



# **Maximising impact of youth entrepreneurship support in different contexts**

Background report, framework and toolkit for consultation

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## Abbreviations

ANDE	Aspen Network for Development Entrepreneurs
APS	Adult Population Survey
DFID	Department for International Development
EIP	Entrepreneurship Indicators Programme
EFC	Entrepreneurial Framework Condition
EOS	Executive Opinion Survey
GCR	Global Competitiveness Report
GEM	Global Entrepreneurship Monitor
ICE	International Consortium on Entrepreneurship
ILO	International Labour Organisation
IRIS	Impact Reporting and Investment Standards
LMP	Labour Market Policy
M&E	Monitoring and Evaluation
NES	National Expert Survey
NGO	Non-governmental organisation
ODI	Overseas Development Institute
OECD	Organisation for Economic Cooperation and Development
PPAs	Programme Partnership Agreements
R&D	Research and Development
SME	Small to medium sized enterprise
WB	World Bank
WEF	World Economic Forum
YBI	Youth Business International

## Executive summary

Youth Business International (YBI), Restless Development, and War Child contracted the Overseas Development Institute (ODI) to conduct a study into “maximising the impact of youth entrepreneurship support in different contexts”. The objective of the research project is to provide guidance (in the form of a toolkit) on how youth entrepreneurship support initiatives need to be prioritised and adapted in different contexts in order to maximise impact.

This report sets out our approach to the project, the parameters applied, our analysis and associated constraints, and the toolkit developed, as well as suggested ways forward.

### Approach

Due to a lack of standardised and hence comparable impact assessment studies across different contexts, our analysis focuses on assessing how the various determinants of and constraints to entrepreneurship (for which cross-country comparable data is available) vary in different contexts, in order to draw some tentative conclusions about which entrepreneurship-promoting interventions are likely to be most effective in these different contexts. Further, we consider how different target groups, or entrepreneurial profiles, will benefit from different types of youth entrepreneurship support initiatives as their specific needs vary.

To facilitate this assessment of the determinants of entrepreneurship, we developed a framework for analysis based on the literature, which distinguishes between the drivers of entrepreneurship (e.g. market opportunities and alternative livelihood opportunities), and enablers of entrepreneurship. The latter include (i) the basic requirements for entrepreneurship (e.g. infrastructure, health and primary education, access to finance and the macro-economic environment); (ii) enablers that facilitate efficiency of entrepreneurship (e.g. higher education and training and technological readiness); (iii) those facilitating innovation among entrepreneurs (e.g. business sophistication and R&D transfer).

When developing our recommendations to policymakers, programme decision makers and practitioners on how to maximise impact in different contexts, we recognise that to some extent the entrepreneurial profile will determine the most appropriate intervention rather than context alone. We, therefore, highlight where interventions are particularly suited to meet the needs of either necessity or opportunity driven entrepreneurs or growth oriented entrepreneurs.

### Parameters

We use a narrow definition of entrepreneurship which focuses on the objective of income generation, i.e. those individuals who are, (or want to become) self-employed or who have started (or want to start) a new business, in either the formal or informal sector, in order to generate income. We do not specify a particular age range for youth entrepreneurship.

We categorise different entrepreneurial profiles primarily by motivation, i.e. the extent to which entrepreneurs are driven by necessity or opportunity and the extent to which they are growth oriented, i.e. likely to create further jobs.

We categorise contexts into factor, efficiency and innovation driven economies, conflict, post-conflict and peaceful economies, and urban and rural economies. Our analysis for the toolkit therefore includes 18 different combinations of these contexts.

We consider the whole spectrum of youth entrepreneurship support initiatives and develop our recommendations based on the extent to which these address the particular opportunities and constraints to entrepreneurship in a particular context, rather than any quantitative impact assessment of this.

### Information sources

We refer to the data collected by the Global Entrepreneurship Monitor’s (GEM) Adult Population Survey (APS) to assess to what extent entrepreneurship is likely to be driven by necessity and

opportunity and growth oriented. We refer to data collected by GEM's National Expert Survey (NES) on the Entrepreneurial Framework Conditions (EFC) and data collected by the World Economic Forum's (WEF) Global Competitiveness Report (GCR) including WEF's Executive Opinion Survey (EOS) to determine the extent to which the drivers and enablers of entrepreneurship are likely to present either an opportunity or constraint in a particular context. Where data is not available on the drivers from either of these sources, we refer to World Bank data. As data tends to only be available at the national level, we categorise countries into one of the 18 context scenarios. Based on this national level analysis we draw conclusions which can then be applied not only at the national level but also the regional or local level.

