Employment and Entrepreneurship


This is one of several Activity Design Guidance documents for implementing the U.S. Government’s Global Food Security Strategy. The full set of documents is at www.feedthefuture.gov and www.agrilinks.org.

Introduction

Increasing employment and entrepreneurship (Intermediate Result 3) is a key pathway toward inclusive and sustainable agriculture-led growth (Objective 1), as noted in the U.S. Government’s Global Food Security Strategy (GFSS) 2022–2026. Generating increased incomes and higher profits through on-farm and off-farm work, which refers to producers in agriculture, aquatic/fishery, and forest contexts, helps households and their diverse members, including women, youth, persons with disabilities, Indigenous Peoples, and lesbian, gay, bisexual, transgender, queer, and intersex (LGBTQI+) persons, rise out of poverty, become more resilient (Objective 2), and be well-nourished (Objective 3), among other development outcomes. How exactly do more and better, inclusive jobs get created, and how should Feed the Future interventions approach inclusive and jobs-rich agricultural and rural transformation?

Developed through a deliberate and consultative process, the U.S. Agency for International Development (USAID) Employment Framework and its accompanying Playbook serve as the Agency’s definitive overarching guide to help USAID staff and development partners understand employment challenges in USAID host countries and design interventions that support more and better jobs for all. It describes the relationships between employment, economic development, and greater self-reliance in developing countries; provides a guide for diagnosing employment challenges; and recommends interventions to support employment and skills to navigate employment opportunities.

Feed the Future, guided by the GFSS, pursues pro-poor economic growth that creates employment that will benefit and empower women, youth of working age, other marginalized and underrepresented groups, the landless, and others with little or no assets. Increased productivity of labor is of central importance to the achievement of GFSS objectives.

“The concept of ‘better jobs’ implies not higher earnings for some, but better opportunities for all, including youth, women, and socially excluded groups. For that reason, ‘better jobs’ are central not only to sustainable economic growth but to another driver of self-reliance: inclusive development.”

This GFSS Activity Design Guidance recommends that users read and use the USAID Employment Framework and Playbook. The Employment Framework focuses on three outcomes: increasing employment for those who want to work, higher earnings, and better and more inclusive jobs. This guidance also highlights how the U.S. Government can support increased employment and entrepreneurship through Feed the Future, as central to the achievement of GFSS objectives.
Terminology and Context

Terminology
The following overview and terms are excerpted from the Employment Framework (see the Executive Summary and Annex 2: Definitions).

In developing countries, the definition of employment encompasses more than an employee’s wage or salaried position with an employer. In fact, a great many individuals hold jobs or pursue livelihoods that are more realistically defined as “activities that generate actual or imputed income, monetary or in kind, formal or informal.” Individuals often hold multiple jobs, commonly called a “mixed livelihood.”

Employment programs and policies seek to improve employment outcomes for the working-age population (commonly defined as 18–65, or 15–64, but definitions vary). They do this by: (1) helping people to enter the labor force and search for and find a way to make a living (new employment); or (2) helping people who are already working to earn more, or to increase the security of their earnings.

Child Labor: The ILO defines child labor as work that deprives children of their childhood, their potential, and their dignity, and that is harmful to physical and mental development. It refers to work that is mentally, physically, socially, or morally dangerous and harmful to children; and/or interferes with their schooling by depriving them of the opportunity to attend school; obliging them to leave school prematurely; or requiring them to attempt to combine school attendance with excessively long and heavy work.

Decent Work: Work that “is productive and delivers a fair income, security in the workplace, and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize, and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.” See the International Labour Organization (ILO) for additional information on decent work.

Economic Transformation: Two linked development processes: (1) sectoral change, through increases in labor productivity, especially in the sectors containing the majority of the labor force; and (2) structural change, the shift of workers and other resources from low-productivity sectors, such as subsistence agriculture, to high productivity sectors, such as industry and modern services. Economic transformation raises the general level of output per worker and, hence, is a fundamental driver of rising wages and incomes, improved living standards, and economic opportunities. The process of economic transformation is both initiated and accelerated when the sector(s) of the economy where most people work experience productivity growth. In low-income countries (LICs), the largest sector by employment is usually agriculture.

Employment: Activities that generate actual or imputed income, monetary or in kind, formal or informal.

