

# Factsheet for young people

## CLIMATE ADAPTATION IN AFRICA

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# Youth, Jobs & Entrepreneurship

## 8 DECENT WORK AND ECONOMIC GROWTH

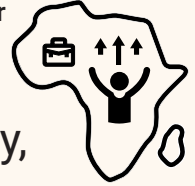


Africa is the region with the largest youth population in the world. Africa's demographic structure presents challenges for the development and employment of young people. Despite African youth providing a large and cost-competitive supply of labour, there is a lack of decent work for Africa's large and expanding workforce. This creates a major aspirations-attainment gap. Investments and policies in climate adaptation will become key to build community resilience, since this gap will only worsen with climate change. People with decent jobs in climate-smart sectors are likely to have better adaptive capacity and therefore less affected by climate impacts.

As the most educated generation in Africa, young Africans provide an untapped potential to mobilize businesses to build resilience through their innovativeness, energy, and entrepreneurship. Capitalizing on this presents a unique opportunity to drive transformative adaptation while generating sustainable youth employment. However, young people face several barriers to entrepreneurship, including a lack of finance, knowledge, and skills. Facilitating an environment for youth innovation and tackling existing barriers faced by young-led Micro, Small, and Medium Enterprises (MSMEs) will enable young people to drive transformative action across the continent.

## KEY NUMBERS

Africa's labour force is increasing at 3% yearly, with 1 billion workers projected by 2040.



SMEs constitute 95% of Africa's private sector and provide an estimated

80% of jobs across the continent.



At least 44 million formal MSMEs existed in Sub-Saharan Africa alone in 2018



## BARRIERS TO YOUTH ENTREPRENEURSHIP



**Uncertainty of climate impacts:** there is great uncertainty surrounding how climate risks will impact businesses in the future.



**Knowledge gaps on adaptation and resilience strategies.**



**A lack of soft and hard skills,** in addition to skills mismatch, limits the capacity of youth to take up evolving economic opportunities.



**Operational constraints,** such as lack of infrastructure and unreliable access to electricity, difficulties obtaining certificates and licensing, and government regulations.



**Limited financial resources and difficulties in accessing and securing funding:** enterprises run by young people face major constraints to development due to a lack of access to finance.



51% of SMEs require more finance than they have access to.

By 2025, the YouthADAPT Challenge will empower 300 young innovators and youth-led enterprises.



## BUILDING RESILIENCE THROUGH YOUTH ENTREPRENEURSHIP

- **Climate change poses a threat to business growth and employment in Africa**, with negative impacts already seen in the form of job losses, destruction to business assets, and forced migration. As the most educated generation in Africa, young Africans provide an untapped potential to build resilience through innovative solutions and entrepreneurship. Youth entrepreneurship in climate adaptation can protect existing jobs, drive green job creation for adaptation, and provide opportunities for new economic activity and investments. Unlocking the potential of the youth can thus drive transformative adaptation across the continent.
- **There lies a considerable opportunity for young people in mobilizing the private sector for adaptation efforts in Africa.** This is especially true of MSMEs, given that they make up a significant part of the continent's private sector. MSMEs are leading engines of job creation in Africa and account for a large part of economic output for the continent, with at least 44 million formal MSMEs in Sub-Saharan Africa in 2018 alone. MSMEs are uniquely positioned to develop locally relevant and effective

adaptation solutions and build resilience in the communities in which they operate. Identifying potential business opportunities, incentivizing MSMEs, and promoting local entrepreneurship is therefore crucial for creating employment opportunities and generating economic and social output in Africa.

- Despite market and investment opportunities, **a lack of soft and hard skills limits the capacity of youth to take up evolving economic opportunities** and to set up a profitable business. Youth-led enterprises also face major constraints to development from infrastructure deficits and lack of access to finance.
- The YouthADAPT Challenge is an annual competition and awards program which aims to tackle some of these challenges by strengthening and supporting youth-led enterprises to accelerate and scale up innovative solutions for climate adaptation and resilience. Winners receive seed funding of up to US\$100,000 to develop their innovation and receive tailored business support to build their institutional capacity, help make their business commercially viable, and to mobilize additional financing.

## KEY MESSAGES

Africa's present and future young generations will bear the costs of climate change in the coming decades.

