



Policy Brief

Including Youth Entrepreneurs in the Green Transition

Strategic Intelligence Brief 2

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Region's green challenge

Despite commitments to curbing climate change and environmental degradation, the planet continues to face the unrelenting consequences of unsustainable development pathways. This is especially concerning for the Asia and Pacific region, which includes 13 out of the 30 countries most vulnerable to the impacts of climate change. In addition to the physical impacts of the climate crisis, without climate action, the region could witness an additional 7.5 million people fall into poverty by 2030 (World Bank, 2022). As per the UN General Secretary in 2019, “some 1.2 billion jobs or 40 percent of world employment rely directly on a healthy and stable environment. Jobs cannot be sustained on a dying planet” (ILO, 2019a).

Similarly, a 2020 McKinsey report estimates that by 2050, the Asia Pacific region may lose about \$1.2 trillion each year in capital stock due to flooding alone. And additionally, on average may lose between \$2.8 trillion and \$4.7 trillion in the annual gross domestic product (GDP) annually by 2050 as people are unable to work outdoors for long hours because of increased heat and humidity. Besides the evident vulnerability of the region to climate change, with the continual industrialization and development of Asian nations, the region generates more than half of the global annual carbon dioxide emissions due to its high dependency on fossil fuels (Lavasa, 2022).

Opportunity to become ‘greener’

Regardless of the existing bleak scenario, on the flip side, this crisis presents a critical trigger for transformation. As, amidst this global evolution, it becomes imperative that the nature of jobs and income-generating streams must also evolve. The International Labour Organization (ILO, 2019) in its report on the Future of Work identifies six key areas that will dominate the job landscape; including a prominent sector labeled as ‘Green Jobs’.

According to the UN Environment (UNEP, 2023) greening of economies provides a viable blueprint for sustainable growth and employment generation. The International Labour Organization (ILO, 2008) defines green jobs as “the transformation of economies, enterprises, workplaces, and labour markets into a sustainable, low-carbon economy providing decent work”. This transformation can include: (1) adopting cleaner development mechanisms; (2) greening supply chains and workplace practices; (3) minimization of waste pollution & GHG emissions; (4) efficient production and consumption patterns; and (5) reducing the ecological footprint. In a nutshell, mainstreaming the necessities for climate action, through decarbonizing energy sources, increasing investments in resource efficiency and circularity, and supporting business and science innovation; all the while creating space for decent and greener employment opportunities. Therefore, to a large extent, most of the current jobs/sectors can remain crucial drivers of the economy, if the practices within become more sustainable/greener. ILO (2022) notes that about 8.4 million employment opportunities for youth exist in green and blue jobs.

The OECD defines green transition/growth through the achievement of the following key indicators, measuring growth beyond 'GDP' (Table has been adapted from ADB Economics Working Paper (2017)):

Themes	Sample Indicators
GREEN GROWTH/GREEN ECONOMY POLICIES AND OPPORTUNITIES	<ul style="list-style-type: none"> ● Green jobs ● Green financial flows ● Environmental tax revenue
ENVIRONMENTAL LIFE QUALITY AND SAFETY	<ul style="list-style-type: none"> ● Population exposure to harmful levels of air pollution ● Population with sustainable access to safe drinking water
ENVIRONMENTAL AND RESOURCE PRODUCTIVITY	<ul style="list-style-type: none"> ● Research and development expenditure/number of patents important to green growth ● Domestic material productivity at the appropriate level of aggregation ● Gross domestic product per unit of energy-related CO2 emissions
NATURAL ASSET BASE	<ul style="list-style-type: none"> ● The proportion of fish stocks within safe biological limits ● Area and volume of forests ● The proportion of agricultural area with severely degraded soil

Regional progress on green transition

The Asia-Pacific region is a frontrunner in the world in terms of the green jobs outlook, for example just in the renewables sector, the region accounts for more than 5.8 million jobs (ADB, 2017). Moreover, the ILO (2018), predicts the creation of up to 14.2 million net green jobs by 2030 in the region; subject to the realization of relevant investments and policy reforms linked with green low-carbon pathways. An ADB report extrapolates this further in its analysis of Southeast Asia's post-pandemic green recovery suggesting that the region has the potential to create \$172 billion/per year in investment opportunities, and generate more than 30 million jobs by 2030 (ADB, 2022). Besides the generation of green jobs, Asia has the largest value of sales of low-carbon environmental goods and services, globally, and has filed more "high-value" patents for green tech and innovation (ADB, 2017).