Entrepreneurship: The starting and/or managing of a business, whether formal or informal.

Family Farms: A farm of any size, operated or managed by a member of the household, with at least 50 percent of the labor coming from family members. In 2014, family farms made up 90 percent of farms globally, accounting for 75 percent of farming land area.

Formal Employment: Employment for a wage or salary in a private firm registered with the central or local government.
**Gig Economy:** Defined as an “economy … based on flexible, temporary, or freelance jobs, often involving connecting with clients or customers through an online platform.” Such employment may offer greater flexibility, but it may undermine job quality and “traditional economic relationships between workers, businesses, and clients.” Most employment in the gig economy is self-employment.

**Household Enterprises (HEs):** Unincorporated, nonfarm businesses owned by households. People who work in this sector include self-employed individuals running businesses and family members who report working in the business. Most HEs are one-person operations. In sub-Saharan Africa, 90 percent of people working in this sector are self-employed owners; only 10 percent are family members. Owners of HEs may be located in rural, semiurban, or urban areas and may operate more than one enterprise at any point in time or during a single year. They may also engage in both farm and nonfarm activities; in other words, they may pursue mixed livelihoods. Employment in this sector expands through startups. Individuals who manage to start and sustain a business will be able to work more (reduce underemployment) and earn income.

**Informal Employment:** An employment relationship between two unrelated persons not subject (by law or by practice) to national labor legislation governing employer-employee relationships, or benefitting from social protection schemes organized through employment. In most cases, informal employment is not legal.

**Self-Employment:** Individuals working for themselves as a freelancer or owner of a business, who have autonomy over business practices. A new ILO category designating self-employment in the gig economy is “dependent self-employment,” in which a person may have no autonomy over business decisions, such as unit price or terms of payment.

**Smallholder Farms:** A subset of family farms in which the holding is smaller than 2 acres (1 hectare) and provides the main source of income for the family. In 2014, 72 percent of all farms were smallholder farms, accounting for only 8 percent of agricultural land.

**Smallholder Producer:** Defined in the Feed the Future Indicator Handbook as “one who holds 5 hectares or less of arable land or equivalent units of livestock, i.e., cattle: 10 beef cows; dairy: two milking cows; sheep and goats: five adult ewes/does; camel meat and milk: five camel cows; pigs: two adult sows; chickens: 20 layers and 50 broilers. The farmer does not have to own the land or livestock.”

**Rethinking Our Approach to Employment**

A helpful way of thinking about fostering employment opportunities is in the context of decent work and by differentiating between donor interventions designed to both strengthen the capacity of employees/labor and workforce development institutions to meet market demand, as well as the capacities of employers to attract and retain qualified employees.

Historically, donors have approached the challenge of increasing employment by focusing on supply-side interventions, which improve the qualifications of current and prospective labor force participants to raise their earnings. These interventions include efforts to help individuals enter the labor force or switch to higher-paying jobs, such as the following interventions:

- **Targeted technical skills training** associated with particular areas of expertise and practice in specific agricultural science subdisciplines.
- **Noncognitive, or soft skills, training (also referred to as functional or transferable skills),** such as leadership, communication, and character skills (such as self-confidence), that contribute...
to an individual’s ability to perform well in the workplace or conduct successful income-generating activities.

- **Helping educational and training institutions be more responsive to the labor force and private sector labor demand**, so that they can stay at the forefront of innovation and more nimbly respond to changing labor market needs to provide relevant, “just-in-time” skills training for occupations where demand is clearly expanding.

Evidence on the impact of supply-side interventions is mixed and insufficient. These interventions do not include formal schooling, for which there is plenty of evidence on the positive association between educational attainment and wage income. A systematic review of technical and vocational education and training (TVET) interventions found small, but positive, effects on employment and earnings. There is insufficient evidence, however, to determine whether the employment effects were net additional or simply the result of displacing untrained workers. In addition, as outlined in the [USAID Employment Framework](https://www.usaid.org/employment), there is strong evidence that TVET is rarely cost-effective, is often of limited quality, and may focus on skills that may become obsolete with technological change. More research is needed on what aspects of TVET are most valuable.