Young people in Africa are undergoing complex demographic and economic transitions, which now face increased challenges from climate change.

Despite existing market and investment opportunities, young people face barriers such as a lack of skills and access to finance.

Creating an environment that supports entrepreneurship is key to unlock the untapped potential of Africa's youth to build resilience through innovative solutions.

Youth-led MSMEs provide an opportunity to drive transformative adaptation while generating sustainable employment for young people.

The YouthADAPT Challenge is an annual competition and awards program for youth-led enterprises, jointly organized by GCA and the AfDB, which aims to support resilience-building enterprises and incentivise greater youth entrepreneurship for adaptation solutions.

## GOOD PRACTICES: YOUTH-LED ADAPTATION SOLUTIONS



### Kimplanter Seedling and Nurseries Limited, Kenya

Kenya is highly exposed to droughts and floods. In the past 100 years, 28 droughts have been recorded and appear to be increasing in frequency. Kimplanter Seedlings and Nurseries Ltd (Kimplanter) propagates and sells drought-resistant seedlings to farmers, which helps them improve productivity even in periods of drought. The company also trains farmers in climate-smart practices and techniques, which increases their adaptive capacity in the face of climate change impacts such as rising temperatures and floods. Additionally, it provides social impact

by creating jobs and livelihoods. Kimplanter is employing 24 permanent employees and works with 21 casual workers, all of whom are youth.

A grant from YouthADAPT has helped Kimplanter improve its documentation and marketing outreach, as well as better business management through business advisory services. The grant will help the business undertake research to develop new varieties of seedlings that are both drought-resistant and high in nutrition, with the aim to increase its product range from 15 to 25 products. The grant will also help the company expand the Kimana branch of the business to allow it to reach more farmers.



## KEY POLICY RECOMMENDATIONS



1. Countries need to undertake **adaptation investments** to ensure that economic transformation processes are sustainable, but not neglect the key human capital and other investments needed to help young people transitioning to adulthood.

2. Young people need to better understand what is at stake for them, and what are the parameters for adaptive change to reduce the risks to their welfare ahead.



3. It is key to engage and support young people in key investments, increase accessibility of financial instruments, increase the visibility of private-sector adaptation action in Africa, and incentivize MSMEs through policies and by creating an enabling environment for entrepreneurship.

4. **Increase access to funding:** It is important to make access to financial capital easier for young entrepreneurs. This includes: simplified loan systems and processes; making grant and funding opportunities more visible; lowered interest rates that are flexible and adjusted according to revenue at different periods; and more flexible and feasible collateral requirements.



5. **Create tax incentives:** Encourage youth entrepreneurship by lowering tax barriers that severely inhibit growth. This could include: providing early-stage tax cuts until the company starts making a profit; offering adaptation tax rebates; reduced or zero-rate taxes on farm inputs such as seeds and equipment; and tax holidays or exemptions.

6. **Facilitate access to knowledge and capacity building:** Equip young people with tools to successfully implement their adaptation innovations and to develop their skills through:



training and mentorship programs; business incubators; training in digital technologies; knowledge exchange between young businesses and established companies; vocational training programs; and climate change awareness-raising campaigns. The Youth pillar of the Africa Adaptation Acceleration Program of the AfDB and GCA is designed to support such adaptation skills and jobs.



7. Initiatives like **YouthADAPT** can contribute to removing barriers to youth entrepreneurship in Africa. The YouthADAPT challenge has helped the winners address some of the barriers they have faced since the start of their businesses. The grant, training sessions, and mentorship have all contributed to unlocking new possibilities for scaling up their businesses and impacting the lives of more people in their communities.

## MORE INFORMATION

### GCA's Youth Leadership and Education program

The Global Center on Adaptation (GCA) is an international organization working to accelerate action on adapting to climate change. The Youth Leadership and Education program aims to make young people central to driving the adaptation agenda.

### Factsheets for young people

This factsheet is part of a series that presents information from GCA's flagship reports *State and Trends in Adaptation in Africa 2021* and *2022*. It aims to disseminate key adaptation information to young people and showcase youth-led adaptation action from across Africa.

The factsheets are produced under the leadership of Prof. Dr. Patrick V. Verkooijen, Chief Executive Officer

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