



# 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 amounted to SEK 4.2 billion in 2025, constituting nearly 19 per cent of Sida's total disbursements.



### 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, as exemplified by the current situation in the Middle East. Global growth, at 2.7 per cent for 2025, remains insufficient to offset the negative shocks, especially in the most vulnerable countries.<sup>1</sup>

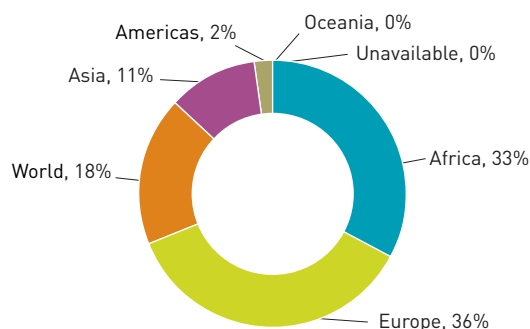
In addition, global employment growth has remained too weak to sufficiently address decent work deficits, with progress being the slowest in low income countries. Informality and working poverty affect the global labour force significantly, and informal employment is a reality for 2.1 billion workers, which is about 60 per cent of the total global workforce. The most extreme forms of working poverty have persisted in low-income countries, and approximately 284 million workers lived below the extreme poverty line of less than 3 USD per day in 2025.<sup>2</sup>

Youth are a specifically vulnerable group when it comes to employment in developing countries. In Sub-Saharan Africa and Asia, up to 96 per cent of working youth has informal employment.<sup>3</sup> Education will be critical to mitigate their future vulnerability, however, there are still about 273 million children, adolescents and youth without access to education worldwide in 2024.<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, therefore, has an important role in strengthening the functionality and inclusivity of markets to improve conditions for the private sector, thus enabling job creation.

Despite geopolitical turmoil and increasing protectionist measures, such as tariffs, being implemented in developed countries during the last year, international trade has shown to be more steadfast than first predicted. However, current forecasts point towards that its pace will start to decline during 2026.<sup>5</sup> Declining trade can have a significant impact on global value chains, and disproportionately affect producers in developing countries. Rules-based international trade remains crucial to reduce poverty and meet the Sustainable Development Goals.

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



<sup>1</sup> World Bank (2026). Global Economic Prospects. Washington DC, p. 5

<sup>2</sup> ILO (2026). Employment and social trends. Geneva, p. 13

<sup>3</sup> United Nations (2026). World youth report. New York, p. 60

<sup>4</sup> UNESCO (2026). Global education monitoring report. Paris, p. 5

<sup>5</sup> WTO (2026). Global trade outlook and statistics. Geneva, p. 4

# Results

## MAIN AREAS OF SUPPORT

### 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's interventions in employment include job creation and self-employment for both formal and informal workers, improving labour conditions and skills development. Labour 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 those led by women), inclusive value chains, business environment reform, and access to finance and business development services. Further, it aims to boost private sector participation in trade. Sida partners with companies and promotes sustainable businesses which have an important role in the green transition, social responsibility and inclusive economic development.

### Trade

Much of Sida's efforts within trade are 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 all vital for inclusive economic growth that carries poverty reduction, thus 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 4.2 billion in 2025, constituting nearly 19 per cent of Sida's total disbursements.

Geographically, Europe constituted the largest recipient, followed by Africa and then global strategies. 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 agriculture sector in Ukraine 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.

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