Other supply-side interventions, such as USAID’s experience in Guatemala in supporting accelerated education programs for youth interested in working in agriculture, may be promising. The idea is to help young people attain formal schooling while gaining the technical skills and knowledge to meet the labor demands of a modernizing agricultural sector. Education and skills development opportunities on their own, however, will not sustainably create jobs. The diversification of education products and services is needed to meet rising demand for education and skills development opportunities. Inclusive, private sector-driven extension and advisory services, such as the village agent model, help to fill gaps in education and skills training supply that formal and nonformal education systems are slow or ill-fitted to meet.

Demand-side interventions are designed to improve factors beyond the control of workers that affect labor demand and labor productivity. To promote wage employment, for instance, interventions may draw on the power of private sector investments by working with local stakeholders to:

- **Increase productivity of diverse producers, household enterprises, and small- and medium enterprises (SMEs).** These activities include efforts to help producers, households, and firms be more productive by increasing their access to financial services, improved inputs, technical training and assistance, and value-addition (e.g., improving production practices to meet higher quality and safety standards), including through better coordination among market actors (e.g., aggregation models that enable smallholders to engage with larger distributors) and collective efforts (e.g., producer groups and cooperatives). Many efforts to promote entrepreneurship fall in this category, such as facilitating access to management consulting services.

- **Strengthen inclusive market systems.** Much of our value chain and market systems programming focuses on reducing the transaction costs for financial service providers, aggregators, input suppliers, and others that can help SMEs and producers take better advantage of market opportunities in ways that promote inclusive, shared value, including better “win-win” employment outcomes.

- **Strengthen the enabling environment.** The enabling environment should be strengthened for private sector investments, particularly those that generate economic opportunities for rural households and their diverse members, including women and youth. These policies may include, for instance, those governing employment and social protection, land rights, trade flows, rural services and infrastructure, and taxation, among others, including laws on the books and government regulations in practice.
Employment prospects are shaped by the state of structural and rural transformation of a particular context, which needs to be diagnosed and well understood to inform specific strategies. See the International Fund for Agricultural Development’s (IFAD) 2019 Rural Development Report for greater context on promoting a rural transformation inclusive of youth.

In addition to the compelling empirical case for demand-side interventions, trends in the labor market across Africa further warrant a greater focus on interventions to support household enterprises.\(^9\) Formal sector wage jobs will not absorb Africa’s growing labor force in the near future. See the GFSS Activity Design Guidance for Youth Empowerment and Livelihoods in Food Systems for additional information. Just 20 percent of youth in LICs and 34 percent of youth in low- and middle-income countries have wage and salaried jobs, which are typically more stable, safer, and provide higher earnings.\(^10\) In Africa, there are 12 million new entrants to the labor market each year who find just three million formal job opportunities.\(^11\) People in rural areas of LICs rely heavily on mixed livelihoods, combining incomes from temporary and seasonal work as well as agricultural and nonagricultural jobs, including household enterprises, and, in many LICs, remittances.\(^12\) In sub-Saharan Africa, which has most of the world’s “youngest” countries, demographic challenges will slow the employment transformation, and employment policy must recognize that most livelihoods will remain in the informal sector for the foreseeable future.

In light of this reality, rural households face two fundamental challenges when it comes to employment: (1) the seasonality of labor tied to agricultural production cycles (leading to poor quality employment and underemployment), and (2) the lack of higher productivity self-employment or casual wage employment opportunities. Placing greater emphasis on demand-side interventions as a path to increased employment and entrepreneurship makes sense, and this should be encouraging news: at its core, Feed the Future strives to support broader agricultural and rural transformation grounded in improved productivity of smallholder agriculture and more dynamic market systems. Yet, as previously noted, employment outcomes are central to the process of realizing development improvements for people and their households, communities, and countries. Improved productivity must consider improvements per unit of labor, who benefits and how, and closing gaps in women’s and youths’ access to productive resources is critical.

For further information on multiple country contexts, see the BIFAD-Commissioned Report, Agricultural Productivity Growth, Resilience, and Economic Transformation in Sub-Saharan Africa: Implications for USAID, which outlines prospects for jobs and the labor force in four different country typologies, including:

- LICs: Accelerate Productivity-Led Growth in Rural Areas.
- Lower-Middle-Income Countries: Focus on Government Effectiveness, Infrastructure, Trade Logistics, and Urban Governance.


