wholesalers • Independents
Range	R&D-based majors to generic manufacturers	Smallholders to agroholdings	Global agribusinesses to local middlemen	SMEs to multinationals	Corner shops to hypermarkets

Source: KPMG International, 2013

Increasing the Food System's Jobs Potential

Formal SMEs in Sub-Saharan Africa

5 million

Informal SMEs in Sub-Saharan Africa

40 million

In Africa SMEs share in

Employment is around 25 %

Food System's Growing Jobs Potential

Example from 6 African Countries (scenario of 4.5 percent per year income growth):

While the share of employment in farming (own & wage labor) is projected to go down

The share of employment in the broader food system (food manufacturing, food marketing, transport, and food preparation) is project to go up

75% → 61%
[2010] [2025]

8% → 12%
[2010] [2025]

Projected share of additional new jobs [2010-2025]



Some Considerations for Moving the Agenda

- Adopting a Systems Approach to Look at Full Potential
 - Agrofood jobs should no longer be equated with just on-farm jobs; looking beyond the farm gate – to engage:
 - The entire production system (inputs, services); and
 - All of the components and actors of the value chain, including the mid- and down-stream segments such as processing, marketing, logistics, cold chains, retailing, restaurants, reuse/recycling – elements of a circular economy.
- Moving from Informality to Formality
 - Find ways to more effectively link informal to formal systems and businesses:
 - Work on the enabling environment, governance and institutional capacity aspects;
 - Fill data voids to support evidence based policy making and implementation;
 - Help raise productivity and helping lift wages in the informal sector while lowering the cost of formal firms; and
 - Support the development of the missing middle of SMEs (structure characterized by Micro-enterprises vs. large, commercial firms)
- Attending to a Diverse Constituency – Gender, Youth, Vulnerable Groups
 - Ensure that gaps are well-identified, systematically addressed and monitored:
 - Support development of Business and VOCTEC skills needed by the agrofood system work force;
 - Support business incubators, matching grants, social enterprises, agropreneurs;
 - Build safety net programs to mitigate against risks and provide temporary employment.; and
 - Leverage digital competency & technology, scout innovations and scale up proven ones.

Some Considerations for Moving the Agenda (cont.)

- Appreciating the Interconnected Nature of Food System Jobs
 - This means applying a Multi-sectoral Lens to the Food System:
 - Recognize connectivity and interoperability across the value chain;
 - Work on the “last mile” connections between food, public health, and environmental stewardship; and
 - Engaging all key actors in this system, water, transport, energy, education, health, for multi-sectoral solutions
- Bridging Distances Between National Agriculture/Food Policies & Local Practices
 - Recognize the forces of rising urbanization and understand the groundswell of local initiatives:
 - Define the vast, dynamic and diverse questions of rural-urban characteristics and linkages;
 - Understand better local needs, challenges, initiatives at municipal/city-region levels; and
 - Identify the levels at which policy, regulatory, institutional, or investment actions are best addressed; and
 - Tackle the underpinning governance framework and capacity issues
- Enhance the Multiplier Effect of “Crowded-in” Financing, Technical Assistance, and Knowledge
 - Leverage finance and good practices, to:
 - Provide context-specific policy solutions and innovative financing addressing challenges, and
 - Ensure the best possible use of each dollar from every source, drawing in and increasing available public resources as well as private sector finance and investments.

Areas For Forward Action

1. Strengthening the **policy environment and governance for Jobs across the food system**
2. Investing in innovations for **climate smart, nutritious & productive agriculture**
3. (Better) **Integrating women, youth, marginalized** in agriculture/agri-business & **closing the rural-urban gaps**
4. Developing **linkages to markets** & strengthening inclusive & efficient **value chains**
5. Multiplying the **technical & financial envelope**, drawing together **private and public resources**

Thank you!

ANNEX

Thank you to the organizers for inviting the World Bank to participate in this side event. Allow me first to congratulate my colleagues from FAO including Kostas, Rob and the Agricultural Development Economics (ESA) team for leading this important work on Urbanization and Rural Transformation.

In the context of this side event's theme, I have been asked to focus primarily on employment, which is fundamental to the World Bank's Twin Goals, to end extreme poverty and boost shared prosperity.

