Africa’s employment challenge and the role of agriculture: Is China a (significant) player?

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3 sections

• The dramatic challenge of employment in SSA

• China in agriculture and rural Africa: Myths and realities

• The need for “strategy making” in Africa and the evolving role of China in the policy debate: From outsider to contributor?
The dramatic challenge of employment in SSA
SSA – An incipient Economic transition

• Weight of primary sector and exploitation NR

• Lack of industrial revolution

• Agriculture still occupies 50-60% of the labor force in the vast majority of SSA (Up to 75%)
An on-going and delayed demographic transition

• In 2050, SSA’s population - 2 billion, and continue to grow until after 2100

• Rural population continue to grow, until after 2050 (related to spatial distribution and strong birth rates): 400 million additional rural people
The “African Equation”

• “job challenge” - Yearly cohort of new workers entering the labor market
  – SSA’s: cohort of 17 million (330m by 2025)
  – Not projections: On a 10-year time period, these new workers are already born
  – Two-thirds in rural areas (195m)
With their undiversified economic structure, where the weight of primary and especially agricultural activities is dominant, where the weakness of industrialization does not offer mass employment alternatives, how will SSA economies absorb their booming labor force? What are the possible and realistic absorption sectors?

Remaining role of agriculture and the rural sector in dealing with the employment challenge
China in agriculture and rural Africa: Myths and realities
China in agriculture in Africa – A small player

Land matrix, 2014

Distribution of China’s concessional loans by sector (until the end of 2009)

Distribution of China’s foreign aid by sector 2010-2012

White papers, 2011 & 2014
... but growing

• Agriculture not being ignored by China
• White papers 2011-2014 – 221 aid projects to agriculture (35 farms, 47 experimental and technology promotion, ...); 25 agricultural demonstration centers, ...
• Gabas et al. (2015) – database of +250 projects in West and Southern Africa
• Three models of cooperation/investment
1) Agricultural demonstration centers

• 25 planned/started – 10 operational
• MOFCOM provided aid, China set-up, internal trade with China (inputs), financially auto-sufficient and autonomous, finally, transfer to host authorities
• Combination of “aid”, “business” and “trade”
• Impact on labour / on technology transfer minimal
• Effective but minimal, fragile cooperation tool (financial/capacity transfer)
2) Public/private enterprises

- Heterogenous model
- Growing - rapidly diversifying
- Responding to the demands of different markets (Chinese - cotton, groundnut, cassava, wine; international - rubber; or local or regional in Africa (sugar, horticulture, rice, poultry, porc, fisheries)
- Economic development and financing of local public goods
- Local employment is significant, several cases no Chinese foreman or manager.
3) Wave of smaller private initiatives

- Smaller, private, entrepreneurial investments (poultry and porc)

- Employ local labour...

- ...but difficult quantification of these dynamics and their impact on employment
So...  

- Engagement in agriculture not clear cut
  - Rather small, varies according to actors, sectors and activities
  - Not really different of any other enterprises
  - Unsure which cooperation model to engage in
- Evolving – risk related
  - Relocate their activities towards other countries
  - New strategies
    - Engage/control agricultural production (Equity/Contract farming)
The need for “strategy making” in Africa and the evolving role of China in the policy debate: from outsider to contributor?
A nuanced and evolving picture

• Relatively small, spread in many diversified projects, whose leverage power remains limited.
• Uncertain “aid, business and trade”
• Disconnected from the characteristics of the African context.
  – The few isolated projects not leading to broad-based structural transformation and do not have the aim to absorb Africa’s surplus labour
  – Demonstration centers inspired by the Green revolution, focusing on techniques and inputs without taking into account imperfect and incomplete factor markets, providing additional public goods only on limited project basis.
A nuanced and evolving picture

• China’s cooperation - in isolation/little consultation with other donors/stakeholders
  – Context of support to policy making processes, focus of African institutions on strategies (AU, AfDB, and ECA) – Chinese cooperation could possibly initiate a progressive implication in support to policies “transformative agenda”
  – Changing
    • Chinese experts in agriculture policy design
    • international level: trilateral cooperation (FAO, WB, IFAD) or BRICS
Thank you

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