Regional Leaders Investing in the Green Economic Transition (ADB, 2017)

People's Republic of China

China has committed to carbon neutrality by 2060 (China's NDC plan). According to China's 12th Five-Year Plan, 3 out of 7 strategic industries for investment are green, including alternative energy, alternative fuel cars, and energy saving. The government has also pledged to pour in up to \$275 billion to clean up air and \$333 billion on water pollution. Similarly, the country has garnered great success in renewables, depicting the true potential that the sector has in fostering a booming economy.

Republic of Korea

The Government of the Republic of Korea is another key example of green-led economic growth. The country has committed to addressing the threat of climate change and environmental degradation through its National Strategy for Green Growth (2009–2050). It has committed to carbon neutrality by 2050. As a result of this strategy, the country has increased its expenditure on research and development (R&D) related to green growth. Reports indicate that such investments have considerably improved the country's environmental and resource productivity.

Considering the current state of the Asia-Pacific, and increasing ambition and investment in greener employment, the region provides a fertile ground for the enhancement of green jobs and businesses. Currently, half of the world's population is under the age of 30 (Fortune, 2023), 60% of whom live in the Asia Pacific region (UN, 2016). Statistically, these are the very people who will be facing much of the consequences of present-day decisions and actions (or inaction). Thus, in order for the region to truly transition to greener growth, it must ensure the inclusion of young people.

Role of youth entrepreneurs in spearheading green transition

There are numerous innovative pathways by which youth entrepreneurs can play a crucial role in enabling a green economy in the Asia-Pacific region. Here are six examples:

- **Developing and Implementing Sustainable Business Models:** Youth entrepreneurs can lead the way in creating and implementing sustainable business models that prioritize environmental sustainability alongside economic growth. By creating enterprises that are eco-friendly, resource-efficient, and socially responsible, young entrepreneurs can contribute to the growth of a green economy. For instance, they can develop and promote clean energy technologies, sustainable agriculture practices, or waste reduction and recycling programs. (ADB, 2017) World-wide the green and blue economy could create 8.4 million jobs for young people.
- **Advocating for Policy Change:** Youth-led advocacy campaigns can influence policymakers to prioritize environmental protection and sustainability. They can raise awareness about the impact of climate change and advocate for policy changes that address environmental concerns. For instance, they can push for policies that support renewable energy, promote green jobs, or reduce carbon emissions. (ADB, 2017)
- **Creating and Supporting Eco-Friendly Communities:** Youth-led initiatives can create and support eco-friendly communities that promote sustainable living. They can promote community gardening, renewable energy use, and public transportation. By working together to create sustainable communities, young people can inspire others to act and create a greener economy. (UNEP, 2023)
- **Using Digital Technology to Promote Sustainability:** Youth can leverage digital technology to promote sustainable practices and behaviors. They can use social media platforms to raise awareness about environmental issues, share information about sustainable living, and promote eco-friendly products and services. For instance, they can create online communities that focus on environmental issues and encourage sustainable behaviors. (UNEP, 2023)

- **Participating in Green Education and Training Programs:** Youth can participate in green education and training programs to acquire the skills and knowledge necessary to build a green economy. These programs can include courses on sustainable business practices, renewable energy, or green technology. By developing their skills and knowledge in these areas, young people can contribute to the growth of a green economy. Skills development continues to be one major barrier for employment gains in the green transition (ILO, 2019)
- **Collaborating with other stakeholders:** Youth can collaborate with other stakeholders such as businesses, governments, and non-governmental organizations to promote sustainability. By working together, they can develop and implement sustainable initiatives that create positive environmental and social impact. For instance, they can partner with businesses to develop green products and services, or work with governments to implement policies that support sustainability.

Inclusive Opportunities for Women:

- **Economic Empowerment:** The green economy transition can provide new economic opportunities for women, particularly in fields that were traditionally male-dominated. For example, the renewable energy sector, which is growing rapidly in Asia, offers opportunities for women to work as engineers, technicians, and managers. Sustainable agriculture and eco-tourism are other sectors that can create jobs for women.
- **Entrepreneurship:** The transition to a green economy can also create opportunities for women to start their own businesses. For example, women can become producers and sellers of eco-friendly products like organic food, and upcycling products. They can also create their own green energy companies or provide consulting services on sustainable practices.
- **Education and Skills Building:** The green economy transition can promote education and training opportunities for women, particularly in fields related to science, technology, engineering, and math (STEM). By increasing the number of women who are trained in these fields, the green economy can help close the gender gap in STEM jobs and ensure that women have the skills they need to participate in the workforce.
- **Community Development:** The green economy transition can also support community development projects that benefit women. For example, women can be trained to manage community-based natural resource management programs, which can help them gain access to land and other resources.