The Agriculture and Food Global Practice of the World Bank provides innovation, knowledge, and resources so that the agriculture sector:

- is Climate-Smart: more productive and resilient in the face of climate change while reducing emissions;
- boosts agribusiness by building inclusive and efficient value chains;
- helps farmers produce safe, nutritious food; and
- improves livelihoods and creates more and better jobs.

Indeed, we have a Global Solutions Group dedicated to the Jobs Agenda, incorporating many people and thoughts from various sectors, across the Bank and beyond. Today, allow me to share a few preliminary thoughts from my perspective.

The World Bank's Experience in Rural Transformation

Lessons learned from the World Bank experience of facilitating the entry of smallholders and SMEs to the value chain:

- **Self learning** – value chains grow because of entrepreneurs; identify own opportunities
- **Connectivity and interoperability** across the value chain: the “last mile”
- **Enabling environment** – defined by Government collaboration along the chain
 - Investment
 - Connectivity
 - Support
 - Innovation
- **Partnerships**

→ Downstream linkaging (producers to agribusiness)

- Producer groups identify markets & provide support that they need (partial grants, training, technical support, etc.)
- Repeatable business model that links producers to new markets

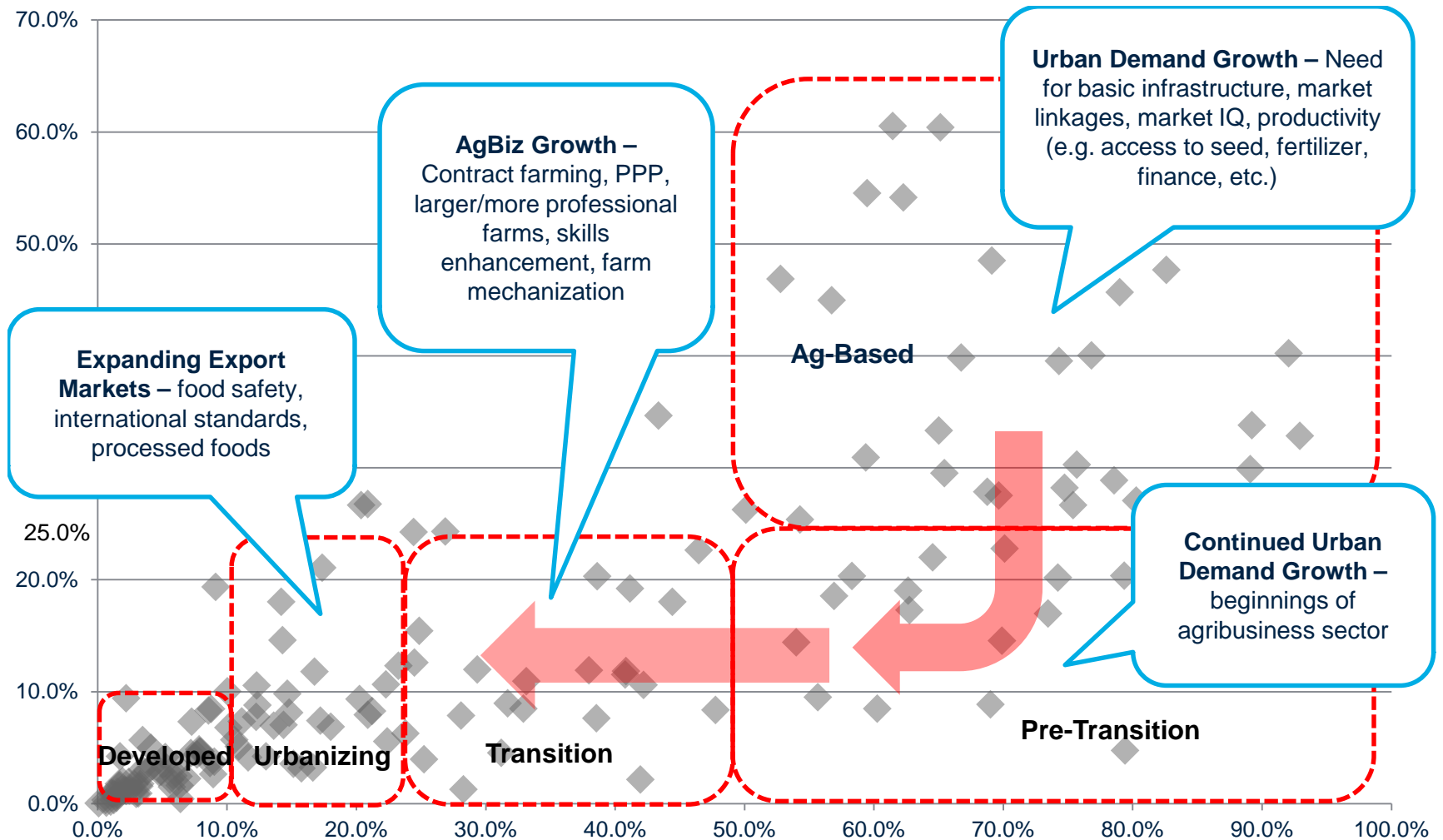
→ Upstream linkaging (agribusiness to producers)

