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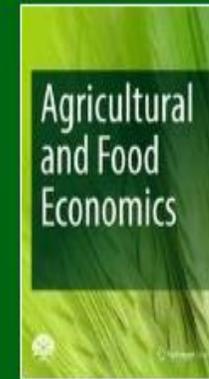
# Institutional drivers of youths into Agribusiness

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[Home](#) > [Agricultural and Food Economics](#) > [Article](#)

# Impact of informal institutions on youth agribusiness participation in Southern Benin

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**[Agricultural and Food Economics](#)**

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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

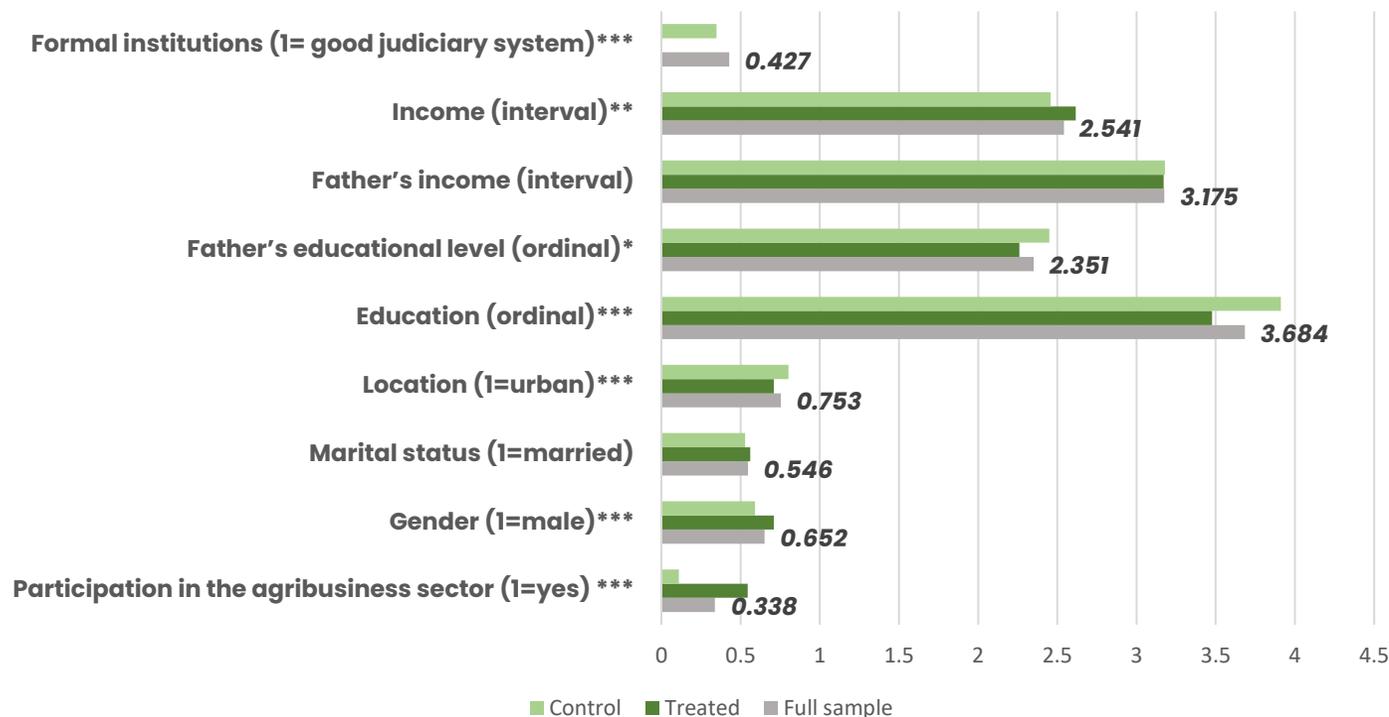
- Institutions can inform and predict youth participation into AS because they **reduce uncertainties and transaction costs.**
- Institutions are particularly relevant for agribusiness as agricultural value chains **are contract-intensive.**

## 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**

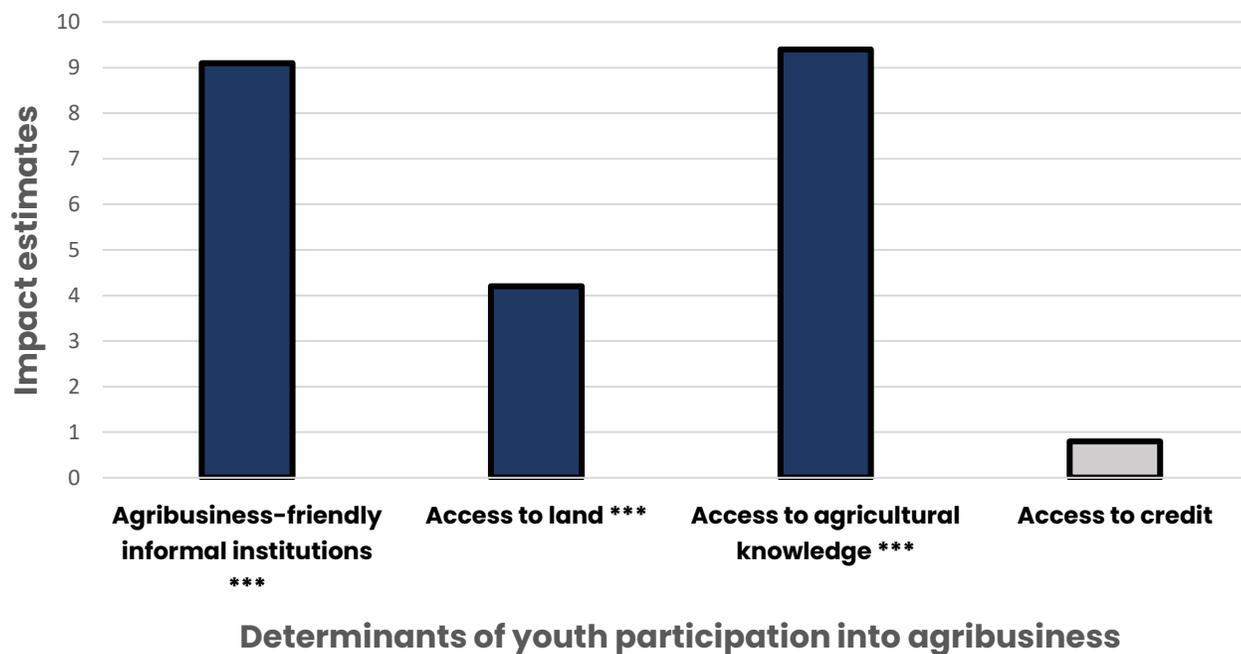


- Among the respondents, 65 % are male and 75 % live in urban and peri-urban areas.
- 34 % of the respondents are in the AS.
- The mean differences (except father's income) of covariates are statistically significant.

**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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