Empowering youth for sustainable trade
7th Global Review for Aid for Trade

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Date: 20 May 2019
Why do youth matter?

- 30% of the global population
- 90% live in developing countries
- 3 times as likely as adults to be unemployed
  - Migration pressures,
  - Civil unrest
- Long-term effects of untapped potential

Source: ITC calculations based on ILO data
Why do small and medium-sized enterprises matter?

• 35% of GDP, 70% of employment and 35% of exports

• Smaller firms are more likely to employ youth

• Competitive SMEs can export, grow and create more jobs

• Skilled employees needed for competitiveness and trade
Empowering youth for sustainable trade

• Solve these two challenges together
• Aid for trade for youth economic empowerment and SME competitiveness
• Win-win opportunities: jobs for youth, equip SMEs to go global
• Chapter suggests:
  ➢ Better match youth skills to SME hiring needs
  ➢ Tackle barriers to youth entrepreneurship
  ➢ Create conducive national policy environment
Matching youth skills to SME needs

- 60% of businesses in India and Brazil say it is difficult to find workers with the skills they require.
- Skills mismatches cause inefficiency, unemployment, and prevent trade.
- Companies that highly rate skills availability hire more young workers.
- Tackle skills mismatches to improve youth employment and trade.

Source: ITC SME Competitiveness Surveys
Aid for Trade for youth skills that help companies go global

- Foster collaboration between private sector, government and local education institutions
- Programs ensure that training actually leads to employment
- Customize programmes for inclusiveness
- The Skills for Youth Employment Fund in the Gambia
Youth and trade strategies equip youth today for tomorrow’s economic opportunities

- Identify high potential value chains
- Identify needed staffing roles and skills
- Train young people appropriately

**Percentage of firms in the Tunisian textile and clothing sector reporting they need each staff type**

- Machine operators: 40%
- Industrial and production engineers: 20%
- Commercial and sales managers: 10%
- Research and development managers: 5%
- Manufacturing supervisors: 3%
- Tailors and fashion designers: 2%
- Supply and logistics managers: 1%
- Quality managers: 0%
Tackle barriers to youth entrepreneurship

• One in four young people is self-employed or an entrepreneur
• 40% start their business out of necessity, 60% to capitalize on an opportunity
• Youth entrepreneurship
  • Diversifies the economy
  • Fosters innovation
  • Fosters youth employment

Source: ITC SME Competitiveness Surveys
Aid for trade for youth entrepreneurship

• Management skills
• Mentorship
• Community peer-to-peer learning
• Supportive business ecosystem
• Tailor support for young women entrepreneurs
• ITC’s Refugee Employment and Skills Initiative
Create conducive national policy environment

- Facilitate collaboration between trade-related and education-related institutions to end skill mismatches
- Address legal, infrastructure, and social restrictions that hamper youth entrepreneurship
- Mitigate financial market failures
- Create a shared vision and plan for youth economic empowerment for trade
Access to finance is more of an obstacle for youth-led firms

- Youth-led businesses are more constrained by poor access to finance
- Firm-level survey data from ITC
- Financial market failures
- Role for government, Aid for Trade to address this:
  - Youth accelerators
  - Credit guarantees
  - Financial literacy programmes
  - Seed capital

Source: ITC SME Competitiveness Surveys
How Aid for Trade can best contribute to youth economic empowerment

Source: OECD-WTO Aid for Trade monitoring exercise (2019)
Achieving SDG 8.6

SDG 8.6 states that countries should ‘substantially reduce the proportion of youth not in employment, education or training’.

A checklist for policymakers

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<thead>
<tr>
<th>Business ecosystem</th>
<th>National environment</th>
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<tr>
<td>✓ Facilitate collaboration between trade and education institutions to reduce skills mismatches</td>
<td>✓ Boost availability of financial services specifically targeting youth</td>
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<tr>
<td>✓ Improve scale and quality of entrepreneurship skills development</td>
<td>✓ Prohibit age and gender-based discrimination to mitigate obstacles facing youth-led firms</td>
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<td>✓ Create youth entrepreneurship communities for mentoring and peer learning</td>
<td>✓ Improve information and communications technology (ICT) infrastructure</td>
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<tr>
<td>✓ Identify value chains with high export potential and boost youth skills accordingly</td>
<td>✓ Craft a youth and trade strategy through multistakeholder consultations that build a shared vision and plan for youth economic empowerment</td>
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Thank you