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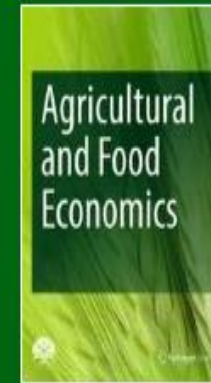
Institutional drivers of youths into Agribusiness

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Impact of informal institutions on youth agribusiness participation in Southern Benin

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Presentation outline

- 1. Introduction**
- 2. Institutions and entrepreneurship (agribusiness)**
- 3. Motivations of the study**
- 4. Data and descriptive statistics**
- 5. Main findings**
- 6. Summary**

1. Introduction (1/3)

Problem statement

- **Youths are uninterested In the agribusiness sector in Sub-Saharan Africa.**
- Agribusiness being all activities and services along the agricultural chains.

1. Introduction (2/3)

Hurdles to youth participation to the AS

Lack of interest toward the AS

- Youths are not interested in agribusiness because they identify agricultural activities as a **laborious work with low productivity.**

Rural exodus

- Rural youths are attracted by off-employments and migrate to urban areas.

Lack of inputs

- Mounting evidence suggests that limited **access to financial** services, **plots of land** and **technical knowledge** are **impeding factors.**

1. Introduction (3/3)

Objective, findings, & recommendations

- **We assess the impact of informal institutions on youth participation in the AS.**
- Findings suggest that **agribusiness-friendly informal institutions** are key drivers of youth participation in the AS
- We recommend **institutional reforms to strengthening trust within society and improving youth's desirability for agribusiness**

2. Institutions and entrepreneurship (1/1)

Theoretical framework

Equivocal concept

- Rules and constraints
- Instrument of governance
- Game balancer

What are institutions?

- Institutions are humanly devised constraints that shape life in society
- Formal institutions: constitutions, laws, contract and property right
- Informal institutions: traditions, taboos, codes and ethics

Institutions and entrepreneurship

- **Institutions are instrumental to economic development**
 - Good institutions reduce uncertainty and transaction costs.
- **Institutional framework**
 - Entrepreneurial activities could be either productive or destructive
 - Good institutions favor productive activities while bad institutions fuel unproductive ones.

3. Motivations of the study (1/1)

Research objective

- It is critical to assess the impact of informal institutions on youth participation in the AS.

Rationales

- Providing inputs may not drive the youths into the AS.
- Inspecting the institutional framework that shapes the youth's life and the choice of their career is critical to get broader insights.

