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Opportunities for Youth Employment and Entrepreneurship

Understanding the African Continental Free Trade Area

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Chapter 1

Africa's Youth: Prospects and Challenges



A Catalyst for Growth

- Africa is the **youngest continent** in the world, with a median age of 19.8 years and **65% of the population under age 25**.
- By the middle of the current century, **a third of the world's youth** population is expected to live on the continent.
- While **ageing populations** are expanding in many parts of the world, Africa's large and rapidly growing young labor force is a **valuable asset**.
- Has the potential to generate a **demographic dividend** and yield **economic and social gains**.

Pressing Challenges: High Unemployment

- There are **10-12 million** African youth entering the workforce each year.
- However, only **3 million formal jobs** are created annually, resulting in high youth unemployment
- **Several issues** contribute to this issue
 - One key factor is Africa's current **development paradigm**, which is characterized by high dependence on primary production and exports of raw materials, such as minerals or natural resources.

Country	Youth unemployment rate
Morocco	21.93% (2020) ⁷
Lesotho	32.8% (2020) ⁸
Eswatini	47.37% (2020) ⁹
South Africa	55.75% (2020) ¹⁰

Other Pressing Challenges

Lack of decent jobs

- One-third of African youth aged 15–35 are **vulnerably employed**. Therefore, a sizable proportion of African youth are pushed into the **informal sector**.

Skills gap

- Limited access to **quality education**.
- Lack required **skills, knowledge or personal attributes** employers seek.

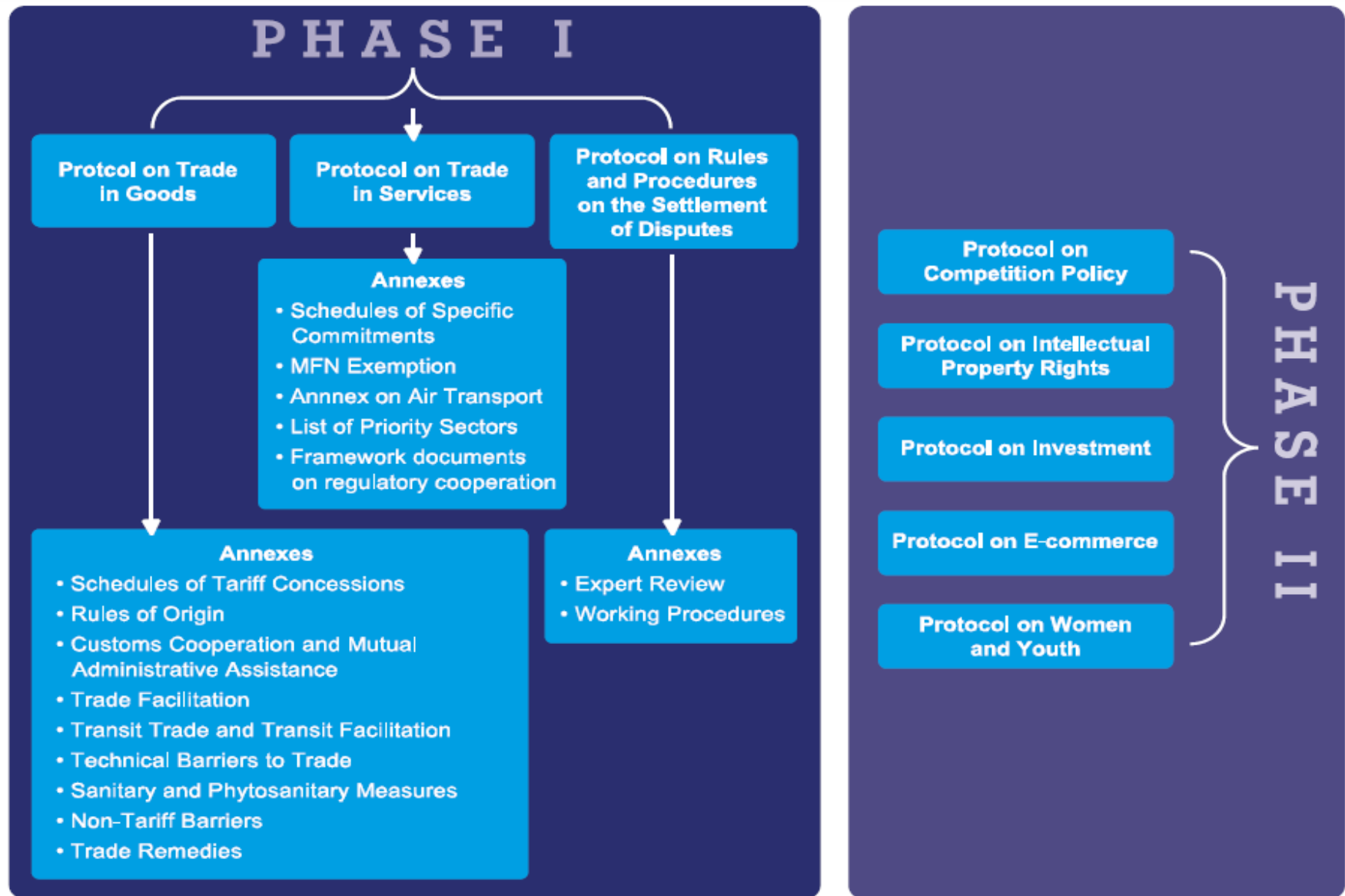
Barriers for SMEs and youth entrepreneurship

