

Thinking differently about investing in rural youth

Chapter 10

There are many reasons to think differently about investing in today's rural youth. The dynamics of change on multiple fronts – including the digital revolution, demographic transition and climate change – are shaping rural development everywhere. In parallel, the levels of structural and rural transformation of countries and of the rural opportunity spaces within those countries are creating (or constraining) opportunities for rural youth to become productive, connected and in charge of their own futures.

Neither rural development policies and investments nor youth-specific interventions can be effective in ensuring the inclusion of the young population unless they are considered as a part of broader development efforts. An effective approach to rural youth policy and investment is therefore one that *strikes the right balance between creating broader rural opportunities and fostering youth-specific ones*.

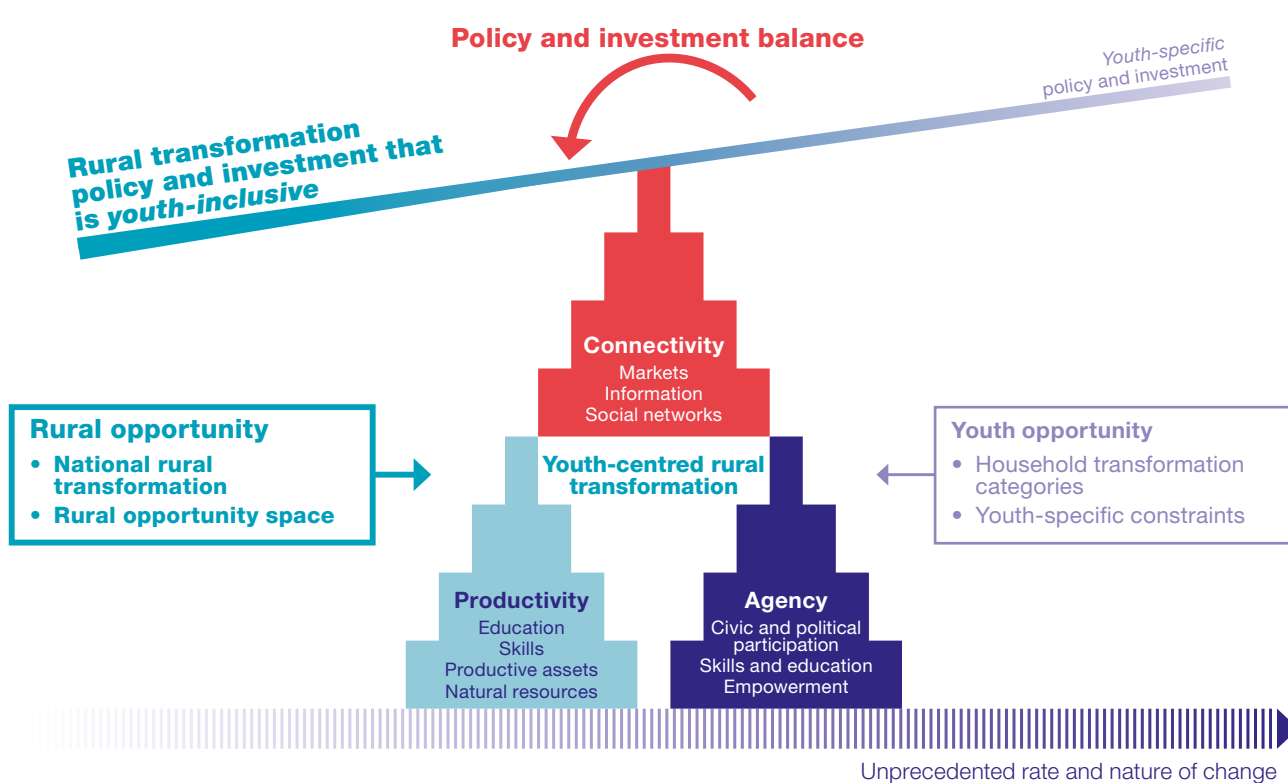
An effective rural youth policy and investment agenda must strike the right balance between broad rural development and youth-specific investments

The right balance between investments that promote broad rural opportunity and those that attempt to focus particularly on youth opportunity will depend on the stages reached by the different transformation processes in the places where rural youth live (see **FIGURE 10.1**). In areas with low levels of transformation and limited overall rural opportunities (e.g. those in locations subject to severe challenges in the rural opportunity space (ROS) and in most areas in the least transformed countries) (see chapter 2), investing in youth-specific programmes such as technical and vocational education courses that do not address broader issues is unlikely to deliver sustained results. Therefore, in rural locations where there are few opportunities because of low levels of rural transformation or limited commercialization potential, investments need to focus primarily on promoting a broad-ranging rural transformation process. This entails efforts of a general scope aimed at improving productivity, connectivity and agency among the rural population as a whole in order to foster rural transformation and expand the opportunities for all. In these contexts, investments should focus on ensuring *rural youth inclusion* in the broader rural transformation effort rather than promoting youth-specific actions. For example, an investment strategy for enhancing the profitability of farming in a rural area with a high agroecological potential but poor market links should seek to ensure that young people are included in this effort and benefit from it.

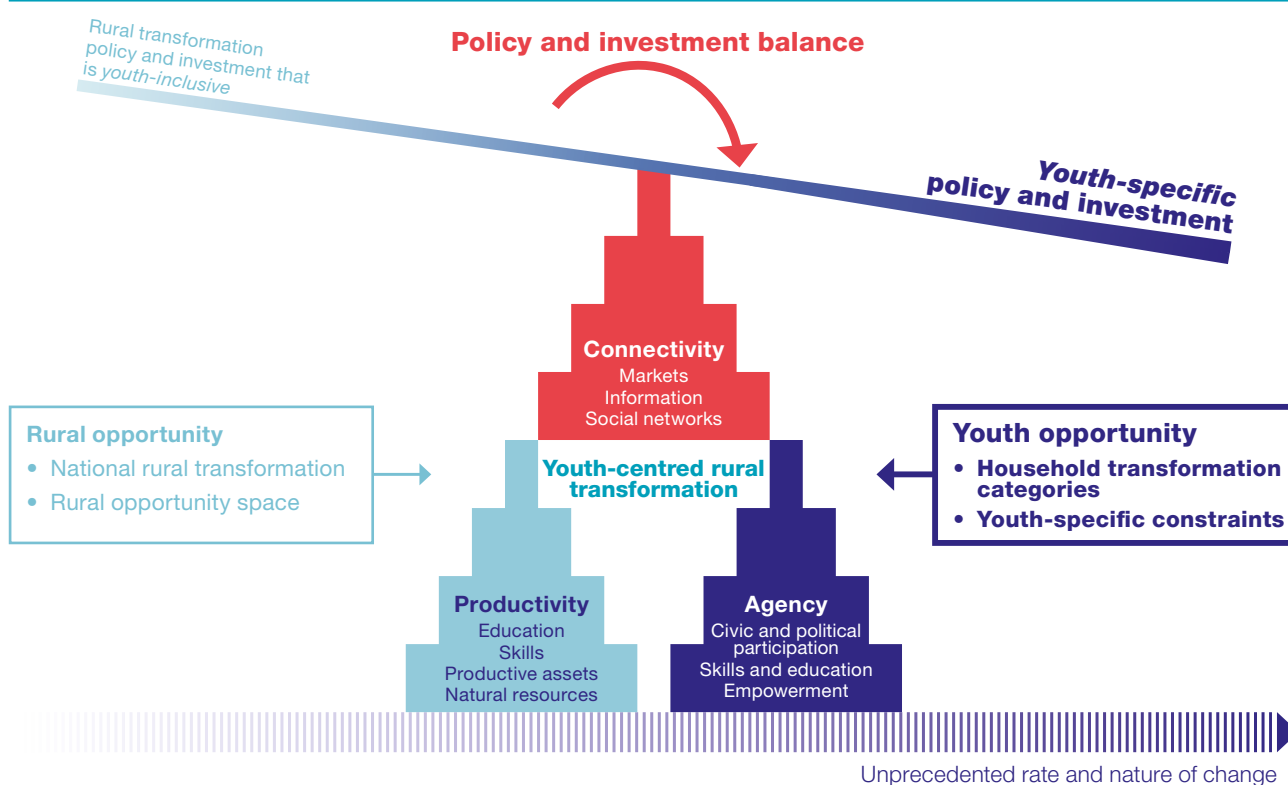
Alternatively, in places where broader rural opportunities exist because there is already a high level of rural transformation and the ROS presents diverse and remunerative opportunities, policies and investments may seek to address individual- and household-specific constraints, such as poor access to credit or limited technical skills. Investing in broader rural development policies remains important in these contexts to ensure ongoing transformation, but *youth-specific investments* can be undertaken to complement those