Rationales

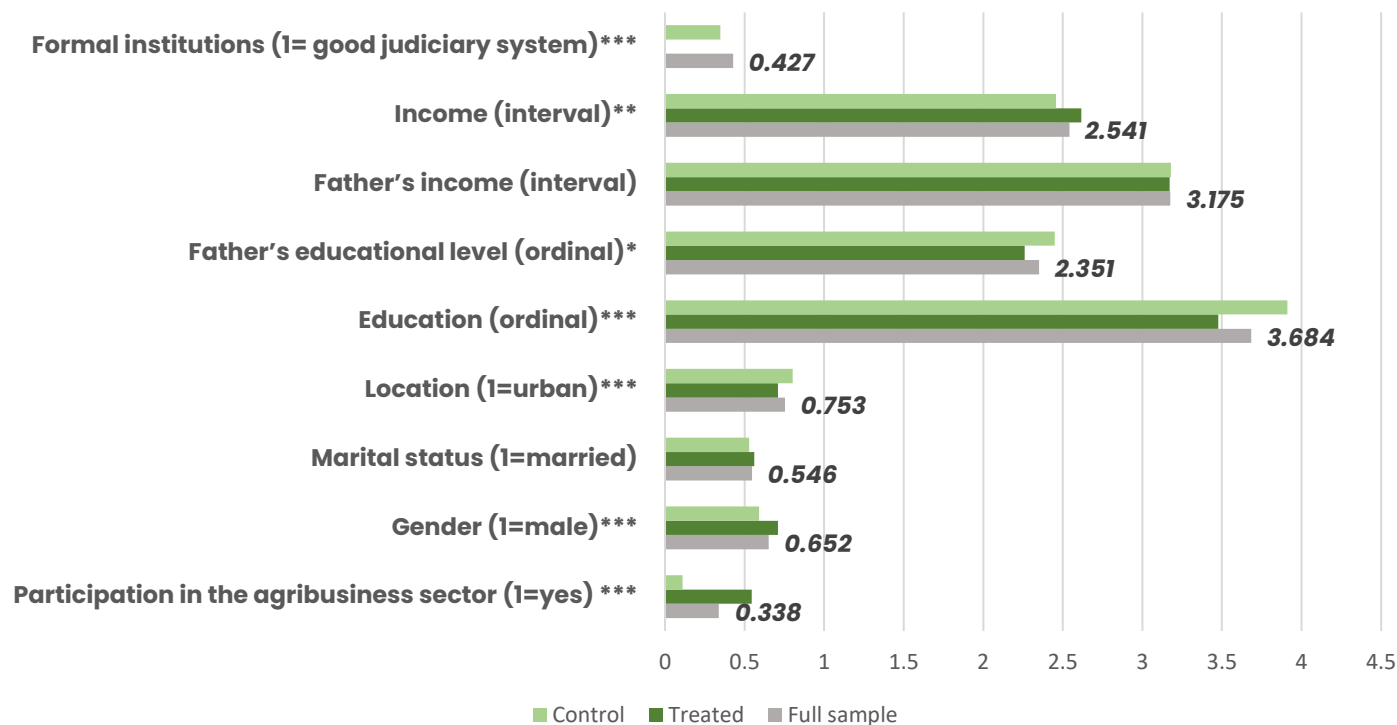
- Institutions can inform and predict youth participation into AS because they **reduce uncertainties and transaction costs.**
- Institutions are particularly relevant for agribusiness as agricultural value chains **are contract-intensive.**

4. Data and descriptive statistics (1/2)

- We surveyed 478 individuals aged 15 to 35 (African Youth Charter) in Southern Benin based on a **stratified random sampling technique**.
- We collected information on respondents' **socio-economic characteristics, information on informal institutions and participation in the AS**.
- *Agribusiness activities covered are market gardening, pineapple growing and conventional agriculture (rice, maize, cassava and fishery).*
- **We measure informal institutions by trust, control, absence of obedience (societal structure) and social desirability for AS.**
- **We then classify the youths' perception of informal institutions into two broad categories:**
 - **High attributes:** agribusiness-friendly informal institutions.
 - **Low attributes:** agribusiness-unfriendly informal institutions.