- Capital constraints, business development know-how, access to business networks and information on different markets and regulatory frameworks.

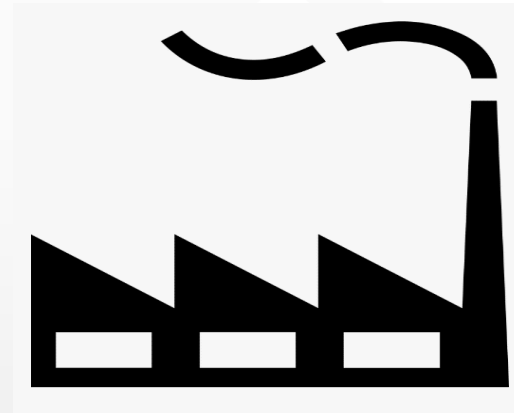
Increased migration

- With **limited prospects** in their home countries, millions of African youth migrate in search of a better life. **High levels of unemployment is a key** driver of youth migration

Chapter 2: What is the AfCFTA

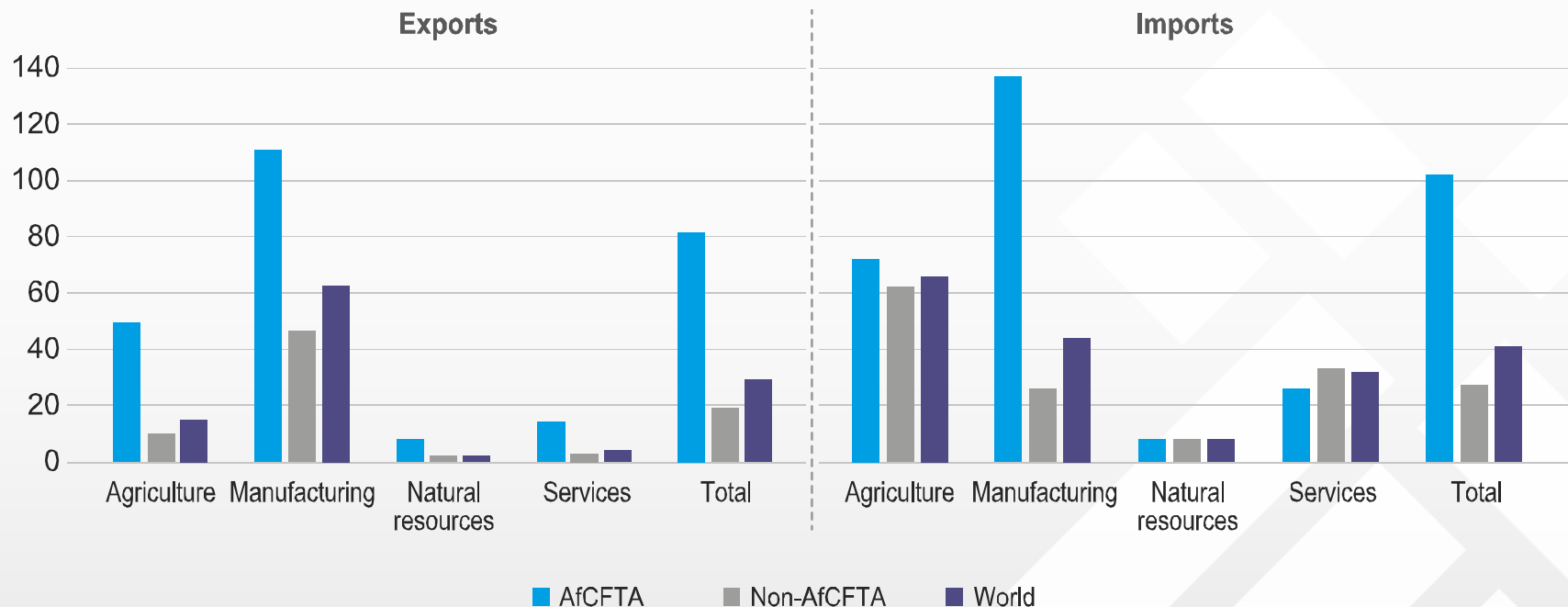


Chapter 3: Opportunities for Youth



Manufacturing to gain the most

- World Bank predicts **29% increase in total exports** by 2035 and **46% rise manufacturing exports** to the rest of the world
- Expansion in key areas, development of new industries and **'Made in Africa'** goods
- Provide much-needed **employment opportunities** i.e. 13-16 million new jobs
- Growth in sector will help **bridge the youth employment gap**