FIGURE 10.1 Balancing investments that promote widespread rural opportunity and those that focus specifically on youth opportunity

Low level of rural opportunity



High level of rural opportunity



wider efforts and help to overcome specific constraints that are hindering the inclusion of the young population.

In summary, creating opportunities for rural youth requires policies and investments that promote rural development, in general, and rural youth inclusion, in particular. The relative emphasis on one or the other type of intervention will depend on the opportunities existing in a given space. When opportunities are scarce for everyone – including youth – the focus should be on broadly expanding opportunities. This means that steps should be taken to foster rural transformation through investments in productivity and connectivity and to undertake investments that will enhance the inclusion and agency of youth within the framework of those transformations. In more highly transformed countries and spaces, where more opportunities may exist, policies and investments should focus on maintaining and expanding those opportunities while at the same time tackling individual- and household-specific constraints that may hinder rural youth from benefiting from those transformations.

What does “broad rural development and youth-specific policies and investments” mean?

There is very limited evidence on the effects that targeted programmes have on rural youth. The list of initiatives shown in **TABLE 10.1** is drawn from several different publications on youth that give examples of investments and programmes focused on broad rural development and on rural youth specifically (Filmer and Fox, 2014; AfDB, 2016; Elder et al., 2016; OECD, 2018; Fox and Kaul, 2018). The list is not meant to be exhaustive but does reflect a wide range of the types of programmes being implemented. A key fact about this list is that the more specific an investment or programme is – i.e. the more focused it is on rural youth as opposed to youth in general or the rural population in general – the less is known about its impacts and cost effectiveness. Little evidence has been gathered on the effects of targeted investments and programmes for rural youth.

While the existing evidence on investments and programmes designed to help young people to become wage earners or to become self-employed comes from evaluations of urban programmes, it may hold lessons for the design of similar interventions in rural areas. This evidence shows that many youth-targeted programmes have been *unsuccessful*, which suggests that caution should be exercised when considering supply-driven, youth-targeted approaches for addressing perceived supply-side constraints. Success depends to a great extent on the quality of a programme’s design, management and implementation capacity, its leadership and the available resources for delivering the expected results. This underscores the need to ensure that sufficient institutional and managerial capacity is in place before designing employment programmes for rural youth. Consequently, these kinds of programmes may be more suitable for more highly transformed countries and rural areas where those capacities and resources can actually be made available.

It is also reasonable to expect that programmes like these, which focus on preparing youth to take advantage of existing employment opportunities or to create them for themselves by becoming young entrepreneurs, will be effective as long as there are opportunities to be seized. Here again, more highly transformed economies and spaces that offer young people more opportunities are likely to benefit more from such investments.

The evidence also indicates that, in the case of employment programmes, a lack of technical skills is not the biggest obstacle that youth face when trying to enter the labour market (Fox and Kaul, 2018). While this evidence comes from urban programmes,

TABLE 10.1 Examples of broad rural development and youth-specific investments, policies and programmes

Broad rural development policies and programmes	Youth-specific policies and programmes
Rural-rural and rural-urban road infrastructure	Programmes to improve the quality of public education
Rural electrification for productive activities	Programmes to prevent people from dropping out of school
Access to workspace and infrastructure for rural and small-town households and for small and medium-sized enterprises (SMEs)	Second-chance education for out-of-school youth
Rural water, health and sanitation	Positive youth development programmes that provide mentorship
Regulatory structures to promote mobile communications coverage in rural areas	Youth-focused microfinance, savings groups and cash transfers for business start-ups
Regulatory structures to promote mobile money and mobile finance	Programmes to help youth re-enter farming activities after having spent time outside rural areas
Simplification of business registration procedures	Programmes promoting access to land for entrepreneurial young farmers
Community microfinance, savings groups, cash transfers for business start-ups	After-school programmes for adolescent girls
Digitally enabled and demand-driven agricultural extension initiatives featuring peer-to-peer learning	Investments in reproductive health (including family planning) education and services for young girls
Policies for the promotion of land rental markets	Vocational training and apprenticeship programmes for young people
Intergenerational land transfer programmes	Programmes aimed at building non-cognitive skills, including team-building and practical problem-solving
Improvements in land registration and transactions systems	Social marketing for healthy eating choices
Support for the growth of secondary cities and rural towns, including linkages to rural areas	Leveraging programmes to encourage NGOs to experiment with youth-centred entrepreneurial programmes
Improved wholesale markets	Establishment and maintenance of the Enabling Youth Employment Index (AfDB)
Value chain investments designed in collaboration with the private sector	Technical assistance to microfinance institutions to help them to innovate, deliver and document financial services for young people
Loan guarantees for rural small and medium-sized enterprises (SMEs)	Active labour market policies for the unemployed

it is reasonable to believe that it holds for rural interventions as well, especially since most rural tasks (on the farm or elsewhere) do not require a high degree of technical skill. This suggests that there may be scope for youth-targeted programmes to focus on the development of cognitive and non-cognitive skills (with the latter being related to personality traits such as conscientiousness, extraversion, agreeableness and openness to experience) in order to help rural youth to gain agency and thus to become more productive and better connected. For instance, evidence is emerging on the importance of investing in these skills for both wage employment and self-employment and of establishing microenterprises in developing countries, including in their rural areas. These skills, together with cognitive skills, are strongly linked to employment and earning outcomes (Heckman and Kautz, 2013).

