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FOOD SYSTEMS

## The challenge of employment in the 21st century

### The potential for jobs in the agricultural and food systems

The scale of the challenge for employment in the 21st century is staggering. Today there are 200 million people unemployed, and over 45 percent of total employment is in low-paid informal jobs (World Bank, 2013). It is imperative to create more than half a billion jobs by 2030, the year by which the number of unemployed is expected to double (World Bank, 2017).

Agriculture remains the single most important employer in low-income countries. Significant shares of labour-aged populations earn their income and support their livelihoods by engaging in primary agricultural production. About two thirds of the world's poor are family farmers and casual laborers in seasonal jobs, being just able to make a living by producing food that is frequently consumed at home without going through any market.

The growth of output in industry and services can generate new employment opportunities and increase household incomes. However, growth in non-agricultural sectors is not always sufficient to ensure jobs and improved welfare for everyone. There is evidence showing that, in the case of Africa, for example, industrializing is slow and the provision of services is not the most productive or remunerative of activities. On top of that reality, most people, particularly the young generations, do not find attractive or sufficiently remunerative options in agriculture.

### Creating jobs beyond primary production in food and agriculture

About 9.7 billion people will need to be fed by 2050 (FAO, 2017). Urbanization and income growth are already defining people's tastes and preferences regarding diets, flavors, and physical appearance of agricultural goods, including how they are packaged and sold.

In the face of these trends, finding answers to the employment challenge will require a focus on people living in small and medium cities, the so-called "hidden middle" of increasing

### KEY MESSAGES

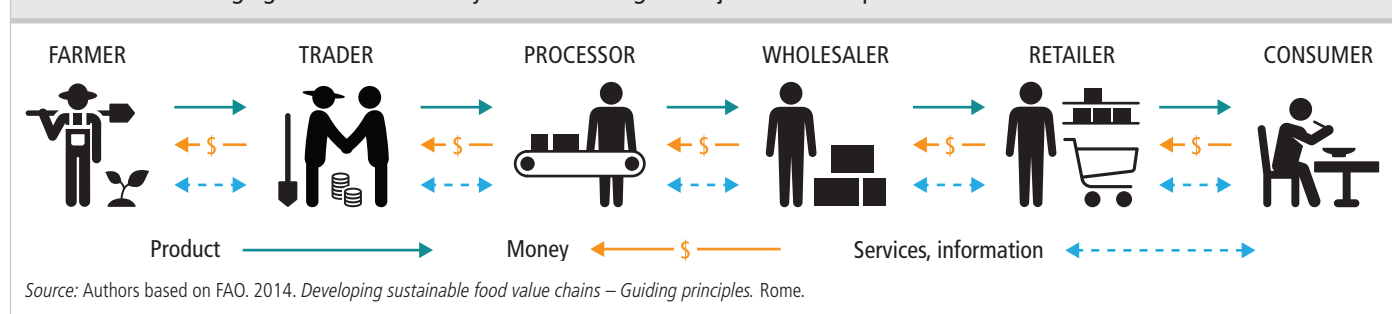
- ▶ Current and future employment challenges are huge; there are about 200 million unemployed nowadays and many more underemployed.
- ▶ Opportunities arise in agriculture and food systems thanks to a growing middle class, who demands processed, packaged and convenience food and agricultural goods.
- ▶ Strong rural-urban linkages through access to markets, finance and technology and an enabling environment for small enterprises will help realizing the potential for new jobs along the full system of agriculture.

populations that reside in rural towns. Demand coming from these places is what shapes the supply of all goods, including agricultural and food commodities. It is in these areas where a chain of interconnected enterprises bring agriculture and food together, putting farmers, traders and processors in close interaction with the consumer.

Part of the answer to the challenge of creating new jobs and decent employment in the future lays in the components of the agricultural and food value chains that extend beyond primary production (Figure 1). These parts of the system can create jobs by engaging and empowering small firms and farms to capture more value and integrating them into markets. Some statistics and trends make this potential more apparent:

- ▶ The value of the global food and agriculture sectors is estimated to be close to 10 percent of the global GDP or about 4.8 trillion USD (World Bank, 2008);

FIGURE 1. Harnessing agriculture and food systems as an engine for jobs and enterprise



- ▲ About 400 million micro, small, and medium-scale enterprises play a major role in most economies and often dominate the agriculture and food sectors in emerging markets (World Bank, 2008);
- ▲ The share of employment in farming is projected to decline but at the same time to increase in the broader agricultural and food system due to changes in demand (OECD and FAO, 2016; FAO, 2017);
- ▲ More than 50 percent of the world’s population already resides in urban centers and relies on downstream links of the value chain for their food.

These trends are indicative of the dynamism and possibilities that emerge from a complex and multi-tiered system that is increasingly reliant on a growing middle class. This middle class increasingly demands more processed, packaged and convenience goods but is also concerned about food safety and interested in high quality, organic, fresh and novelty foods.

## Policy considerations

A range of issues need to be addressed in order to realize the potential of the agricultural and food system for creating jobs in the future.

- ▲ The starting point is a “systems approach”. The development community and policy makers need to look beyond the farm gate in order to assess the potential and address the challenges faced by the rest of the system in terms of inputs and services.

- ▲ The interconnection between urban and rural areas and the components of the system should be recognized, appreciated and strengthened. All involved actors need to be supported to integrate themselves into a system that connects agriculture with other sectors (i.e., water, public health, environment, transport, energy and education) and puts at the center a sustainable use of resources.
- ▲ The informal sector of the agricultural and food systems should be supported in strengthening its links with the rest of the economic system. Building the institutional framework and its capacity to integrate informal actors and firms will help raise productivity and wages and scale up activities. However, more evidence is needed to understand the informal sector and the type of support it needs to be integrated in the formal economy.
- ▲ Women, youth and other vulnerable groups should be provided with the necessary skills to become productive players in the agricultural and food systems. Social protection programmes and safety nets can play a key role in managing risks and building human capital.
- ▲ Support is needed for small businesses and entrepreneurs engaging in agriculture and food systems to develop digital competencies and access information technologies adapted to support local needs.
- ▲ The social context that defines the world today more than ever before, embraces innovation. Billions of interconnected individuals are looking for opportunities that can emerge from sharing knowledge, financing and technical assistance along the value chain. The possibilities for this social context to create value and jobs in the agricultural and food system systems remain unexploited in the developing world.

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### Small family farms

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This brief is an outcome of CFS43 side event on “Policies for effective rural transformation, agricultural and food system transition: promoting multi-sectoral approaches for sustainable development, food security and nutrition and poverty reduction”.