



# Poverty reduction through job creation, trade and education

Engines for poverty reduction and growth

Employment, private sector development and trade are powerful and interdependent drivers for inclusive economic development and poverty reduction. Small and medium-sized enterprises generate over half of all jobs globally and play an important role in low-income countries. Employment is the main source of income for people living in poverty. Trade is an engine for growth and can lead to more and better jobs. Businesses also provide markets and people with essential goods and services. Inclusive, equal education and lifelong learning decreases poverty and secures individuals, income generating possibilities. However, several factors constrain people living in poverty from accessing markets, participating in the labour market and benefiting from trade and growth. Sida contributes to inclusive economic development and education where people living in poverty can participate and benefit on equal terms. In total, Sida's interventions in this area amount to SEK 5.4 billion in 2024



## DEVELOPMENT IN THE WORLD

Economic development is challenged by overlapping shocks such as unequal recovery from the Covid-19 pandemic, Russia's invasion of Ukraine, along with the turbulent global geopolitical and economic landscape. Global growth, at 2.7 percent, remains insufficient to offset the negative shocks, especially in the most vulnerable countries.<sup>1</sup>

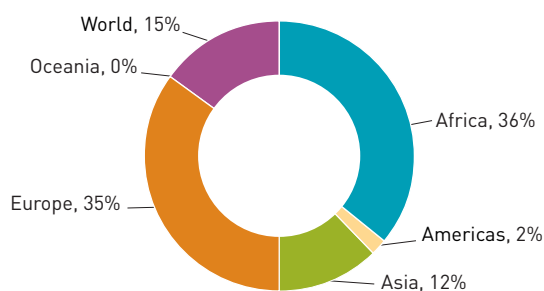
In addition, global employment growth has remained too weak to sufficiently address decent work deficits, with progress being the slowest in low income countries. Informality and working poverty affect the global labour force significantly, and informal employment is a reality for three in five workers, while working poverty affects almost one in five. The most extreme forms of working poverty have persisted in low-income countries, affecting more than 240 million workers.<sup>2</sup>

The percentage of youth without access to either employment, education and vocational education is markedly high in developing countries and regions, between 25-30 percent.<sup>3</sup> The share of students with proficiency and preparedness in reading and mathematics is much lower than average for low-income countries, leaving the future workforce vulnerable especially to technological advances and green transition.<sup>4</sup>

People living in poverty depend on markets for jobs and for the purchase of essential goods and services. In many low- and middle income countries, the market does not function properly and does not meet the needs of people living in poverty, making it challenging for the private sector to develop and create new jobs. Development cooperation has therefore an important role in improving the conditions for the private sector and creating functional and inclusive markets.

Global trade is expected to decline in 2025, reversing an upward trend from the previous year, in light of protectionist measures, such as tariffs, being implemented in developed countries.<sup>5</sup> This could have a significant impact on global value chains, and disproportionately affect producers in developing countries.<sup>6</sup> Despite the backlash, rules-based international trade remains crucial to reduce poverty and meet the goals of the 2030 Agenda.

FIGURE 1. GEOGRAPHICAL DISTRIBUTION OF THE SUPPORT TO POVERTY REDUCTION THROUGH JOB CREATION, TRADE AND EDUCATION (MILLION SEK)



1 World Bank (2025). Global Economic Prospects. Washington DC, p.xvii

2 ILO (2025). World Employment and Social Outlook. Geneva, p.xi and 14.

3 ILO (2024). Global Employment Trends for Youth. Geneva, p.10.

4 UNESCO (2024). World Education Statistics, Québec, p.21-22.

5 WTO, 'Global Trade Outlook and Statistics', April 2025, p.2.

6 [Trade and development foresights 2025: Under pressure – uncertainty reshapes global economic prospects | UN Trade and Development \(UNCTAD\)](#)

## THE GLOBAL GOALS

The Global Goals for Sustainable Development include everyone – and we can all contribute. The goals are interdependent and therefore indivisible. Sida's main contribution is to implement development cooperation, thereby reducing poverty and saving lives. Together we can build a better future where no one is left behind.



# Results

## MAIN AREAS OF SUPPORT<sup>7</sup>

### Employment and Education

Jobs and income generating activities need to be productive to generate an income above the poverty level, and to protect the rights, dignity and safe working conditions of people living in poverty.

Sida interventions in employment include job creation and self-employment both for formal and informal workers, improving labour conditions and skills development. Labor market functions and policies as well as gender equality are other important interventions in supporting productive and decent work.