**Gender and other barriers to employment.** Women, including adolescent girls and young women, and socially excluded groups often face specific obstacles to employment, especially higher paying and more secure wage work. Women encounter persistent discrimination in employment and earnings because of pervasive normative barriers that limit women’s and girls’ education, segment women and girls into “appropriate” fields of study and less lucrative employment, and limit their labor force participation.
Marginalized groups—including, but not limited to, persons with disabilities, ethnic and religious minorities, Indigenous Peoples, and LGBTQI+ people—often face social stigma, formal and informal discrimination, and structural barriers that restrict their efforts to prepare for, seek, obtain, and maintain employment. Better opportunities for all depend on strategies to fight discriminatory practices and the belief systems that perpetuate them, and on research to learn how best to include marginalized groups in employment programming. The commitment of leaders and institutions is as important as their capacity, but unless more jobs are created in the economy, interventions targeting these groups will not increase income-earning opportunities in the economy. (See the USAID Employment Framework, page ix.) For more information on specific challenges facing young people and solutions, see: 1) the GFSS Activity Design Guidance for Youth Empowerment and Livelihoods in Food Systems, and 2) The USAID Employment Framework, pages 8–9, and 43–44.

Climate change challenges. Climate change is also posing challenges and opportunities to the labor force globally and in developing countries that are particularly vulnerable and lack resilience to its impacts. As outlined in the USAID Climate Strategy 2022–2030, “The climate crisis is impacting nearly all aspects of lives and livelihoods, and USAID recognizes that jobs can improve both climate and livelihood outcomes by building resilience to climate shocks and stressors and advancing inclusive development. However, job creation and transformation efforts can contribute to the climate crisis or fail to help mitigate its effects if such efforts do not integrate considerations to foster green jobs. “Green” jobs can be seen as those that help drive the change for systems to become more inclusive, lower-carbon, and climate-resilient, including but not limited to those requiring less land and water. Additionally, to ensure that the transformation toward green jobs fosters a just transition, it also is critical to be intentional about integrating measures that ensure these jobs are inclusive and provide decent work and sustainable livelihoods while respecting workers’ rights.”

The USAID Climate Strategy 2022–2030 further defines just transition, as applied to global climate change, as “transitioning the global economy to a low-carbon, resilient one in a way that seeks positive environmental, social, and economic outcomes together, delivers equitable benefits, and does no harm. To do so, there must be inclusive, gender-equitable, and participatory decision-making and development processes that ensure justice in the transition, growing low-carbon and resilient firms, institutions, and communities, fostering good livelihoods, developing demand-driven skills and labor-matching, protecting and enhancing workers’ rights, safeguarding community health, and human rights of affected individuals, including in Indigenous and local communities.”

The United States does not currently have a working definition of “green jobs,” and the United States’ focus on just transition has principally been in the area of climate mitigation and energy transitions. Feed the Future’s focus on climate adaptation, while promoting climate mitigation where possible, involves pursuing co-benefits, such as achieving development objectives while reducing emissions intensity. It must also consider labor outcomes, including for diverse groups.

As outlined in a USAID/Bureau for Resilience and Food Security (RFS) White Paper on Youth, Women and Green Jobs in Agriculture, Food and Water Systems (internal to USAID staff only), one solution that has been proposed at the nexus of many of these challenges of youth employment, gender inequality, the climate crisis, and food insecurity by many individuals and organizations is “green jobs,” including in agriculture, food, and water systems. Some economic models find that “green investments,” often measured as investments in climate-resilient infrastructure and/or renewable energy, lead to more job creation than business-as-usual investments.14 These investments can also increase adaptation and provide a more stable environment for economic growth to prosper,15 and may be required for approaches like conservation agriculture to be effective at reducing environmental impacts, along with a suite of other factors like improved access to finance, social protections, and research and development.16
investments expected to lead to more or better jobs may not do so directly, however, and other undesirable outcomes may be produced in the process of achieving them. They also might not be considered better jobs because, for example, conservation agriculture is more labor-intensive, and it could exacerbate harmful social and gender norms.

**Designing Activities**

Promoting agricultural and rural transformation for inclusive and sustainable development may be the most promising way donors can help generate employment and entrepreneurship, according to the level of structural and rural transformation, which shape opportunities. There are steps we can take to make our programming help economically poor households and the diverse circumstances of their individual members, including those of women, youth, and others, take advantage of income-generating activities and achieve decent work and improved well-being.

