

# Opportunities for Youth Employment and Entrepreneurship

## Understanding the African Continental Free Trade Area



In collaboration with



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**Street address:** ITC  
54-56, rue de Montbrillant  
1202 Geneva, Switzerland

**Postal address:** ITC  
Palais des Nations  
1211 Geneva 10, Switzerland

**Telephone:** +41 22 730 0111

**E-mail:** [itcreg@intracen.org](mailto:itcreg@intracen.org)

**Internet:** [www.intracen.org/publications](http://www.intracen.org/publications)

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Understanding the African Continental Free Trade Area

## About the paper

The African Continental Free Trade Area offers many opportunities to young Africans, who face challenges including high unemployment, lack of decent jobs, barriers to entrepreneurship and inadequate promotion of youth-led businesses. Tackling these challenges will help Africa's large and rapidly growing youth population realize its potential to generate significant economic benefits and contribute to the continent's development.

This paper examines how young Africans stand to benefit from the trade agreement. It presents recommendations – such as raising youth awareness, strengthening the digital economy and improving access to finance – to maximize the potential of one of the continent's greatest assets.

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For more information, contact: Aissatou Diallo [diallo@intracen.org](mailto:diallo@intracen.org) or David Cordobes [cordobes@intracen.org](mailto:cordobes@intracen.org)

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## Foreword by ITC

The African Continental Free Trade Area (AfCFTA) represents a monumental step towards realizing Africa's full potential. It provides a foundation to transform the continent from a state of commodity-dependence to self-reliance through African-made products and services. Promoting regional economic integration also presents a unique opportunity for African countries to compete the global economy, reduce poverty and increase inclusion.

The AfCFTA has the potential to improve substantially the livelihoods of all Africans. This historic agreement is well-positioned to capitalize on the continent's changing demographics by creating more employment and entrepreneurship opportunities for African youth.

Almost 60% of Africa's youth is under the age of 25 and the youth population will continue to increase dramatically over the coming decades. Given their significant number, it is clear that Africa's growth and development rests in the hands of current and future generations of youth. This is why it is so important to nurture the talent of young people and ensure they have decent jobs and the right opportunities to realize their entrepreneurial hopes and dreams. The continent is brimming with incredibly bright young entrepreneurs who have drive and determination, but they face numerous obstacles when starting or expanding their businesses.

ITC's Youth and Trade Programme conducted a survey of African young entrepreneurs in spring 2021. It revealed that 47% of the respondents' businesses are struggling financially, and 91% of them are seeking funding. More than half of the respondents would use additional funding to expand into new markets and to increase digitalization. Investing in youth will be vital for Africa's future.

As the only international development agency fully dedicated to supporting the internationalization of micro, small and medium-sized enterprises, the International Trade Centre is familiar with their unique needs, including those of vulnerable groups such as women and youth. To help these firms take advantage of the AfCFTA, ITC has launched the One Trade Africa programme. One Trade Africa will strengthen the competitiveness and business ecosystems of small businesses – especially those led by women and youth – to provide more effective and inclusive implementation of the AfCFTA.

It works closely with the ITC Youth and Trade Programme, which takes a strategic, market-led approach to building youth entrepreneurship and employability, especially in agribusiness.

ITC is committed to helping youth take advantage of the market opportunities from the AfCFTA. Nevertheless, political will and a commitment to reform will be necessary to tap into the potential of Africa's young labour force and ensure that the gains from economic integration are distributed fairly across the continent.



Pamela Coke-Hamilton  
Executive Director  
International Trade Centre

## Foreword by YALDA

The strength of the African continent lies in the gifts, talents and capacity of our youth. Any progress towards the ideals of cooperation, trade and innovation between African nation-states hinges on the diverse and inclusive participation of youth in the social, economic and political spheres of Africa's development.

At the Youth Alliance for Leadership and Development in Africa (YALDA), we equip, empower and support African's youth to become principled and capable leaders in all spheres of the continent's development journey. We can effect change through our strong partnerships with diverse organizations in the international, national and local spheres, including ITC.

This review provides an excellent resource on the various opportunities provided by the AfCFTA. The primary aim of this report is to share the ideas that might help to transform the continent by creating what could be the largest free trade area in the world. As such, raising awareness of the AfCFTA, highlighting the resources needed to empower local youth-driven businesses, and encouraging participation and involvement in digital trade are the primary objectives.

This report is significant and timely, because it raises key questions about the challenges facing most of the African youth population. These far-reaching problems include unemployment, lack of access to finance and financial aid, barriers to scale for small businesses, and tensions arising from intraregional and international migration.

The review goes a step further and responds to these fundamental questions. It provides critical insight into the AfCFTA and the sectors with the most potential to provide opportunities for young Africans. A huge proportion of youth are involved in entrepreneurship in diverse areas, and this report offer an in-depth insight into youth entrepreneurship and, particularly, involvement in intra-African trade on the African continent. Various strategies are provided on how to mitigate the obstacles encountered on a daily basis.

This moment is a critical turning point for African youth, and it is important that we understand the opportunities available despite the challenges, so we are able to work together to achieve the common goal of moving Africa forward. This report helps to encourage youth to see themselves not only as beneficiaries of intra-African trade, but also as playing a central role in re-imagining, shaping and driving its advancement.



Kgosietsile II Matthews Mmopi  
Chairperson  
YALDA International

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