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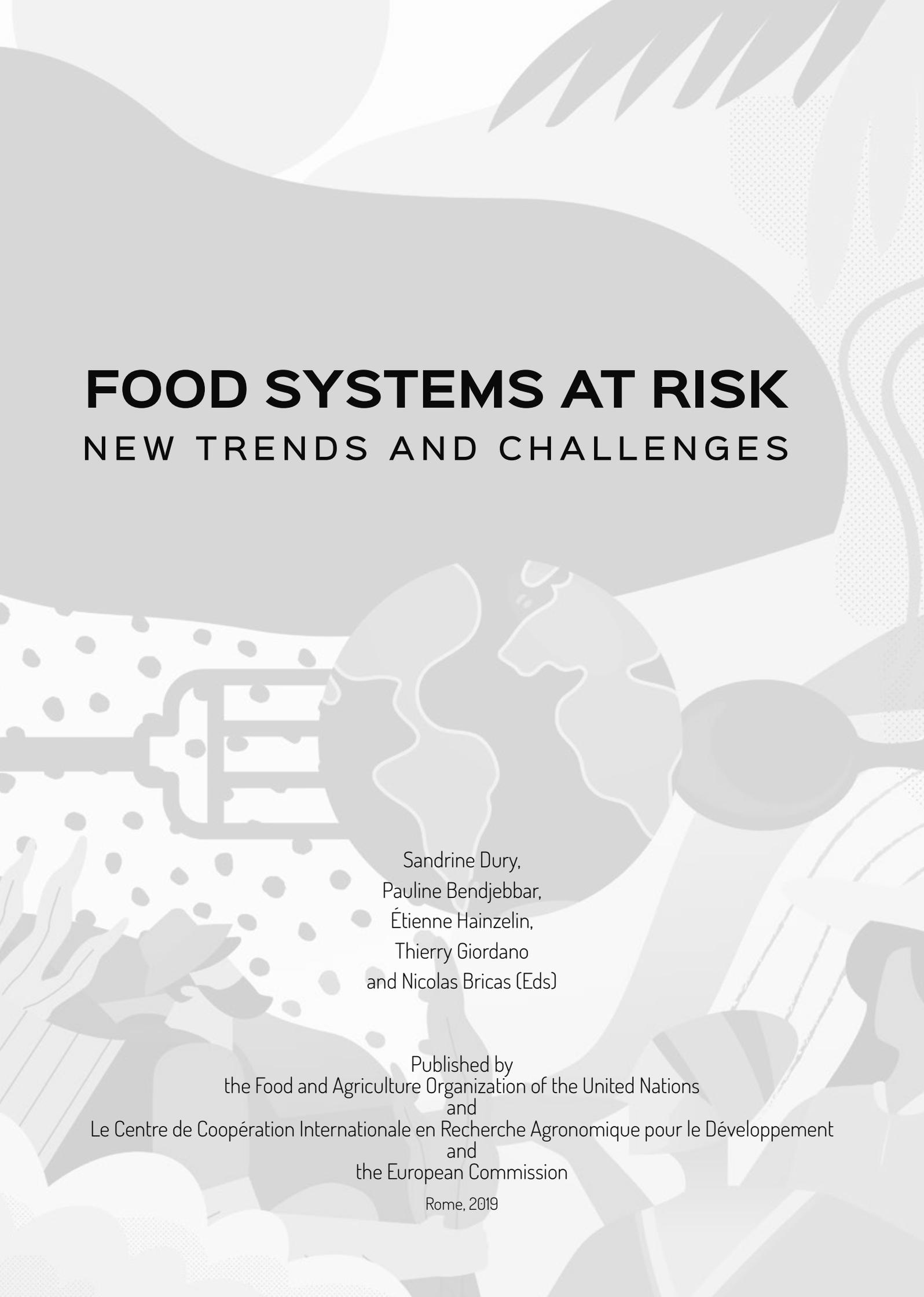