The [USAID Employment Framework](#) and [Playbook](#) outline a clear process for strategic decision-making in your context. As depicted in the following figure, the process involves three steps: diagnose, decide, and design. When deciding upon the results you are seeking to achieve in the near term, consider the relative importance of the following:

- Increasing employment for those who want to work.
- Higher earnings.
- Better and more inclusive jobs.

**Key Lessons Learned**

The following are some additional considerations for this work in agriculture, food, and water systems:

**1. Understand the economy and the labor force, and consider climate risks within the zone of influence.** In exploring the possibilities for designing activities that promote agricultural and rural transformation for inclusive and sustainable development that generates employment and entrepreneurship opportunities, conduct and draw on jobs diagnostics, market assessments, inclusion and other analyses. These analyses should focus on the growing income earning opportunities in the rural economy and identify the constraints poor households and their members—especially women, youth, and marginalized groups, including persons with disabilities—face when participating in these markets as workers, business owners, or service providers. Across Africa, for instance, farming will remain the single
largest employer of the workforce for at least another decade, and increased labor productivity in agriculture will remain an important driver of labor productivity in the nonagricultural sector (as labor moves from agriculture to other sectors).

Climate risks should also be considered in analyses and activity design. In agriculture and amid often already scarce opportunities for high-quality, waged employment, the equivalent of 72 million full-time jobs could be lost by 2030 due to heat stress. Increased temperatures are further predicted to reduce working hours overall. These impacts may also speed internal and external migration, including by the growing numbers of young people in search of a livelihood. Some opportunities and constraints may also be specific to economic activities in our zones of influence, while others may be consistent across the country. Also, the constraints that laborers, the self-employed, and entrepreneurs face are often very different, requiring tailored, distinct solutions. For information on starting points for jobs diagnostics, see the USAID Jobs Diagnostic Technical Guide and the Employment Framework Training Introduction to Jobs Diagnostics (internal to USAID staff only).

2. Improve opportunities in food and agricultural market systems. The U.S. Government can help generate jobs, improve job and labor quality, and increase the demand for labor in developing countries, particularly rural areas, by working with local stakeholders to strengthen food and agricultural market systems. Value chains and market systems can increase productivity and production through the adoption of improved inputs and production practices (such as the use of irrigation that opens year-long production opportunities and reduces the seasonality of income-earning opportunities); value-addition, processing, storage, distribution, and transportation; food preparation and sales; and enabling policies.

Increased production and productivity can increase earnings from employment. Despite the logical connection that private sector investment has in creating jobs, there is very little reliable data on how value chain and market systems projects affect employment. What we do know is that, beyond the direct impact on jobs, market systems can generate demand for wage labor and household enterprise opportunities through multipliers to the local economy.

Jobs are important drivers of development. Ultimately, Feed the Future’s focus on increasing agricultural productivity must center on labor productivity, who benefits, and how. That is, the benefits of inclusive and sustainable agriculture-led growth involves employment transformation, and Feed the Future aims to achieve inclusive, youth- and women-focused, and jobs-rich agricultural transformation for poverty reduction, improved nutrition, strengthened resilience, and sustainable development, including for climate-resilient, greener outcomes.

3. Take stock and adapt. When assessing the outcomes of programming, remember to see if the measures being adopted to enhance agricultural productivity, including labor and better functioning market systems, lead to more full-time work (for instance, a reduction in seasonal underemployment), improve job quality (better incomes and profitability, safe and healthy working conditions, and workers’ rights upheld), and create access to additional sources of income that help households and their individual members diversify their risk. Be prepared to adapt programmatic interventions to address learnings from the outcome data.