The complexity involved in making rural youth investments and the limited evidence for their effectiveness counsel caution, but not paralysis. Less transformed

countries with fewer fiscal resources and a greater deficit in fundamental capabilities need to focus investments on improving those fundamental capabilities and addressing broad rural development challenges. Yet they should also learn from the more effective youth-specific interventions in other countries and experiment with modest and preferably externally financed initiatives of this type. As long as policymakers take into account the characteristics of the rural spaces where these interventions are implemented and explicitly build in a learning agenda, these attempts can make a valuable contribution to improved rural youth policies. More highly transformed countries, of course, have more room for experimentation and may be able to derive more benefit from many types of youth-specific programmes. Here too, however, caution is warranted; youth-targeted programmes should be treated as learning opportunities that complement fundamentally sound rural development programmes that benefit rural people, including rural young people.

Proliferating national “youth policies” need to focus on striking the right balance in the light of their countries’ and opportunity spaces’ levels of transformation

While there are no “right” or “wrong” youth policies, what is important is that targeted and non-targeted rural youth development policies and investments are balanced with and embedded in a broader rural development strategy rather than being conceived

of in isolation of the wider development framework. Rural youth investments can have more far-reaching and sustainable impacts for the rural youth population when they are aligned with and integrated into national strategies, policies and programmes and when there is a vertical integration of policies across all geopolitical (from the national to the local) levels.

Nevertheless, the last few decades have seen a proliferation of national “youth policies” that place youth at the centre of what are frequently ambitious and multisectoral policy initiatives designed to improve development outcomes for young people. As at 2014, 122 countries had a national youth policy or strategy in place, and more than 40 per cent of the countries in all regions had approved youth policies (Youthpolicy, 2014). Yet approving a youth policy does not necessarily translate into adequate budget allocations and effective implementation, much less the inclusion of *rural* youth in the transformation process. A review of 57 of these youth strategies found that 40 of them considered rural youth development in some way, 15 contained at least one policy objective or specific programme that targeted rural youth, and 17 made no mention of rural youth at all (Phillips, Perezniето and Stevenson, 2018). For instance, one of the more ambitious rural youth strategies is in South Africa, a country with high rural and structural transformation levels (see **BOX 10.1**). It should be noted, however, that the degree of policy

BOX 10.1 South African National Youth Policy

The South African National Youth Policy 2015-2020 includes a comprehensive analysis of the situation of rural youth, along with a clear problem statement that addresses the diversity of the rural youth population. In terms of areas of action, the policy document includes economic participation, education, health care, social cohesion and the creation of effective, responsive youth development institutions. The specific policy outlines are accompanied by a clear allocation of responsibility for implementation to relevant ministries. Programmes that have emanated from the National Youth Policy include:

- (1) A large-scale youth enterprise creation programme to be implemented by the Department of Small Business Development in partnership with other departments and agencies, with a specific focus on rural areas;
- (2) Support for the creation of youth-owned ecotourism facilities in rural areas, to be provided by the National Youth Development Agency, working in conjunction with the Department of Small Business Development; and
- (3) The National Rural Youth Service Corps (NARYSEC), a 24-month skill development programme implemented by the Department for Rural Development and Land Reform which targets unemployed rural youth between the ages of 18 and 25 from poor rural wards who have completed secondary school. This programme, which forms part of the country’s rural economy transformation strategy, helps participants build their skills through various skills development initiatives conducted in partnership with public and private institutions.

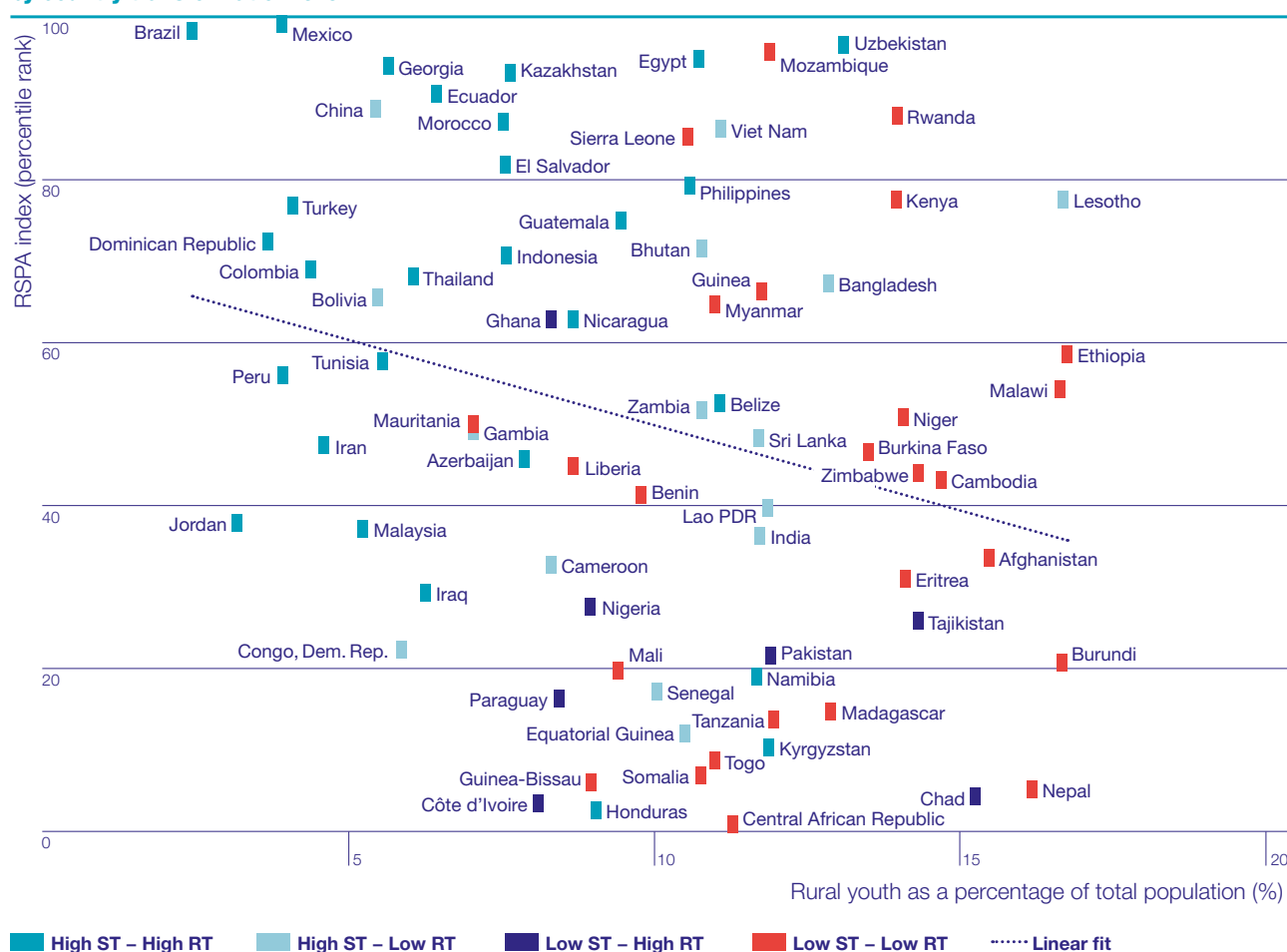
These multi-pronged and multi-level actions by the South African Government reflect a strategic approach to institutional coordination for effective policy roll-out in favour of rural youth.