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# FOOD SYSTEMS AT RISK

## NEW TRENDS AND CHALLENGES





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## CHAPTER 4.1

# RISKS OF MASS UNEMPLOYMENT AND WORSENING OF WORKING CONDITIONS

Thierry Giordano<sup>1</sup>, Bruno Losch<sup>2</sup>, Jean-Michel Sourisseau<sup>1</sup> and Pierre Girard<sup>1</sup>

## SUMMARY

In sub-Saharan Africa (SSA), demographic growth, climate change, low manufacturing levels and even premature deindustrialisation are paving the way for a massive increase in the number of informal, vulnerable and extremely poor workers, especially among young people. This is fertile ground for food crises, social unrest, violent conflicts and migration, as seen in the Sahel and other regions around the world. The challenge is to find decent jobs for the 730 million people who will join the potential labour force between 2020 and 2050, in addition to the 600 million currently making up the working age population.

Examining the labour markets in most developing countries is a sobering experience: underemployment is a common feature and jobs are often precarious and provide very low incomes. Vulnerable employment rates<sup>3</sup> stand at 76 percent. Added to this vulnerability is the extreme and moderate working poverty rate<sup>4</sup>, which amounts to 66 percent in developing countries and is even higher amongst women and youth (ILO, 2018). These averages mask highly diverse situations. Sub-Saharan Africa (SSA), home to the majority of the world's poor and vulnerable workers, is the region of greatest concern, but different dynamics are underway.

### The boom of the labour force in SSA

SSA deserves specific attention due to the expected massive growth of its working age population in the coming decades, resulting from an unachieved demographic transition (*cf.* Figure 18). By 2050, 69 percent of the expansion in the world's potential labour force is expected to be in SSA<sup>5</sup>. This represents around 730 million new workers and a total potential labour force of 1.35 billion. One-third (410 million) is expected to consist of young people aged 15-24 (UN, 2017). Meanwhile, the rural population is forecast to increase in absolute numbers from 648 million in 2020 to 909 million in 2050, although its share is expected to fall from 59 percent to 42 percent (UN, 2018). SSA is the only world region where the rural population is expected to continue to grow well after 2050.

Providing decent employment is SSA's challenge of the century. Crises are already widespread in the region and many more are looming. Creating enough jobs would unleash the potential of a significant demographic dividend<sup>6</sup> and boost the continent's economic transformation. But how can this be achieved? Historically, the answer in most developed and emerging countries has been conducive institutional and economic policies

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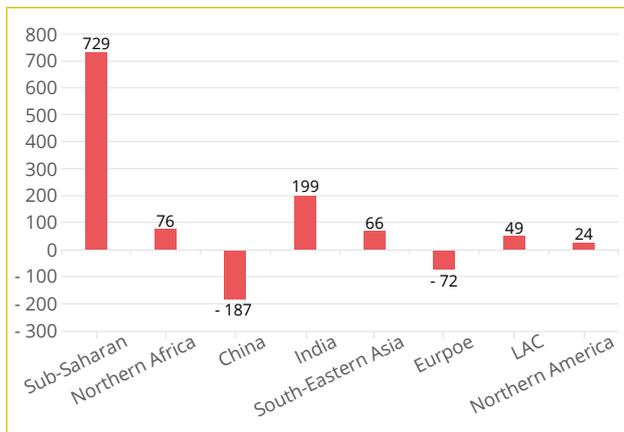
2. CIRAD, UMR ART-DEV, 7535 Cape Town, South Africa; University of Western Cape, 7535 Cape Town, South Africa; University of Montpellier, F-34090 Montpellier, France.

3. Vulnerable employment is defined as the sum of the employment status groups of own-account workers and contributing family workers (ILO, 2018).

4. Extreme working poverty includes workers whose per capita household income or consumption is less than US\$1.90 (PPP) per day. Moderate working poverty includes workers whose per capita household income or consumption is between US\$1.90 (PPP) and US\$ 3.1 (PPP) (ILO, 2018).