4. Be intentional about women, youth, migrants, persons with disabilities, LGBTQI+ people, Indigenous Peoples, and other marginalized groups. Women, youth, migrants, persons with disabilities, LGBTQI+ people, Indigenous Peoples, and other marginalized groups are routinely excluded from markets and the benefits of agricultural growth. This hinders the potential of inclusive and sustainable agriculture-led growth. Common barriers to women’s employment and entrepreneurship, including that of young women of working age, include men’s control over productive assets, the disproportionate time burden of household chores on women, lower educational attainment compared to men, and cultural norms restricting women’s mobility, decision-making, and activity. Youth face greater
constraints than older adults to accessing financial services and market networks, keeping them from taking full advantage of opportunities to modernize agriculture or to service the rising demand for specialized support across agricultural and food markets (e.g., as village agents, traders, transporters, and technicians). Migrant workers often lack timely and accurate labor market information and experience abusive working conditions without the means to protect their rights. Through an intersectional lens, people often experience layered constraints, for example, as a young migrant woman.

Programming in Practice

The Transforming Markets Systems (TMS) Activity in Honduras, funded by USAID, is a seven-year (2018–2025), $49.5 million activity focused on sustainably increasing business sales and creating jobs by strengthening market systems to be more competitive, resilient, and inclusive. TMS provides a strong example of applying diagnostics to program design from the outset of the activity. They undertook a Structural Factor Analysis to inform their approaches to systems change, identifying sectors that best contributed to inclusive job growth. In Fiscal Year 2022, TMS partners created 15,872 new or better jobs to reach a total of 30,403 jobs over the life of the activity. This is 60 percent of TMS’s life of the activity target of 50,000 jobs. Thirty-eight percent of the jobs created to date were for women, while 39 percent were jobs created for youth (15–29), putting TMS on track to achieve the disaggregate of 40 percent for both population groups. TMS is implementing its approach through interventions with partners in five priority economic sectors: (1) Value-Added Agriculture, (2) Tourism and Creative Industries, (3) Entrepreneurship, (4) Business Enabling Environment, and (5) Labor Intermediation. Under Component 1: Value-Added Agriculture, TMS pursues shared value partnerships with the private sector to expand market linkages to high-value end markets, which can deliver more employment opportunities. For example, Bon Café is a coffee processing company that operates in the rainforest regions of Honduras and produces certified organic coffee exported to North American and European markets. In 2021, TMS and Bon Café formed an alliance that facilitates Bon Café’s extension of credits and the provision of technical assistance to producers to ensure production methods are compliant with certification requirements. In addition, coffee processing by-products are converted into an organic fertilizer (Bon Green) that helps meet the nutrient demand of growing coffee plants and sustain production. This work has resulted in a positive impact on employment, including youths’ and women’s employment. A survey conducted in 2022 showed a 117 percent increase in coffee-related employment, with 25 percent of these new and improved jobs held by youth and 26 percent held by women.

The Feed the Future Youth Leadership for Agriculture (YLA) Activity was a flagship youth, agriculture, and gender-focused project supported by USAID/Uganda that addressed issues of youth inclusion (particularly for young women) by bridging the gap between them and the private sector through economic opportunities in agriculture-related fields for at least 350,000 Ugandan youth. Using a market facilitation approach, YLA supported self-employed youth and young entrepreneurs to enter supply chains or access markets, find efficiencies, increase income, grow revenues, and build entrepreneurship, leadership, and workforce-readiness skills.

YLA ultimately facilitated new or more profitable economic opportunities for 359,638 youth, provided grants to 41 partners (of which approximately 44 percent were youth-owned and approximately 70 percent were youth-led at the start of engagement with YLA), established 57 productive partnerships between the public and private sector, and leveraged a total of $13,877,984 in funds from the private sector to further activity objectives, resulting in a 1 to 7 ratio of leveraged funding. YLA also made strides in enabling a youth population to contribute to job creation, innovation, peace, and stability. The activity’s accomplishments show that private sector facilitation cannot only create employment opportunities for Ugandan youth, but also boost resiliency and improve learning outcomes. YLA’s emphasis on young women involved strong gender and youth analysis and tailored strategic approaches that provide lessons
for action across the project cycle. See the Youth, Women and Market Systems Development in Agriculture and Supporting Markets review of inclusive market systems development tactics and the Uganda Case Study comparing higher and lower levels of facilitation intensity.

**Additional Resources and Tools**

In addition to the USAID Employment Framework and Playbook and the GFSS Activity Design Guidance documents referenced throughout this guidance, see the following additional resources:

- Agrilinks Webinar: *Balancing Market Approaches to Better Youth Employment Outcomes*.

**References**

For further assistance related to these Activity Design Guidance documents, please contact fitfguidance@usaid.gov.