Barriers to a Green Transition

The transition to a green economy presents a range of challenges and barriers, particularly for the youth of the Asia Pacific region. This section discusses some of these challenges and barriers, drawing on relevant research and literature.

- **Limited Awareness and Understanding:** One of the significant challenges in the transition to a green economy is limited awareness and understanding among young people about the concept of sustainable development and the benefits of green economy practices (United Nations Environment Programme, 2020). Moreover, they do not possess the required technical and non-technical skills for transformation. The lack of awareness and

understanding can largely be attributed to a dearth of access to relevant information, mentoring, and resources to explore. ILO (2019), based on data from 32 countries, identified skills gap and shift in demand/supply in a green economy being a major barriers for decent job creation.

- **Limited Access to Finance:** Young people, especially those from low-income backgrounds, may not have the financial resources to invest in green technologies or green businesses (ADB, 2021).
- **Territorial Barriers:** Barriers such as access to natural resources and geographical location can also impact the transition to a green economy for youth. For instance, youth living in remote and rural areas may face challenges in accessing green technologies and training opportunities (ADB, 2017). Therefore, it is essential to provide support and resources for youth entrepreneurs in rural and remote areas to ensure their participation in the green economy.
- **Political Barriers:** Barriers such as inadequate policies and regulatory frameworks can also hinder the transition to a green economy for youth. Governments must develop coherent policies and regulatory frameworks that support the transition to a green economy (ADB, 2017). Furthermore, political instability and corruption can hinder the growth of green businesses and impede the adoption of sustainable technologies and practices.
- **Cultural Factors:** They can play a significant role in shaping attitudes and behaviors towards the transition to a green economy. In many parts of the Asia Pacific region, traditional economic activities such as agriculture and fishing continue to dominate, and there is a cultural emphasis on economic growth and development as a means to improve living standards. One key challenge for youth is the perception, which is very pertinent in green economic practices, that it may not be compatible with traditional economic practices.
- **Gender inequality:** Women and girls often have less access to education, training, and relevant resources which hinders their ability to participate in the transition to green economies (IMF, 2022). Addressing these gaps through reforms in policies is crucial so that all sectors of society work efficiently.

Policy recommendations:

- **Develop Green Jobs:** Governments should invest in the development of green jobs and provide training opportunities for youth to acquire the necessary skills. This will create employment opportunities and support the transition to a green economy. (ILO, 2019)
- **Promote Sustainable Consumption:** Governments should promote sustainable consumption practices through awareness campaigns and incentives. Youth can be encouraged to adopt sustainable lifestyles, such as reducing plastic consumption and choosing eco-friendly products. (ILO, 2019)
- **Strengthen Environmental Education and skills development:** Environmental education should be integrated into the curriculum at all levels of education, from primary to tertiary. This will equip youth with the knowledge and skills to contribute to a green economy transition. (UNEP, 2020)
- **Encourage Green Entrepreneurship:** Governments can encourage green entrepreneurship by providing start-up support, funding, and access to markets. They should also ensure formalization and decent work creation in entrepreneurship. Youth-led green start-ups can contribute to the growth of the green economy. (UNEP, 2020)

- **Strengthen Environmental Governance:** Governments should strengthen environmental governance by developing policies and regulations that promote a green economy. Youth participation in policy development should be encouraged.
- **Support Renewable Energy Development:** As noted previously, the region has high potential in the renewables sector, so governments should incentivize the development of renewable energy sources and facilitate the deployment of relevant infrastructure and technologies. Young people can play a central role as innovators, in leaders bringing forth this change.
- **Foster Regional Cooperation:** Regional cooperation can facilitate knowledge sharing and technology transfer, supporting the green economy transition in the Asia Pacific region. Youth can play a significant role in promoting regional cooperation. (UNESCAP, 2020).

The Asia-Pacific is both at the receiving end of climate change (impacts) and a critical hotspot for emission contribution (owing to rapid industrialization). At these crossroads, the region must align its priorities with the future of its young population and its economic and social well-being. A just green and inclusive transition provides a key entry point to overcome the negative impacts of unsustainable development, all the while yielding benefits from the massive opportunity that it presents in terms of investment and job creation. This, however, requires inputs in terms of the provision of relevant knowledge and skills, access to resources (technical & financial), laws and policies that foster sustainable consumption and greener supply chains, and greater cooperation between stakeholders.

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