

# Stimulating Agribusiness Entrepreneurship to Solve Youth Unemployment in Kenya

More than one million Kenyan youth enter the labour market every year, yet many young people struggle to find jobs in the manufacturing and service sectors. Currently, the transition rate from secondary to further education is very low and means many young people are leaving school with only basic education and skills. With approximately 75 per cent of the population living in rural areas, agriculture plays a vital role in Kenya's economy and has scope to provide jobs for unemployed youth. This *IDS Policy Briefing* analyses the potential of agribusiness to address youth unemployment in Kenya and calls for increased collaboration between agribusiness owners, government, and educationalists through entrepreneurship development.

## The potential of agribusiness to address youth unemployment

Currently, 65 per cent of Kenyan youth (aged 15 to 24) are unemployed. This percentage is set to rise due to Kenya's looming youth bulge, meaning an estimated one million young people are entering the labour market annually, many of whom lack competitive skills suitable for the jobs available. With a growing number of youth looking for jobs, the agricultural sector is likely to continue to be the dominant source of employment in Kenya for the majority of young people over the next 40 years. In fact, with projected population growth revealing that Africa is expected to have the world's largest labour force by 2035, there is hope that many African countries will accelerate the development of their agricultural sectors to absorb youth into the labour market.

Kenya's increasing youth unemployment and underemployment rates are despite several state-supported initiatives, such as the Youth Enterprise Development Fund and youth employment programmes including Kazi kwa Vijana (Jobs for Youth). These initiatives aim to foster youth development and empowerment policies, which are essential for economic growth and realisation of Kenya's Vision 2030, with a key focus on employability and ensuring young people acquire transferable life skills and entrepreneurship skills. However, there has been minimal collaboration between the public and private sectors in reinforcing agricultural development in these initiatives, even though the private sector is the major employer. This is problematic because the agricultural sector has the capacity to provide

entry-level jobs for the growing number of lower skilled and basically educated young people.

In addition, Kenya is already seeing increased domestic demand for agricultural produce due to rural–urban migration, a trend which is projected to continue. As urbanisation progresses, local and regional value chains are poised to utilise contract farming as a strategy to provide continuous fresh agricultural supplies and packaged food products for the rapidly growing urban population. This has further potential to increase youth employment.

## Entrepreneurial skills shortage

While agriculture obviously presents a great employment opportunity for young people, the majority of Kenya's youth remain disinterested in traditional farming – characterised by crop growing and animal rearing – and lack the necessary skills to venture into innovative technological agro-entrepreneurial activities and the social capital to enter into agro-processing value chains.

Many young people working in traditional agriculture face challenges such as: lack of skills, little arable land, declining land productivity caused by poor agricultural practices and non-implementation of land tenure reforms, and overdependence on traditional agricultural practices which rely on rain-fed farming activities instead of modern techniques such as greenhouse farming.

The theoretically driven basic education curriculum in Kenya, which does not focus on practical skills, leaves the majority of youth without the entrepreneurial skills to transition from traditional farming into agribusiness – a more diversified activity that ranges from contract horticulture

farming into agro-processing and value addition of agricultural products, as well as trading of farm inputs.

By incorporating value addition mechanisms for agricultural products and engaging in agribusiness activities such as contract farming (where the farmer supplies agricultural produce to local and regional value chains), profit levels will increase. This enables micro-agricultural enterprises to grow into small-sized agribusinesses. This growth in turn will provide more employment opportunities for young people.

### Why entrepreneurship education is important

Entrepreneurship education and training is vital in preparing young people for the job opportunities that could be available

to them and for the evolving nature of the agricultural sector. Small and medium agribusinesses will be important in supporting experiential learning in schools, equipping young people with innovative strategies and practical skills to help them transition from education into agricultural entrepreneurship.

In addition, linking young people to successful agribusiness role models and mentors would:

- help them appreciate agriculture's profitability;
- create practical training opportunities through apprenticeships; and
- strengthen social networks where experienced agro-entrepreneurs offer young people insights into agribusiness.

## Policy recommendations

### 1. Reinforce business-led collaboration among key government institutions

To ensure Kenyan young people can develop the relevant entrepreneurial skills and strategies to venture into agribusiness, key government institutions should partner to design effective experiential learning opportunities through apprenticeship programmes. Collaboration is particularly important between the Ministry of Education; the Ministry of Industrialisation and Enterprise Development; and the Ministry of Public Service, Youth and Gender Affairs. These partnerships will create more employment opportunities for Kenyan young people, ensuring they are exposed to real-life entrepreneurial activities.

### 2. Promote partnerships between secondary schools and medium-sized agricultural enterprises

Collaboration between secondary schools and the agribusiness world will support the integration of experiential entrepreneurial aspects into education programmes. As a result, young people will be better equipped with the skills to diversify from non-farm activities to agro-processor and value chain systems. Partnerships will also encourage young people to develop relevant social networks that will help them navigate the competitive agribusiness sector.

### 3. Involve the private sector in the Kenya Institute of Curriculum Development's (KICD) curricula reforms

While the KICD has been spearheading ongoing curricula reforms, to date the private sector has had minimal involvement. With the added expertise of the private sector, students will gain non-cognitive skills believed to have an impact on entrepreneurship outcomes, such as how to identify potential new business opportunities, team work, and problem-solving. They will also develop valuable analytical and life skills. This will support young people to develop an entrepreneurial mindset. By specifically involving the agribusiness sector, young people will be in-touch with, and prepared for, actual challenges in this industry.

## Further reading

Brooks, K.; Zorya, S.; Gautam, A. and Goyal, A. (2013) *Agriculture as a Sector of Opportunity for Young People in Africa*, Policy Research Working Paper 6473, Washington DC: World Bank, Sustainable Development Network, Agriculture and Environmental Services Department.

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## Credits

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