Source: Department of Rural Development and Land Reform <http://www.ruraldevelopment.gov.za/> and South Africa. National Youth Policy 2015-2020. <http://www.thepresidency.gov.za/download/file/fid/58>.

focus on rural youth in a particular country does not appear to be related to the size of the rural youth population.

Prioritizing rural youth in national strategies is necessary but clearly not sufficient. The right set of policies is needed, as well as the proper balance between broader rural development investments and youth-specific ones. An added challenge of investing in rural youth is the fact that, as discussed in chapters 1 and 2 of this report, countries with large rural youth populations tend to have weak policy and institutional capacities, as indicated by their rankings on IFAD's Rural Sector Performance Assessment (RSPA) measure, which measures the quality of policies and institutions in the rural sector for achieving rural development and inclusive rural transformation (for further information see annex A and IFAD (2018)). There is a marked concentration of large youth populations in countries with a limited institutional capacity for designing and implementing policies and programmes on rural development (see **FIGURE 10.2**). Not surprisingly, these countries

FIGURE 10.2 Large rural youth populations are found in countries with weak policy and institutional capacity
Rural sector performance ranking and rural youth as a percentage of total population in 2015, by country transformation level



Note: IFAD's Rural Sector Performance Assessment (RSPA) measures the quality of policies and institutions in the rural sector for achieving rural development and rural transformation benefitting the poor. See annex A for more information on the RSPA.
Source: IFAD (2018).

are also more likely to have the lowest levels of structural and rural transformation. This capacity deficit is particularly problematic because rural youth development is a multidimensional and multisectoral – and therefore complex – process.

Many countries that have a national youth strategy and sufficient implementation capacity also have national ministries of youth – such as the Ministry of Youth and Sports in Ethiopia and Turkey and the Ministry of Youth and ICT in Rwanda – to put those strategies into effect. While having a ministry of youth may be a signal of the priority that is assigned to the youth population, the scope of its agenda (which may be chiefly confined, for example, to sports) may be much more limited than if the youth strategy were managed by ministries with broader mandates. If a ministry of youth exists, it should advocate for a comprehensive policy and investment agenda for rural youth.

When interventions designed to respond to multiple youth constraints are conceived of as multi-component, comprehensive programmes, they tend to be more effective in improving youth development outcomes (Kluve et al., 2017; Alvarado et al., 2017). These cross-sectoral programmes require horizontal coordination among leaders and stakeholders at the same territorial level (Layton, 2018) and should include mechanisms for participation by rural youth. The Employment and Livelihood for Adolescents Centres programme designed and implemented by BRAC in several Asian and African countries is an oft-cited example of how integrated approaches in rural youth programmes can yield effective development results (see chapter 3).

The coordinated work of different governmental agencies and development actors at different administrative levels, ranging from the local to the national, will also improve the chances that rural youth strategies will be appropriately translated into subnational, community or local plans, as appropriate. This transposition must take account of how the rural opportunity space changes at different levels, and policymakers must be willing to make needed modifications or to refrain from implementing the programme in certain areas if the returns are likely to be very small.

Designing youth strategies that are appropriate for specific countries and their rural spaces

The level of a country's structural and rural transformation at the national level sets the basic parameters for rural youth opportunities and for the types of policies that will be of the highest priority and that will be financially viable. While a national economy may be undergoing higher levels of structural and rural transformations, that process will not be advancing to the same extent in all areas within the country. Rural opportunities, then, are also conditioned to a large extent by market access (which determines the area's *commercialization potential*) and by the natural resource base (which is closely correlated with the *potential agricultural productivity* of a given area), and together these factors define the *rural opportunity space (ROS)*. A joint analysis of the country's transformation process and the rural opportunity space provides a framework for establishing investment, policy and programmatic priorities to help rural youth become productive, connected and in charge of their own futures.

First, in the least transformed countries, reducing the fertility rate and improving farm productivity and the connectivity of rural areas are of central importance in addressing low productivity and a lack of agency. This group (which includes Afghanistan, Benin, Burkina Faso, Cambodia, the Central African Republic, the Democratic Republic of the Congo, Eritrea, Ethiopia, Kenya, Mali, Mozambique, Myanmar,

Nepal, Niger, Rwanda, Tanzania and Zimbabwe, among other countries) has the largest shares of rural youth, the lowest income levels, the highest poverty incidence and the least effective governments (see chapter 2 for a more detailed analysis). Households in this group are the most dependent on farming. Twenty-four of the 29 countries in this group are in Africa. These countries also have high fertility rates, and the very slow pace of their demographic transitions is undermining their long-term growth prospects (see chapter 5). In this context of limited opportunities for the entire rural population, investments should be focused on fostering broader rural development processes and ensuring that rural youth are included in these efforts (see **FIGURE 10.1**).

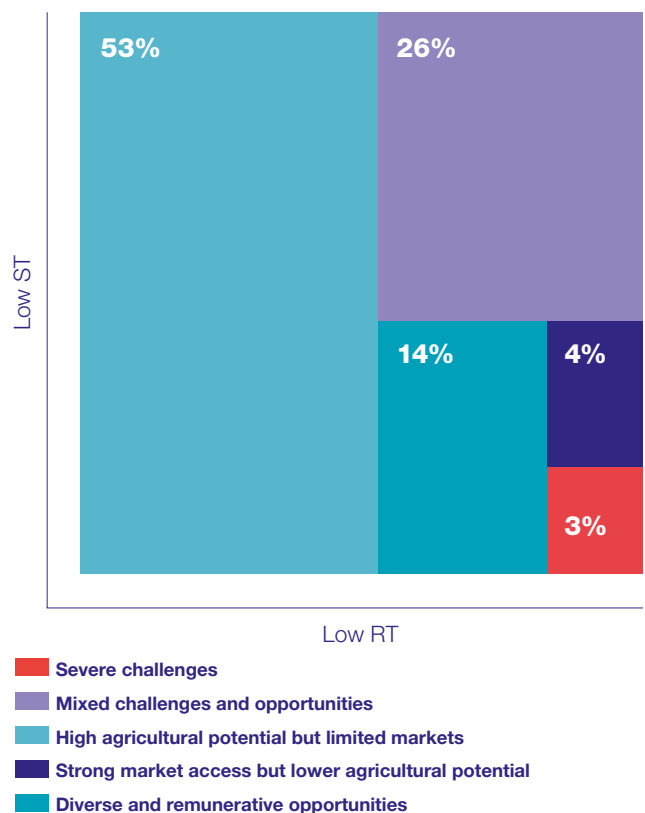
Geographically, over half of all rural youth living in these countries reside in areas that have a strong agricultural potential but limited access to markets. This is a larger share than is found in any other category in the country typology. Another quarter of this rural youth population live in mixed opportunity spaces, where both agricultural potential and market access are limited (see **FIGURE 10.4**).