- Technology introduction, inputs
- Agribusiness incubation

→ Overarching issues:

- *Enabling policy*: PPP, research, supportive regulations, moving from informality to formality
- *Infrastructure*: roads, markets, communication, electricity
- *Finance*: value chain finance, credit guarantees
- *Capacity*: technical assistance, skills, education
- *Social inclusion*: vulnerable groups, youth, and women

Policy implications for the ATM: The need to align agricultural programs with where a country is in its process of agricultural change



Agriculture Global Practice: initiate work on jobs in agriculture

Opportunity	Increase the provision of good jobs in agriculture	
Geographic Focus	The focus in agriculture-based countries will primarily be on increasing jobs in primary agriculture, while in transforming and urbanized countries, it will be on increasing jobs in agricultural trade and agro-processing, and in ensuring provision of rural social services (to enhance the benefit to employment in agriculture).	
Need	(i) As primary agriculture accounts for a large share of employment (70 percent in agriculture based countries & more than 1/3 in other developing countries), increasing the performance of agriculture can raise wages and incomes of these households; (ii) there is scope for new jobs in primary agriculture through area expansion in some regions (Africa and Latin America), and through use of labor intensive (as opposed to capital intensive) agricultural practices; (iii) vocational training can improve skills for rural non-farm jobs; (iv) as economies develop, with eventual migration out of agriculture, more jobs will be added to off-farm agribusinesses (agribusiness GDP/agriculture GDP is 0.5 in Africa, 2 in India, and 10 in the US suggesting significant potential for job growth in agribusinesses as economies develop); (v) safety net programs have also provided temporary employment through cash and food for work to develop agriculture infrastructure (e.g. irrigation canals), (vi) an increase in rural social services can retain, and increase the attractiveness of a job in agriculture/rural areas in that social services are accessible to farmers and their families.	
Impact	<i>Pathways of impact.</i> Higher productivity and incomes from existing jobs in agriculture, especially in agriculture-based countries; labor intensive agricultural practices; new skills; an expansion of agribusinesses as a share of primary agriculture; safety net cash and food for work programs focusing of labor intensive capital development in agriculture (e.g. irrigation canals, roads), and rural social services to increase the attractiveness of a job in agriculture can help raise incomes of the poor. Jobs in agriculture disproportionately benefit vulnerable groups: the extreme poor, women (particularly in MENA, SAR and SSA, where female employment shares in agriculture are 10 to 20% higher than male), low-skilled workers and the indigenous groups (particularly in LAC). Growth in agriculture is at least twice as effective as growth in other sectors at lifting people out of poverty.	
Comparative Advantage	As the World Bank provides a significant share of overall support to agriculture in the poorest countries, the multi-sectoral nature of the agenda (agriculture, training, safety nets, social services), and linkages with private sector agri-businesses (with which IFC works), it has a strong comparative advantage to develop a comprehensive program of support.	
Resources	Ensuring a comprehensive approach to the jobs agenda will require more resources. While some of the above listed activities are ongoing, an explicit focus on some aspects of the agenda through an agriculture jobs lens will be relatively new (e.g. safety nets, rural social services, and agribusiness employment growth). The resource needed to work on these new areas next year is \$750,000.	
Partnerships	HNP, Education, GSURR, IFC, Jobs CCSA	UNIDO, agribusinesses, FAO, ILO.