5. The potential labour force corresponds to the working age population, i.e. the 15-64 population group. According to ILO, the labour force *sensu stricto* only includes persons in employment and in unemployment.

6. The demographic dividend is the "extra economic growth owing to falling dependent population/workforce ratios, or slower natural increase, or both" (Eastwood and Lipton, 2011).



**Figure 18:** Projected increase of the working age population by major regions and countries (2020-2050). Source: Losch (2016) updated with the *World Population Prospects 2017*.

along with the rapid modernisation of agriculture and industrialisation. However, the slow speed of both demographic and economic transitions in SSA seems incompatible with such a trajectory (Losch, 2016; Richard, John and Finn, 2018). New answers need to be developed in line with the current dynamics of African economies, their underlying employment structure and household adaptive strategies.

### Mass unemployment is looming

In Low-Income (LI) countries, 63 percent of workers were still employed in the agricultural sector in 2018, down by only eight percentage points since 1991 (ILO, 2019). In SSA, agriculture in a broad sense (including pastoralism, agroforestry and fishing) remains the mainstay of livelihoods, with 57 percent of the active population working in the sector (ILO, 2018). Most of these people are small family farmers, struggling to make a decent living and thereby falling into the vulnerable and working poor category.

Alternatives to agriculture are limited and offer opportunities which are little better. On the one hand, SSA is facing premature deindustrialisation (a decrease in the secondary sector's share of GDP, with the exception of construction) limiting job creation in the manufacturing sector (Rodrik, 2016). Some 9.3 percent of the active population was employed in manufacturing in 2010, reaching only 11 percent in 2018, many of them in the food industry (ILO, 2018)<sup>7</sup>. On the other hand, the service sector is gaining

ground, rising to 32 percent of the active population, but the vast majority of these are low productivity and informal jobs. Even if the current institutional and structural challenges are addressed, the general trend towards automation in the coming years is likely to limit manufacturing and service jobs.

In response to such difficult employment conditions, households have developed income diversification strategies, including various mobility patterns, blurring the boundaries between rural and urban areas and combining different types of activities and sources of income. In rural areas, while non-farm activities are rapidly expanding, not always leading to higher productivity jobs, on-farm activities remain the backbone of rural economies (Losch, Fréguin-Gresh and White, 2012). These dynamics must be acknowledged in designing and implementing new job creation strategies.

Without adequate policies supporting a stable and conducive economic and institutional environment, SSA risks ending up with limited economic growth coupled with massive unemployment and underemployment. This situation could dramatically worsen if family farmers were forced away from agriculture because of the effects of climate change, continuing concentration in agriculture and inadequate rural development policies. There is an urgent need to plan for a new type of structural transformation which pays close attention to the decent job creation potential of food systems.

### Decent job creation potential at risk

In SSA, the food economy is the biggest employer. In West Africa, for instance, it accounts for 66 percent of total employment (82 million jobs). Some 78 percent (64 million) are in agriculture, 15 percent (12 million) in marketing and 5 percent (four million) in processing. Among employed women, 66 percent work in the food economy, especially in segments such as street food, food processing and food marketing (Allen, Heinrigs and Heo, 2018).

The expected demographic growth should lead to an increase in food demand and continuing urbanisation to an increase in the urban/rural population ratio. A proxy for the urban market potential for rural producers, this ratio should double from 0.71 in 2020 to 1.38 in 2050. Alongside this, a common pattern of urbanisation in every region of the world is its impact on eating practices, with people moving from starchy staple foods towards more diversified diets

7. There is considerable controversy over the data. While the ILO estimates are based on labour market information provided by countries, Fox *et al.* (2013) based on various national surveys provide an estimate of only 2.6 percent.

including fruit and vegetables, meat and processed products<sup>8</sup>. As a result of these shifts in both quantity and quality, the value of the food market is expected to increase threefold by 2030, growing from US\$ 313 billion in 2010 to US\$ 1 trillion in 2030 (Byerlee *et al.*, 2013). In addition, boosted by falling transport and communication costs, this dietary shift could also provide export opportunities in both processed products and high-value crops for African countries.