These observations, and the analysis presented in preceding chapters, point to four priority policy and investment areas for the least transformed countries. These areas are mainly focused on promoting rural transformation while ensuring the inclusion of young people in that process. First, *fertility must be brought down rapidly*. Without such a reduction, these countries have little prospect of substantially expanding the overall availability of rural opportunities. Reducing fertility is largely a youth issue, since much of the reason for the high total fertility rates in this group of countries is the existence of much higher fertility rates among the *youngest women* in Africa than in other regions of the world.

Reducing fertility requires a combination of actions on the supply and demand sides of family planning services, along with investments in broad-ranging rural development and youth-specific investments. On the demand side, young women who have more economic and social opportunities will want fewer children and will be more likely to make use of family planning services if they are available (see chapter 3). Increasing young girls' opportunities entails providing them with a better primary and secondary education that should include programmes specifically designed to encourage girls to remain in school. Investing in after-school programmes with this objective can be appropriate where funding allows. Cultural attitudes that sharply constrain young women's aspirations and activities also need to be addressed through school curricula and, potentially, social marketing campaigns that include the wider society (see the reference to the Ishraq programme in chapter 9). On the supply side, access to basic health services

FIGURE 10.3 Market access is a problem for rural youth in the least transformed countries. Most of these young people live in areas that have a high agricultural potential but limited market access or in mixed opportunity spaces

Youth prevalence across the modified rural opportunity space, for low ST – low RT countries



for the general population needs to be expanded in rural areas, and reproductive health care specifically targeting young women needs to be a focus of education and services at these centres.

Second, these countries need to *increase the level of agricultural productivity* for the 67 per cent of rural youth who live in the highest-productivity areas (i.e. areas with a high agricultural potential but limited market access (HALM) and areas offering diverse and remunerative opportunities (DO)) (see **TABLE 2.1** in chapter 2). These are broad-spectrum rural development investments and policies focused on creating an enabling environment for the provision of agricultural inputs (especially seed and fertilizer) by a dynamic private sector, including small and medium-sized enterprises (SMEs). Because farming is so important in these economies and the sector is primarily composed of smallholders, policies and investments directed at enhancing overall rural productivity must also ensure the inclusion of rural youth in those efforts. This can be done, for example, by improving young people's access to productive land – preferably through ownership, but also by means of active rental markets – and by offering extension programmes in collaboration with NGOs that specifically reach out to young farmers.

Third, investments need to target *physical infrastructure, especially roads*. This is especially important for the 53 per cent of rural youth who live in HALM spaces – farming areas that are potentially productive but that have limited market connections. Prioritizing infrastructure in these areas will facilitate the uptake of the agricultural productivity investments mentioned in the previous paragraph. Road infrastructure is especially important in linking secondary cities and towns to rural areas and to larger markets. These investments should be complemented by investments in basic market infrastructure in urban areas. Wholesale markets that feature public-private ownership and management arrangements are a key aspect of this investment effort. Other investments that pave the way for the growth of such areas are targeted investments in energy, water, sanitation and health infrastructure.

Fourth, improved roads, ports and market infrastructure need to be coupled with *expanded private-sector-driven access to mobile connectivity*. This is primarily a regulatory issue and is not specific to young people, but rural youth may be among the greatest beneficiaries, as noted in chapter 8. Countries should learn from the outstanding success of Tanzania and Kenya in this respect, as they have seen the most rapid spread of mobile money (MM) use in the world over the past few years. Barriers to youth access to mobile technology remain high in other subregions, such as West and Central Africa, where there are many countries in which the transformation process has advanced very little.

For the 3 per cent of rural youth living in opportunity spaces that pose severe challenges and the 26 per cent residing in mixed opportunities spaces, governments should invest in developing and strengthening the connectivity between secondary cities and rural towns as a way of expanding the opportunities for those living in less well-endowed areas. These areas may also be highly vulnerable to climate shocks (e.g. extreme heat or droughts), so safety nets that will save lives and assets are of crucial importance.

In contrast, in opportunity spaces marked by strong market access but lower agricultural potential (SMLA) and DO spaces (4 per cent and 14 per cent, respectively, of rural youth in countries falling into this category in the country typology), policy should focus more on youth productivity. Investments of this type could include investments in the promotion of youth financial literacy and access to financial services, especially for SMEs and, in DO spaces, for high-value farming. The quality of secondary education in these areas could also be given greater priority – in contrast to the emphasis on basic

primary education in opportunity spaces subject to severe challenges (SC) or mixed opportunities (MO) – since running a successful small business or microenterprise or becoming a successful commercial farmer in dynamic value chains requires skills that are not typically attained without a strong secondary education.

Countries with low levels of structural transformation but high levels of rural transformation share many characteristics with the least transformed countries. Thus, policy and investment priorities are similar, although the former group of countries may have more fiscal space for youth-specific interventions. The small number of countries in this group (Chad, Côte d'Ivoire, Ghana, Nigeria, Pakistan, Paraguay and Tajikistan) account for just 10 per cent of the developing-country rural youth population. Their agricultural sectors have more large-scale production activities than the least transformed countries and generate a higher *average* value added per worker. However, this does not necessarily indicate that smallholder farming is more profitable in these countries, and a number of the challenges that they face are similar to those confronting the least transformed countries; the balance of investments and policies for these countries should therefore be similar to those that are most appropriate for the least transformed countries.

However, given that these countries have higher levels of rural transformation and higher average incomes, together with slightly less poverty, the policy and investment balance could include more interventions specific to rural youth than would be wise to attempt in the least transformed group. This may especially be the case in Ghana and Côte d'Ivoire, where incomes and infrastructure are appreciably better than in many other countries of the region. Beyond the youth-specific interventions discussed in the previous section, these countries may benefit from special efforts to facilitate rural youth access to the land and capital needed to engage in profitable farming. Because traditional export crops are so important in many of these countries (e.g. cocoa in Ghana and Côte d'Ivoire), insufficient attention may be paid to smallholder farmers wishing to enter rapidly growing domestic and regional urban markets for such items as fresh produce or poultry, or even aquaculture (see chapter 6). Yet the ambitions for such programmes could easily outstrip capacity, as these countries are still challenged in terms of government effectiveness. Thus, while youth-specific policies and investments are needed, efforts to enhance fundamental capabilities still need to take priority in order to ensure that the development results of those investments are achieved.