New opportunities in agriculture

- Africa remains a **net food importer** and one of the **most food-insecure regions**
- Sector is **underexploited** due to regional trade barriers and limited productive capacity
- AfCFTA will open new opportunities by promoting **agricultural value chains & improving market access**
- Reducing tariff & non-tariff barriers to trade will boost **agricultural productivity** & encourage the production of value-added goods
- African youth can **leverage the growth of this sector** to create new or develop existing businesses



Service trade to be liberalized

- Important and growing **source of employment** and also spur **economic gains** by promoting trade in goods
- Yet the service sector accounts for just **22% of African trade**, and only **2% of global services exports**.
- AU included Protocol on Trade in Services to boost Africa's economy by liberalizing intra-African trade in **12 services sectors**
- The promotion of services under the AfCFTA can **create more employment opportunities**.



Nurturing a nascent digital economy

- **Digital revolution** has changed the way people connect & how to conduct business
 - Ex: ITC identified 630 B2C e-commerce marketplaces operating on the continent
- AU heads of state included an **AfCFTA protocol on E-commerce** to promote the digital economy
- The relationship that youth have with new technology opens possibilities for their **broader inclusion and participation** in the labour market and the economy.
- The **expansion of digital trade** can help youth led enterprises and entrepreneurs scale up their businesses across borders



Opportunities for youth-led enterprises and entrepreneurs

- Slow pace of formal job creation & high youth unemployment rates have pushed young Africans into the **informal sector & entrepreneurship**
- Entrepreneurship allows young people to participate in the **labor market**
- AfCFTA can generate many opportunities for youth led enterprises and entrepreneurs on the continent
 - **Removing tariff and non-tariff barriers** will provide access to a much larger market
 - AfCFTA also supports the creation of a **conducive business environment**



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Chapter 4

The Way Forward



Way forward

- Provide **advocacy and awareness-raising** on Youth and AfCFTA issues through public-private dialogues
- **Sensitize youth** to the opportunities offered by the AfCFTA
- Seek **greater participation of youth in the implementation of AfCFTA** at the continental, national and regional levels
- **Strengthen digital trade** by investing in the continent's digital infrastructure and solutions



Way forward

- Develop **special financial products** to finance cross-border trade for young entrepreneurs and youth led enterprises
- **Improve complementary measures** for youth to take advantage of the agreement
 - Strengthen youth networks
 - Support BSOs
 - Improve education and skills development





YOUTH-LED BUSINESSES: OVERCOMING 2020 CHALLENGES AND THE WAY FORWARD IN 2021

A SURVEY FROM JANUARY-MARCH 2021



YOUTH BUSINESS PROFILES

TOTAL RESPONDENTS

352

TOP 3 SECTORS



Agribusiness



Information Technology



Retail & Wholesale

REGIONS



80% Africa



Asia



Europe

GENDER OF FOUNDER/OWNER

23%



76%



WHICH STRATEGIES WILL YOU ADOPT IN 2021?

TOP 4



Increased comms
and marketing



Looking for
new investment



Expansion to
online sales



Customise or
propose new
products

WHICH ORGANISATIONS DO YOU WANT TO SEEK SUPPORT FROM IN 2021?

TOP 3



Trade promotion
organisations



Incubators,
accelerators and
tech hubs



National/local
government

WHICH TYPE OF SUPPORT WILL YOU NEED IN 2021?

TOP 4



Access to finance



Support towards
digitalisation



Training



Market
information



46%

Struggle financially after 2020

24%

Faced decrease in revenue

91%

Seek funding

TYPES OF FUNDING THEY SEEK

TOP 4

- Grants
- Micro-grants
- Equity funding
- Government funding



HOW YOUTH ENTREPRENEURS PLAN TO USE POTENTIAL FUNDING

TOP 5

Invest in new physical infrastructure

Expand into new markets

Develop new products

Increase digitalisation

Expand marketing budget



MENTORSHIP

33% have worked with a mentor in 2020

but
⇓

80% would like to work with a mentor in 2021



WHERE THEY FOUND MENTORS PREVIOUSLY

TOP 4



Personal connections



Incubation and acceleration programmes



Through other entrepreneurs



Community

WHAT THEY GAINED

TOP 4



Technical knowledge



Role models in career & life



Soft skills



Access to finance

TYPES OF MENTORSHIP THEY SEEK NOW

TOP 3



Knowledge in a particular area, i.e. branding, marketing, legal



Professional network in their industry



Professional expertise in their industry