However, these changes in demand could either offer tremendous opportunities for job creation or lead to the massive shedding of jobs in food systems because of major productivity and competitiveness issues. Indeed, Africa suffers from a significant yield gap. Capital-intensive agriculture and agribusinesses could be a short-term answer but force many workers out of agriculture, with dramatic consequences on income generation and access to food. Labour-intensive solutions through agroecology, for example, are another option and would simultaneously provide answers in terms of both sustainability and natural resource management. Similar considerations about the importance of the development model and its degree of labour intensity exist for agri-industries, where small and medium-scale processing of agricultural products could provide significant employment opportunities, particularly in rural areas.

But employment policies generally target supply-side constraints through the development of skills, particularly among youth and women. They usually lack an integrated strategy aimed at identifying job opportunities within food systems and do not provide enough focus on the need for an enabling environment which would help small and medium-size businesses to grow through adequate fiscal policies, entrepreneurship services and ad-hoc training programmes.

An integrated strategy would also require the improvement of working conditions within food systems. Under-performance in the agri-food sector is related to poor working conditions, the continuation of child labour, gender and age inequalities, partial labour laws and their poor enforcement (resulting in the neglect of occupational safety and health (OSH)) and a lack of promotion of workers' organisations.

Food systems will not be the only engine for structural transformation, but they could significantly contribute to inclusive economic growth, poverty reduction and food security, and have significant spill-over effects on the rest of the economy and society. What is currently missing to support the definition of adequate strategies is a better understanding of the labour content in agriculture and food systems and the impact of different development models and modernisation policies on job creation. ●

### BOX 9

#### UNEVEN ECONOMIC DIVERSIFICATION AND EMPLOYMENT CHALLENGES AT THE LOCAL LEVEL: ILLUSTRATED IN TWO REGIONS IN MALI AND MADAGASCAR<sup>1</sup>

The Ségou region in Mali (62,500 km<sup>2</sup>) and the Vakinankaratra region in Madagascar (19,000 km<sup>2</sup>) are, like most rural regions in SSA, characterised by a demographic boom in their regional capitals (Ségou and Antsirabe). However, in both regions, villages are mushrooming and the landscape is becoming increasingly densely populated.

In spite of the Office du Niger's irrigation project in Ségou and the special economic zone targeting industries in Antsirabe, the local economy is based on the informal sector (97 percent of jobs identified), dominated by family farming and, to a much lesser extent, by small urban businesses and handicrafts. Along with the lack of basic public facilities, inhabitants highlight the need for security for property and people. Large families, with at least four children per woman, are regarded as the best safeguard against uncertainty. The agri-food industry is the main prospect for industrialisation and growth (the mostly informal craft sector facing cheap imports) but opportunities remain limited.

Between 2015 and 2035, the population of the Ségou region is forecast to increase from 2.5 to 4.2 million people, and from 2 to 3.1 million in the Vakinankaratra region. By 2035, a total of one million new jobs will need to be created in Ségou and 700,000 in Vakinankaratra. The rate of job creation is expected to double. Even if migration is expected to increase, it will certainly remain out of step with the population boom. Without increases in land and labour productivity and outwards migration, the Ségou and Vakinankaratra regions will have to expand their cultivated areas from 1.4 to 2.5 million ha and 221,000 to 300,000 ha respectively, which will increase competition for natural resources and produce potential conflicts.

In both regions, priority should be given to family farms, which are more likely to offer employment opportunities. The prospects for labour-intensive agroecology practices, which are likely to improve economic and social performance, should be explored, as well as the strengthening of value chains supporting upstream and downstream activities in secondary cities. This will require a rebalancing of urban policies towards rural towns and intermediary cities, and a consolidation of regional capitals which can offer the services and infrastructure required to make diversification of activities and jobs possible. Achieving the decentralisation process and empowering local bodies is crucial.

1. Based on Sourisseau *et al.*, 2017.

8. See Chapter 5.4 on the risks related to changes in diets.

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