A third group is composed of countries which have high levels of structural transformation but have undergone a limited extent of rural transformation. These countries have more room

FIGURE 10.4 The rural opportunity space in countries with high levels of rural transformation but low levels of structural transformation is very similar to that of the least transformed countries

Youth prevalence across the modified rural opportunity space, for low ST – high RT countries

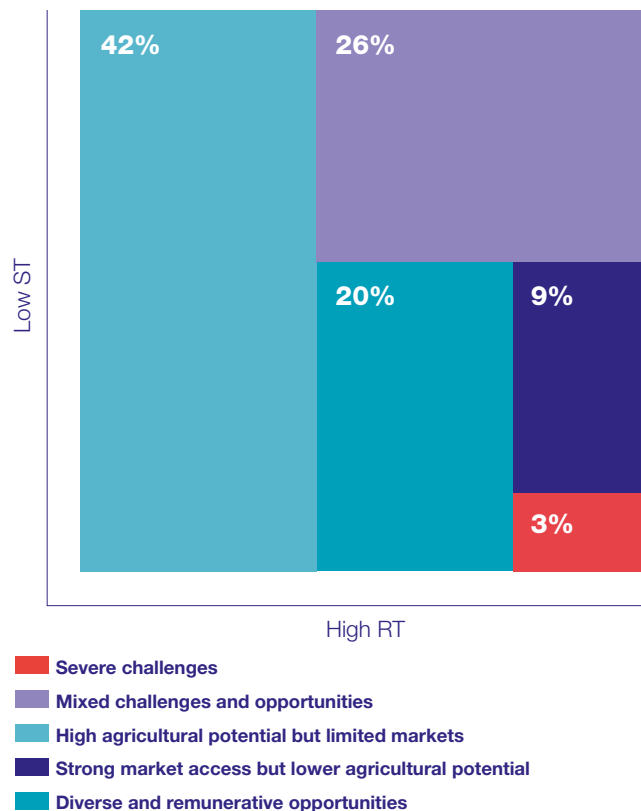
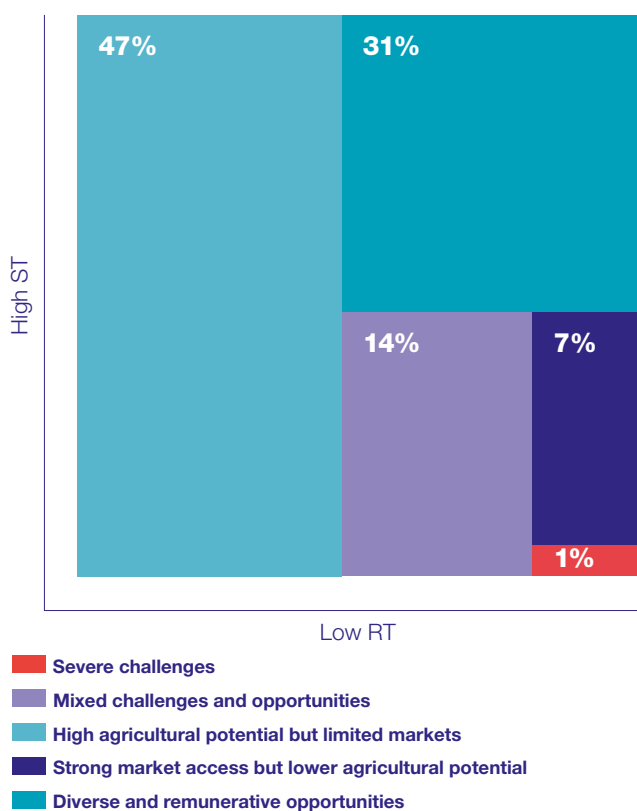


FIGURE 10.5 Countries with high levels of structural transformation but low levels of rural transformation have the largest proportion of young people living in areas with a strong agricultural potential, a large proportion living in diverse opportunity spaces and the smallest proportion living in spaces posing severe challenges

Youth prevalence across the modified rural opportunity space, for high ST – low RT countries



its young people living in DO spaces, which is the highest proportion in the developing world (followed by Egypt with 56 per cent). These three countries can also benefit from economies of scale in infrastructure investment and from youth-specific interventions. To a greater extent than in the preceding two groups, the policy and investment balance should lean more towards helping rural youth transition into the non-farm economy, which is more developed in these countries (as they have higher levels of structural transformation) and is growing very rapidly within the framework of the structural transformation process. Improving rural young people's cognitive and non-cognitive skills in order to enhance their ability to engage more successfully in the society and economy may be the key challenge here. For the young people in the farm sector, extension services will be of paramount importance in providing advisory services concerning the use of external inputs and the development of marketing strategies.

Apart from Bolivia in LAC, the other countries in this group are spread across Africa and Asia. The main element that differentiates these countries from the others

for youth-specific interventions. While only 15 out of the 85 lower- and middle-income countries analysed in this report fall into this category (including Bangladesh, Bhutan, Cameroon, China, India, Bolivia, Senegal, Sri Lanka, Viet Nam and Zambia), they are home to more than half the rural youth population in developing countries, as China and India are both in this group. These countries differ in three ways from the two groups described above: their levels of income and government effectiveness are higher; more of their rural youth live in areas with strong market access; and several of them have populations that are large enough to allow them to achieve economies of scale in the design and delivery of public goods and services. Three subgroups of countries can thus be distinguished within this larger category.

First, India and China together account for 88 per cent of the young people in this group of countries. Rural youth here are spread across the entire rural opportunity space, but the vast majority (70 to 80 per cent) live in areas with a high agricultural potential (HALM and DO). Because they are both populous and densely populated, they can achieve much greater economies of scale than other countries in infrastructure investments and in youth-specific interventions, particularly those related to increased rural connectivity.

Second, Viet Nam, Bangladesh and Sri Lanka account for approximately 10 per cent of this group's youth population. In all, 9 out of 10 rural youth in these countries reside either in DO spaces or HALM spaces. Due to its population density, Bangladesh stands out from the rest, with about 80 per cent of

in this group is that very large shares – between about 80 per cent and 90 per cent – of their rural youth populations live in areas with strong agricultural potential but limited markets (HALM). This makes their rural opportunity space very similar to that of the least transformed countries. Yet, because of their higher levels of structural transformation, they have, on average, higher incomes, larger markets, more fiscal resources for investment and more effective governments. Investments designed to increase agricultural productivity, paired with interventions to improve market access for young entrepreneurial farmers, are called for here. Since more fiscal resources are available in this group, initiatives could include youth-focused microfinance and savings groups oriented towards high-value crops, learning groups devoted to mastering emerging mobile technologies that can be used to provide market intelligence and information on access to agricultural services, and programmes to promote access to land for entrepreneurial young farmers. Programmes to help youth re-enter the farm sector after having been away from it can be appropriate in some countries, as in Zambia, for example, where people move between urban and rural livelihoods depending on the performance of the copper sector, and Bolivia, where, as in the Andean region in general, circular migration is relatively common.

Last but not least, highly transformed developing countries require the widest array of rural youth investments as they are the most diverse group in terms of their opportunity spaces. Countries in this group include Algeria, Azerbaijan, Brazil, Colombia, Ecuador, Egypt, Eswatini, Indonesia, Jordan, Mexico, Morocco, Peru, the Philippines, South Africa, Tunisia, Turkey and Uzbekistan (for the full list, see chapter 2). Only 18 per cent of the developing-world youth population live in these countries, but these young people are distributed across the entire rural opportunity spectrum. It is particularly noteworthy that this group has the largest share of the youth population that is living in areas with low agricultural and connectivity potentials. This is most probably attributable to the existence of pockets of persistent poverty, in spite of these countries' high levels of structural and rural transformation. Thus, the policy and investment balance should incline towards rural youth-specific interventions directed at tackling the family-related and personal constraints affecting young people in rural areas, since these countries' primary challenge is to ensure that their rural transformation process is inclusive of rural youth, including those from minority groups.