### Shape of the toolkit

Based on this approach we developed a toolkit which enables users to categorise countries by context, and then provides analysis of the likely entrepreneurial profile, the extent to which the determinants of entrepreneurship present either an opportunity or constraint, and guidance on appropriate interventions in that context for policy makers, programme decision makers and implementers, for each of the 18 context scenarios. Where applicable the toolkit highlights which interventions are particularly suited to address the needs of either necessity or opportunity driven entrepreneurs or growth oriented entrepreneurs.

### A focus on youth entrepreneurship

Research focused on *youth* entrepreneurship specifically, is limited. However, many of the conclusions with regard to context related differences in impact of entrepreneurship interventions, may be expected to be similar for youth entrepreneurship interventions and for wider entrepreneurship. This is because many, if not all, of the opportunities and constraints facing entrepreneurs generally, are also likely to affect young entrepreneurs, although young entrepreneurs may encounter constraints to a greater degree or even additional constraints. We incorporate consideration of these additional constraints faced by young people into our analysis and recommendations for the toolkit. However, we have drawn heavily on the wider entrepreneurship literature in undertaking the analysis, given the paucity of literature focusing on youth entrepreneurship specifically.

### Ways forward

This research project and toolkit should very much be considered a first step towards an improved understanding of how to maximise impact of youth entrepreneurship in different contexts. Recommendations put forward by this report and toolkit should be verified empirically, through the analysis of standardised cross-context impact assessment data, once that is available. The consortium partners with the support of research institutions are well placed to facilitate the development and improvement of impact assessment data going forward.

In addition to developing their own monitoring and evaluation (M&E) frameworks, the consortium partners could consider collaborating with other organisations, such as ANDE, GEM, Endeavor, OECD and other donors, to explore the extent to which data could be pooled across organisations in a way that facilitates standardised cross context and cross-organisation analysis of impact. The consortium partners could initiate a collaborative exercise and could set up a group of partners from like-minded organisations to take this forward. This process could also provide a platform for discussing and further refining the toolkit, in preparation of more robust testing once the data becomes available.

# 1 Introduction

Youth Business International (YBI), Restless Development, and War Child contracted the Overseas Development Institute (ODI) to conduct a study into “maximising the impact of youth entrepreneurship support in different contexts”. All three organisations engage to varying degrees and in different ways in supporting youth entrepreneurship. The research project seeks to improve the understanding of how youth entrepreneurship support initiatives need to be adapted in different contexts in order to maximise impact.

As highlighted by the consortium partners as well as the entrepreneurship literature, context is increasingly being recognised as a significant determinant of the impact of an intervention, but significant gaps in knowledge exist about what approaches are most effective, why, and in what contexts. With scarce resources, governments, donors and NGOs need to improve their understanding of which youth entrepreneurship support interventions are likely to have the greatest impact - particularly against the backdrop of the growing ‘Value for Money’ debate. An improved understanding of these issues will assist organisations when prioritising, designing and implementing youth entrepreneurship support initiatives in different contexts.

This report describes the approach adopted for the research and our findings, which were used to develop a toolkit to assist policymakers, donors and implementing agencies in making decisions about how best to support youth entrepreneurship. It also discusses the limitations of the work, largely due to the weak evidence base on impact assessment, and suggests a way forward to develop a stronger evidence base to underpin future analysis.

## 1.1 Objectives

This project seeks to understand how youth entrepreneurship support initiatives need to be adapted in different contexts to maximise impact with a view to provide guidance to policymakers, programme decision makers and those implementing youth entrepreneurship support initiatives on how to prioritise, develop and adapt policies and programmes for young entrepreneurs to the constraints and opportunities in a particular context.