From Ethiopia to Europe – Strengthening Policy Environment and Governance

Global Cross-boundary Issues

- Trade, tariffs, standards, animal health, biodiversity, climate change, donor support

National-level Policies, Institutions & Incentives

- Accountability and transparency
- Public Expenditure on Agriculture, Subsidies, Taxes..
- Price controls, food export bans, and restrictions to cross-and within-border trade
- Ministerial Mandates & Personalities, Capacity, Resources (Agric/Livestock/Forestry/Fisheries)
- Agricultural Research and Extension Services
- Land Tenure aspects; customary land; leasehold

Local Institutions, Policies, Services

- Decentralization – Role and Capacity of Local governments
- Rural Infrastructure (feeder roads, clean energy, irrigation, health and education facilities, ICT..)

From Mobile Phones to Drones- Investing in Climate Smart, Nutritious & Productive Agriculture

- ✓ Innovations in **farming technology to boost productivity, nutrition & trim waste:**
 - Conservation farming, precision farming
 - Improved and resilient seeds, HYV – NERICA rice, Bt cotton
 - Bio-fortified foods; micro-nutrients
 - Transport & Storage Facilities, Handling & Processing Practices
- ✓ Innovative practices to **lower/capture emissions:**
 - Landscape Approaches; agroforestry; Minimum tillage; optimal fertilizer use;
 - Solar powered irrigation; Desalination
 - integrated pastoral/livestock management
 - heat, drought, flood tolerant crops
- ✓ Innovations in Big Data **for farmers & Policy Makers** (including Hydromet information and data, analysis of complex information sets, data for improved policy priority setting and investment targeting)
- ✓ Innovations in **Risk Management** – including expansion and uptake of financial instruments for agricultural price risk management and trade facilitation.

Catalyzing transformational change

Moving from a focus on farm productivity to a complete value chain approach

Shifting the focus from production as the end objective to risk mitigation, resilience, and climate-smart agriculture

Responding to the changing social and natural environment, including prioritizing the mainstreaming of gender considerations in all projects so that women are given equal opportunity

Shifting the focus from the supply side to more holistic view of food security and nutrition

Placing more emphasis on generating greater leverage from our engagements with other development partners

Coupling investment lending with policy and system-wide reforms

Shifting from a national to regional approach, emphasizing landscapes

Shifting from modest and fragmented to systematic and bold land projects

Shifting from traditional to modern information and knowledge services, including ICT applications

Shifting from financing mainly public investments to catalyzing private investments

Shifting from investing in hardware to investing in human capital through supporting continental and regional knowledge institutions

From Farm to Fork – Developing Links to Markets & Strengthening Inclusive & Efficient Value Chains

- ✓ Strengthen value chains, and increase small holder supplier networks serving agribusiness processors, traders, agri-commodity supply chain integrators, and food retailers, including women smallholders.
- ✓ High level of smallholder inclusion in food crop supply chains but efforts are still needed to:
 - Create **stronger producer organizations**
 - Better **aggregate production**
 - Connect smallholders to **new markets** (e.g., export markets); **new products** (Horti-/Floriculture; aquaculture)
 - **Provide inputs** (seeds, fertilizer, nutrients..), land/water and credit/financial services
 - **Post-harvest and agro processing** facilities (warehouses, cold-storage)
 - **Capacity building** to adopt innovative/improved on-farm practices, leverage ICT but also business fundamentals like cash flow management, crop insurance
 - **Get information** on commodity markets, prices and improved practices

From Vulnerability to Voice

Integrating Women, Youth, Marginalized in Agriculture/Agri-business

Agriculture is the most Pro-Poor Sector and Jobs in agriculture disproportionately (and organically) benefit the more vulnerable groups

- Foster **policies and practices to support empowerment** of women, youth and other marginalized groups
- Improve access to **assets** (land, capital, inputs) and appropriate agricultural **technologies**
- Provide **know-how and skills** to link with extension agents, input providers, off-takers and markets
- Build **safety net programs** to provide temporary employment through cash and food for work to develop agriculture infrastructure (e.g. irrigation canals)
- **Reduce risk, vulnerability, and gender inequality** through innovative approaches

Global Agricultural Community - Rising to the Challenge

Partnerships, including the private sector



AgResult

International
Land
Coalition

PROFISH

AgriFin

GEF

Global
Food
Safety
Partnership

GDPRD

CGIAR

Global Partnership for Oceans

PROFOR

SecureNutrition

TOGETHER,
DELIVERING MORE & BETTER JOBS

“There is a jobs cow waiting to be milked in Africa. It is agriculture and agri-business.”

– African Official

Let's Go Milk the Jobs Cow