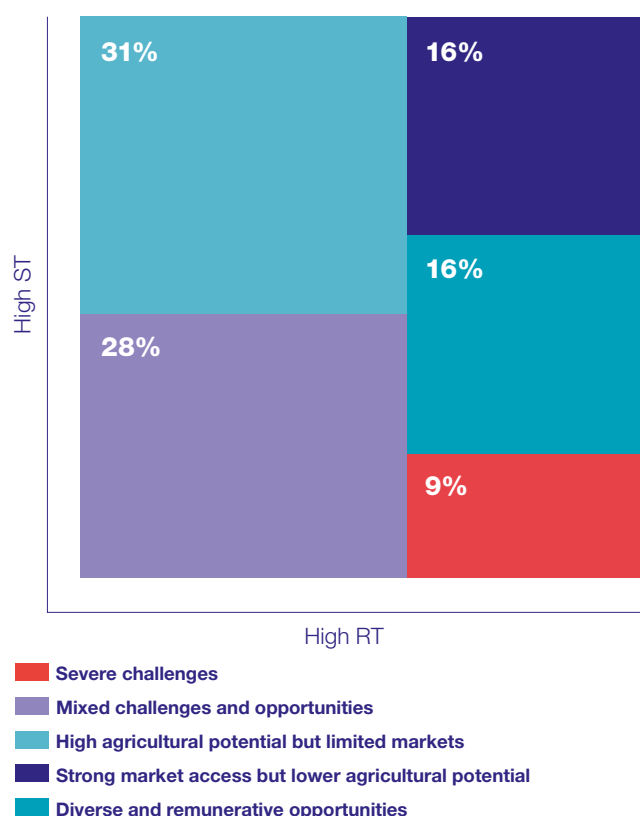
As the most highly transformed developing countries, this group has the highest incomes, the lowest rural poverty rates, the highest government effectiveness ratings and the smallest proportions of rural youth in their populations. Fertility rates are low, and most of these countries have captured the demographic dividend to some extent. However, these countries are confronted with the most challenging geographically defined opportunity spaces of all. Alone among the four categories in the country typology, less than half of their rural youth live in areas with a high agricultural potential (HALM and DO spaces), compared to between 62 per cent and 78 per cent in the other country categories (see **FIGURE 10.6**). The 9 per cent of rural youth in SC spaces in these countries contrasts with much lower rates (between 1 per cent and 3 per cent) in the other country categories. Finally, these countries face far greater challenges in terms of some of the negative consequences of modern economic growth, including much higher rates of crime and insecurity, along with high and rapidly rising rates of overweight and obesity and the associated problems of non-communicable diseases.

Given this situation, it is possible to envisage six policy and investment priority areas for fostering rural youth opportunities. First, governments should *address pockets of persistent rural poverty* with a mix of targeted rural development initiatives, social safety

nets and youth-specific investments. Rural development in these areas should focus more on building connections to markets and paving the way for entry into the non-farm economy, as input markets are relatively well developed and youth can generally gain access to high quality inputs (e.g. germplasm) if they wish to do so.

FIGURE 10.6 The rural opportunity space is highly diverse in the most transformed countries. In general, agricultural potential is lower but market connections are much stronger

Youth prevalence across the modified rural opportunity space, for High ST – High RT countries



Second, youth-specific investments in areas where rural poverty persists need to focus, among other things, on building and strengthening rural young people's cognitive and non-cognitive skills so that they will be better prepared to seize the opportunities that are opened up as their countries attain more advanced stages in the transformation process. Under these circumstances, the pay-offs of improved secondary (as opposed to just primary) education could be high. The integration of technical education modules into formal secondary education curricula could also be called for, as long as this effort is coordinated with private sector firms in order to ensure that these modules are aligned with the technical skills that are in demand. Other youth-specific investments that may have value include programmes to encourage students to stay in school, second-chance educational opportunities for out-of-school youth, after-school programmes for young girls and positive youth development (PYD) programmes that emphasize non-cognitive skills.

A third priority area that these countries must urgently address, as a youth-specific matter, is second-generation nutrition problems. The modern food systems (see chapter 6) that have emerged in these countries target youth with advertising for ultra-processed foods and sugar-sweetened beverages. These foods and drinks have displaced much healthier options in many young people's diets, in rural as well as urban areas. As a result, child overweight and obesity are reaching epidemic proportions in many of these countries, and children are facing lives of chronic health problems as a result. Evidence as to

what works in changing behaviours in these areas is only now emerging, but countries in this category, especially in Latin America, are among the leaders in more aggressive product labelling, regulation of food marketing to children and social marketing to promote healthy eating choices (Instituto Nacional de Salud Pública de México, 2016). Such initiatives should be pursued and be paired with well-designed research protocols so that policymakers can learn what works.

Fourth, these countries need to complete the extension of their electrification and sanitation networks into remote rural areas. This is not, of course, a youth-specific investment. Most rural areas in these countries already have access to such services, but some more remote areas still lack access. Extending this infrastructure to these areas will go a long way towards facilitating access for rural youth, who will then be more able to

study in the evenings, better able to access sources of energy for SME activities and less likely to become ill as a result of water-borne and food-borne diseases associated with poor sanitation.

Fifth, these countries need to address youth unemployment, which is much higher than in the less transformed countries in the other three country categories. Like some of the more advanced countries with high levels of structural transformation but low levels of rural transformation, these more transformed countries could consider employing proactive labour market policies to promote youth employment (see **TABLE 10.1**). To be effective, these approaches need to be combined with the elements that were discussed above: investments in a higher quality of secondary education in rural areas, improved infrastructure to link farms and SMEs to markets, and a regulatory structure that makes it easier to open businesses and provides much more access to mobile money and finance services delivered by private companies.

Finally, a key challenge for these countries may be to generate the political will to ensure that their rural transformation process is inclusive of currently isolated youth populations. Cultural differences may also play a role, with some indigenous communities remaining outside the mainstream society and economy, as in Peru, where the highest percentage (46 per cent) of rural youth live in opportunity spaces in which they face severe challenges. Mechanisms for allowing rural young people to make their voices heard and to channel their views into policy forums should receive increasing attention under these circumstances.

Cross-cutting investments

All countries need to seek to obtain the digital dividend, but the least transformed countries and most challenging spaces may stand to benefit the most. The digital revolution is fundamentally re-shaping the future of work, as well as connectivity for people, places and ideas everywhere in the world. Investments in fundamental capabilities, though always central to development, must now carry a larger share of the growth burden, as the digital revolution is bringing about structural changes that are narrowing the “easy growth” path of labour-intensive manufacturing. Although countries with the highest levels of transformation may find it easier to devote the necessary fiscal resources to making the right investments and possess the necessary institutional capacity to do so, the least transformed ones stand to benefit the most from investments in digital information and communication technologies. For instance, mobile telephony is reaching vast areas that have never been served by landlines, and there are thriving mobile payment markets in places that formal banking systems have not reached. At the same time, digital technologies make it possible to bridge the age, gender and rural-urban divides that tend to be the widest in the least-transformed countries. Regardless of a country’s level of transformation, the mobile money adoption rates of young people are comparable to those of adults, women are just as likely to use them as men, and rural areas have penetration rates that are similar to those of urban areas (Gasparri and Muñoz, 2018).