4. Data and descriptive statistics (2/2)

Figure 1. Respondents' characteristics

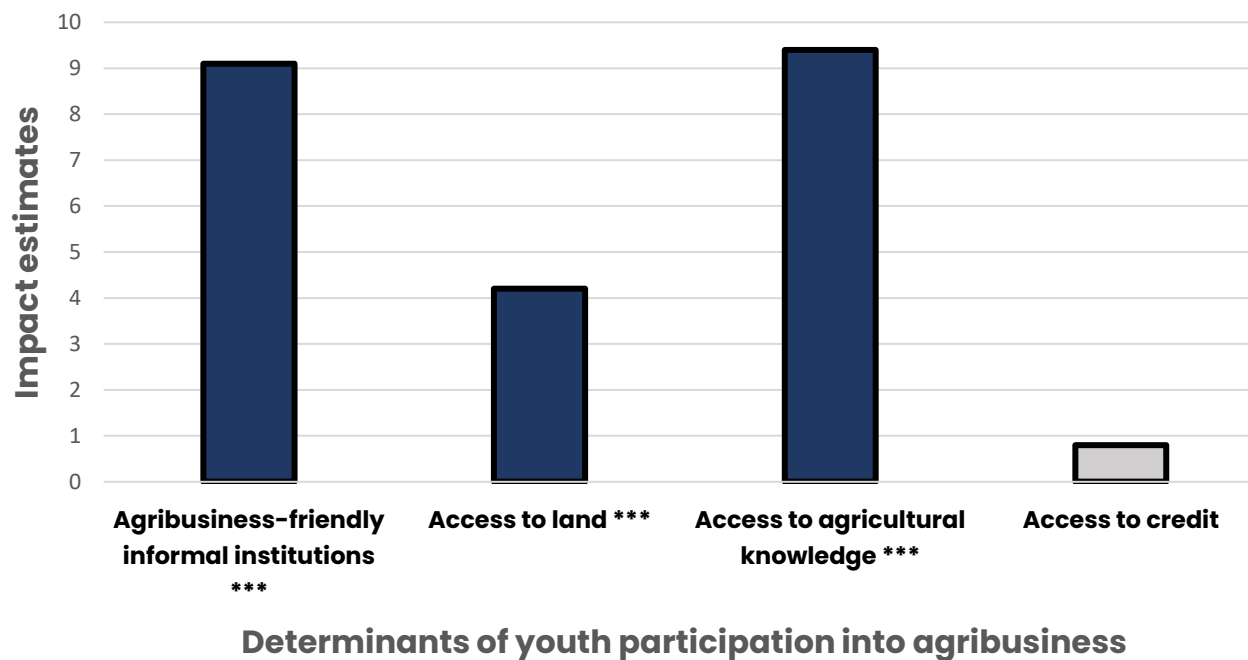


- Among the respondents, 65 % are male and 75 % live in urban and peri-urban areas.
- 34 % of the respondents are in the AS.
- The mean differences (except father's income) of covariates are statistically significant.

Notes: *, **, and *** indicate significance at 10%, 5%, and 1% levels, respectively; Standard errors are reported in the parentheses.

5. Main findings (1/1)

Figure 1. Factors affecting youth participation in agribusiness



Notes: *, **, and *** indicate significance at 10%, 5%, and 1% levels, respectively; Standard errors are reported in the parentheses. The blue bars indicate a significant effect.

- Informal institutions matter for the participation of the youths into the AS.
- Furthermore, land and agricultural skills are all relevant inputs for starting agribusiness projects.
- However, no impact was observed concerning access to financial services.

6. Summary and conclusion(1/5)

Problem statement

- Agri-related activities are unappealing to the youths in sub-Saharan African countries.

Question.

- How can we stimulate youth participation in the AS?

Research objective

- To evaluate the impact of agribusiness-friendly informal institutions on youth participation in the AS.

Main findings

- **Agribusiness-friendly Informal institutions are essential to youth participation** in the AS.
- **Access to land and technical knowledge drive youth participation** into AS.
- **Access to finance** assistance has **no significant** impact on youth participation in the AS.

6. Summary and conclusion(2/5)

Long-term policies

- Long-term policies consist of implementing institutional reforms to enhance societal level of trust.
 - *Reducing corruption practices;*
 - *Strengthening the judiciary to protect agri-related contracts;*
 - *Enforcing property right.*

6. Summary and conclusion(3/5)

- **Long-term policies might also seek to improve desirability for AS.**
 - *Informing the youths of the untapped opportunities available in the AS;*
 - *Informing the youths that AS is a life choice;*
 - *Involving media in the promotion of youth and women participation in AS;*

6. Summary and conclusion(4/5)

Short-term policies

- Short-term policies consist of capacity development and easing access to land for the youths.

6. Summary and conclusion(5/5)

International institutions, non-profit and non-governmental organizations

- **Understanding the mindset of the youths** before supporting their participation into AS;
- **Ensuring informal institutions are agribusiness-friendly** before supporting the youths financially to avoid low loan repayment rate among the youths.



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