Sida's work in education encompasses strengthening national education systems, promoting equal rights to education and skills development to match private sector demand with labour supply.

### Private Sector Development

Sida's interventions for Private Sector Development include supporting small and medium-sized enterprises, especially lead by women, inclusive value chains, business environment reform, access to finance and business development services. It also aims to boost private sector participation in trade. Sida partners with companies and promotes sustainable businesses which have an important role in green transition and social responsibility.

### Trade

Much of Sida's work with trade is in line with the Aid for Trade (Aft) agenda, which can broadly be divided into three main categories:

**Trade Policy and Regulations:** assistance in formulating trade policy, negotiating and implementing trade agreements as well as supporting regional integration.

**Economic Infrastructure:** financing for hard and soft infrastructure necessary for trade, such as roads, energy networks as well as information and communication technologies.

**Building Productive Capacity:** support for the private sector to participate in trade through improving their production methods, business environment and public private dialogue, and by strengthening the markets for support services.

## SIDA'S SUPPORT

Productive and decent employment, inclusive and sustainable trade, and a well-functioning private sector are vital for economic growth and poverty reduction, and therefore important means for development, along with education which plays a fundamental role in skills development for the green transition.

Sida's support to programmes for employment, private sector development, trade and education amounted to SEK 5.4 billion in 2024, constituting 19 percent of Sida's total disbursements. These thematic areas were represented in 65 strategy goals in Sida's bilateral, regional and global strategies.

Geographically, Africa constituted the largest recipient, followed by global programs and Europe. Multilateral organisations, such as the ILO, the World Bank, ITC and UNICEF are the largest recipient of Sida funds followed by non-governmental organisations (NGO's). Public sector institutions and private sector are also important implementing partners for Sida but constitute a smaller share.

### Examples from the portfolio:

- Job creation and trade in the textile sector in the MENA-region with International Trade Centre.
- Vocational education and skills for decent work in the transport sector in Zambia, in partnership with Volvo, UNIDO and the NTC.
- Increase people's access to financial services, such as loans, savings and digital payment solutions in the Financial Sector Deepening programmes in Africa.

FIGURE 2. POVERTY REDUCTION THROUGH JOB CREATION, TRADE AND EDUCATION DISBURSEMENTS IN 2020-2024, BY THEMATIC SUBTITLE (MILLION SEK)

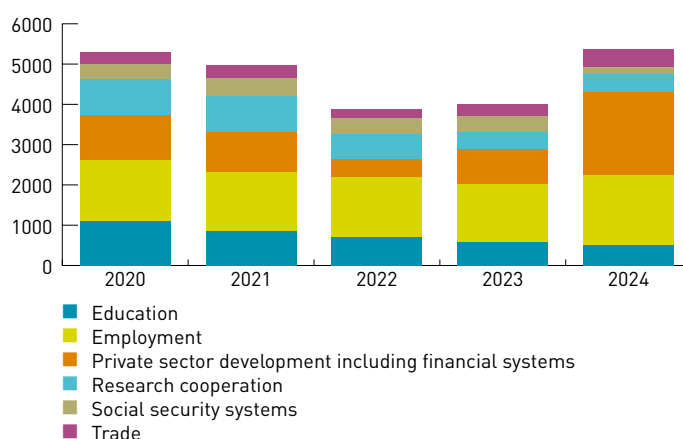
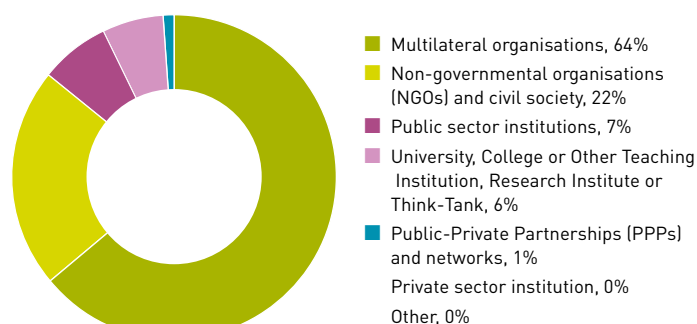


FIGURE 3. SUPPORT BY IMPLEMENTING PARTNER (MILLION SEK)



<sup>7</sup> Regeringskansliet, 'BISTÅND FÖR EN NY ERA Frihet, egenmakt och hållbar tillväxt' (2023), s.8-10