Finally, because most investment in this area comes from private sources and depends primarily on the existence of a conducive regulatory environment, more highly transformed countries’ advantage in terms of fiscal resources may be less important.

Nearly all African countries need to dramatically speed up their demographic transition, and doing so starts with youth. All countries go through a demographic

transition as their economies grow, but only those that invest in the right policies during the temporary period of low dependency ratios reap a demographic dividend. Efforts in this connection need to take the spatial and temporal dimensions into account because, since rural areas lag behind urban ones in their demographic transition, there are very different age and gender structures at different points along the rural-urban continuum (see chapter 5). Investments in both the productive and reproductive spheres of rural young women's lives are needed in places that are lagging behind. These needs include improvements in access to maternal and health care and to family planning and reproductive education services in order to lower fertility rates and enhance educational outcomes. These policies, however, cannot achieve a great deal in places where social norms constrain young women's economic and social participation. Thus, efforts on this front cannot ignore the age and sex differences that exist along the rural-urban gradient. Women account for a larger share of the labour force in rural areas, and this is particularly true of young adult women, so their human capital and labour outcomes have a very large impact on the size of the attainable demographic dividend. This kind of spatial and subnational approach to youth policy is imperative in order to ensure that the first demographic dividend is grasped and that enabling conditions are created for the realization of the second demographic dividend.

Rural opportunities everywhere will be influenced by climate change in complex and uncertain ways, and youth are particularly vulnerable. Integrated development and climate policies and investments are called for in order to address this situation. The latest report from the Intergovernmental Panel on Climate Change warns that the world has little time to take action to avert the devastating impacts of climate change (IPCC, 2018). The analysis conducted for this report shows that low- and middle-income countries with large youth populations are still heavily agricultural. Yet, while climate change has a direct impact on agriculture, it also affects youth opportunities in other sectors. A comprehensive package of investments in all sectors is therefore required to deal with this challenge. In order for rural youth to be able to adapt to climate change in all sectors, they need the capacity to process complex information about risks and new technologies. Much of this information can be conveyed to rural youth by digital means, but in order for this to be possible, governments have to put in place regulatory frameworks that promote affordable access to private mobile technology and services. With such access in place, young people can make use of the rapidly updated information that is available on the web in order to help to make up for the limited capacity of traditional information systems, including rural extension systems, to deal with change (Lipper et al., 2014). Yet because this information may be complex, young people will need strong skills if they are to use it properly to develop strategies that work for them. And in order for that to happen, countries need to improve their education systems (Muttarak and Lutz, 2014) and establish extension systems that put the emphasis on "learning to learn".

Final remarks

As policies and investments for improving the opportunities that are available to young people in rural areas have to be embedded in broader national and local strategies, policies and programmes, participation mechanisms for rural youth should also be a part of those wider policies and processes. Often, governments engage young people only in connection with "youth-related issues" (such as volunteering, sports and recreational activities) or, in the case of rural youth, "rural" topics, instead of working with them on a

wider range of topics of concern to them (such as employment, sexual and reproductive rights policy, etc.) that go beyond the bounds of rural issues. The effective participation of rural youth throughout the policy process is, then, a key element in the development of conducive policy environments to maximize young people's productivity, connectivity, agency and, above all, opportunities.

Many countries should be commended for the efforts and investments they have devoted to making their development processes youth-inclusive. At the same time, they should also be encouraged to make these efforts more comprehensive. For rural youth, in particular, policies and investments must ensure broad rural opportunities while promoting youth inclusion. Only then will the prospects for rural youth be brighter and only then will they be in a position to create a dividend for society.

SPOTLIGHT The future of research dealing with the rural youth population

The evidence base for determining what works in promoting rural youth development is very weak. In its current state, it is about where the evidence on gender and development was in the early 1980s. The gender and development literature started out from a weak evidence base, but this eventually became one of the most researched topics in the field of rural development; the youth and development literature is still in its infancy. Given the importance of the increasing numbers of youth in some countries at this juncture in the global dynamics of change, which include the demographic transition, the AFS transformation process, the digital revolution and climate change, policymakers are increasingly incorporating youth issues into their discourse.

Because there is a lack of evidence, most of the discourse on rural youth is not rooted in empirically substantiated facts. Many of the claims being made in the youth literature are not supported by the available evidence (Sumberg et al., 2018). Most robust (globally comparable) evidence on youth education and employment has an urban bias because data are easier to collect in urban areas, where formal employment predominates. The discourse around youth empowerment/agency has also suffered from an urban bias until recently because of the greater ease with which various types of programmes can reach urban youth and because some youth organizations are subject to elite capture (Trivelli and Morel, 2018). Rural young people, especially those who are in the most isolated areas, engage in the economy and society in different ways that are hard to capture in official figures. Researchers are just starting to scratch the surface of the realities of rural youth thanks to the increasing availability of microdata and big data. See annex D for a detailed assessment of data availability and remaining challenges (available at: www.ifad.org/ruraldevelopmentreport)).

The increasing availability of individual-level data that are disaggregated by age and gender, combined with big data, is facilitating the compilation of increasing amounts of more robust evidence on rural youth issues. Data from sources such as those used in this

report (e.g. Living Standards Measurements Surveys (LSMS) and Demographic and Health Surveys (DHS)) are becoming increasingly available for use by developing-country researchers. Many LSMS datasets are now in the form of panel data, which means that youth trajectories can be studied directly, rather than being inferred from successive cross-sectional surveys. Despite increasing data availability, key challenges remain in the areas of data integration across various sources and of measuring variables particularly important for rural youth. These are skills, especially noncognitive ones, and farm work (for further information, see annex D: Indicators and sources of data on rural youth employment, available online only at: www.ifad.org/ruraldevelopmentreport). The Young Lives programme (younglives.org.uk) is generating quantitative and qualitative data of an unprecedented depth on micro-dimensions of young people's lives in four countries over time, and this information is providing a wealth of new insights. Even the WorldPop data used in this report now include estimates of age-disaggregated populations at the pixel level. These and other data are opening up unprecedented opportunities for understanding young people's lives in developing countries and for designing programmes that will work for them.

All the targets and sub-targets for the Sustainable Development Goals call for the compilation of age- and gender-disaggregated evidence for monitoring and evaluation purposes. The Millennium Development Goals turbo-charged the gender and development literature with their focus on women in development. The Sustainable Development Goals (SDGs) may now do the same for youth, since age- and gender-disaggregated data are required to monitor progress towards achieving the SDG targets. Future research should place special emphasis on the differences in rural youth livelihoods to be observed along the rural-urban gradient, given how influential these differences are in terms of the productivity, connectivity and agency of rural youth, as documented in this report. Qualitative research is also needed in order to complement quantitative methodologies as a basis for the attainment of a better understanding of the contextual factors that shape youth livelihood outcomes.

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