The three main objectives of this project are therefore to:

- 1 Understand how youth entrepreneurship support needs to be adapted to operating context to maximise impact;
- 2 Inform the development of a framework or toolkit that will help:
  - Policymakers including governments and donors to allocate resources to support youth entrepreneurship most effectively in different contexts;
  - Programme decision makers to design youth entrepreneurship interventions effectively given context specific opportunities and constraints; and
  - Those implementing youth entrepreneurship support interventions to adapt interventions according to context;
- 3 To provide a better understanding of how to address recognised knowledge gaps in the body of evidence on youth entrepreneurship impact assessment relating specifically to context.

With this in mind, guiding this research are the following key underlying questions:

- How does context affect youth entrepreneurship support initiatives?
- How should youth entrepreneurship initiatives be adapted to context to maximise impact?
- How should resources be most effectively allocated to maximise the impact of youth entrepreneurship initiatives in different contexts?



## 1.2 Logic framework

Figure 1 illustrates the assumed logic chain which underpins the analysis. It states that the context in a country or region, will affect the opportunities and constraints for youth entrepreneurship. This will determine which interventions are likely to have the biggest impact in promoting entrepreneurship. Further, different target groups, or types of entrepreneurs, will benefit to varying degrees from different types of youth entrepreneurship support initiatives as their specific needs vary (whilst some entrepreneurial profiles can be more commonly found in certain contexts than others, all types of entrepreneurs will exist to some extent in all contexts and as a result are only determined by context to a certain extent). The research assesses the relationships between each of these factors in turn.

**Figure 1: Logic chain for assessing youth entrepreneurship support initiatives in context**



We also recognise that it is not only the (potential) entrepreneurs whose opportunities and constraints are affected by context, but that in particular the enabling environment also affects the ability and capacity of policy makers, programme decision makers and practitioners alike to plan, operate and implement programmes in a particular context.

## 1.3 Approach

The original intention was to analyse cross country impact data to assess the impact of youth entrepreneurship interventions in different contexts. However, we were unable to identify any indicators or evidence providing standardised or comparable cross country impact assessment of entrepreneurship interventions. As a result our analysis focuses on assessing how the various determinants of, and constraints to entrepreneurship (for which cross-country comparable data is available), vary in different contexts, in order to draw some tentative conclusions about which entrepreneurship promoting interventions are likely to be most effective in these different contexts.

Following the above approach and with the logic chain in mind the below briefly sets out the parameters of our analysis.

### Context scenarios

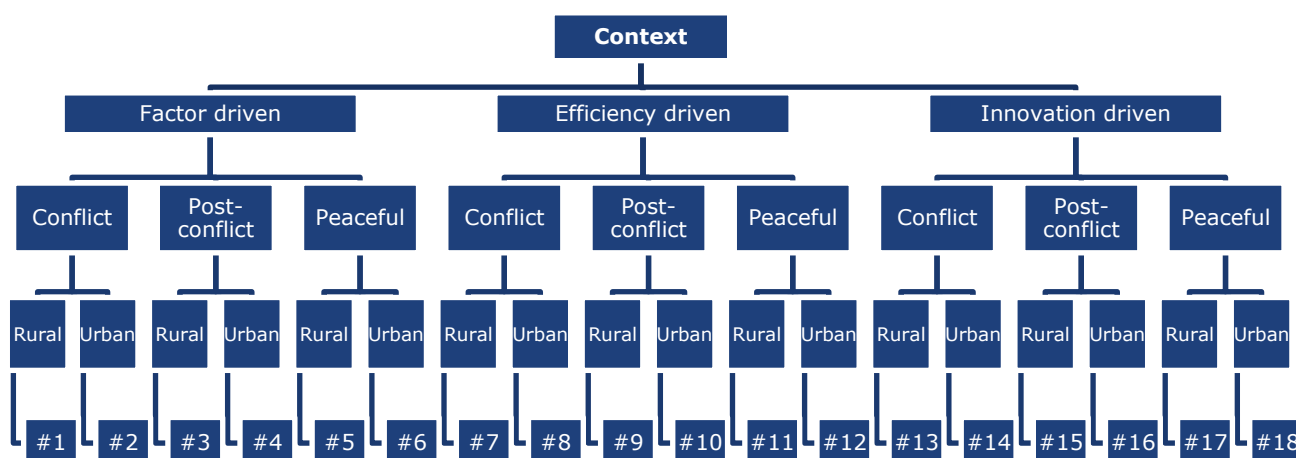
Based on the experience of practitioners and our literature review, three different context types have been identified as key for understanding appropriate prioritisation and adaptation of youth entrepreneurship support. These are:

- **Factor, efficiency and innovation driven contexts:** This categorisation is based on the approach adopted by GEM and WEF, which combines a measure of the level of income with a measure of the structure of the economy. Factor driven economies are dominated by subsistence agriculture and extraction businesses, which are heavily reliant on labour and natural resources. Efficiency driven economies are characterised by industrialisation and an increased reliance on economies of scale with capital-intensive large organisations gaining dominance. Innovation driven economies are characterised by business being more knowledge intensive and an expanding service sector.

- **Conflict affected, post-conflict affected and peaceful contexts:** We define conflict and post-conflict context as “areas in which there is or recently was pervasive violence – including structural violence – affecting civil populations causing large scale displacement, migration and civilian casualties .... There is no indication of time-frame for entering or exiting a specific (post-) conflict zone, but there is consensus that five years after the end of the conflict can be classified as post conflict” (War Child 2011).
- **Urban and rural contexts:** We define urban versus rural context by the level of urbanisation in a country relative to the rural population. This is the difference between total population and the urban population calculated using the urban share.

For the purposes of this study we have defined the contexts at the national level, but some, particularly the urban/rural categorisation, are best assessed at the local level within a country. Based on these three context categorisations, we identify 18 different context scenarios as set out in the decision tree in figure 2. The context scenarios identified for the purpose of this analysis, therefore, range from factor driven, conflict affected rural context at one end of the spectrum to innovation driven, peaceful, urban context at the other.

**Figure 2: Decision tree for context scenarios**



This of course represents a simplification of reality, and appropriate interventions should ideally be decided on a more specific context by context basis. However, these generalisations are intended to ease the decision making process of those working to promote youth entrepreneurship where there is limited resource for detailed context by context analysis in the first instance (e.g. when countries are being selected), and should be supplemented by more detailed, country specific analysis once particular countries have been selected for engagement.

### Drivers and enablers of entrepreneurship

For each of these context scenarios we analyse to what extent the determinants of entrepreneurship present either an opportunity or constraint in that particular context, to enable us to develop recommendations about which types of youth entrepreneurship support initiatives are likely to have the greatest impact.

For the determinants of entrepreneurship, we distinguish between drivers of entrepreneurship and enablers of entrepreneurship. We identify **market opportunities** as **drivers of entrepreneurship**, as well as the availability of **alternative sources to support a livelihood**,

i.e. employment, and levels of **cultural support** for entrepreneurship. These determine the overall incentives for entrepreneurship in a particular context. In terms of **enablers of entrepreneurship**, drawing on the literature, we identify **infrastructure**, **health and primary education**, **investor protection**, **access to finance**, **taxes and regulation**, **professional and commercial infrastructure**, the **macro-economic environment** as well as **government entrepreneurship programmes** and **entrepreneurship education at primary, secondary and post-secondary level** as the **basic requirements**, that need to be met to facilitate entrepreneurship. We identify **higher education**, **specialised research and training** and **technological readiness** as **efficiency enhancers** that become more of a binding constraint once the basic requirements for entrepreneurship improve. Finally, we identify **R&D transfer** and **business sophistication** as **innovation enhancers** required to enhance the level of innovation and sophistication among entrepreneurs. Innovation enhancers are more likely to be a truly binding constraint after the basic- and efficiency enhancers have been met to a reasonable degree.

As these vary considerably across context, our analysis refers to existing country level indicators to determine the extent to which each of these drivers and enablers present either an opportunity or a constraint to youth entrepreneurship, based on which we can draw conclusions and make some generalisations about which youth entrepreneurship initiatives are likely to have the greatest impact in different contexts.

### Youth entrepreneurship support initiatives

We develop a list of potential youth entrepreneurship support initiatives and adaptations that address the particular constraints to entrepreneurship based on our literature review, consultations with experts and practitioners in the sector as well as our own qualitative analysis. This list is intended to be illustrative of the types of interventions that can be used to address context specific constraints, rather than being an exhaustive collection of all types of possible youth entrepreneurship support initiatives and adaptations. It also is not based on any quantitative impact assessment. Opportunities for a more evidence based validation of these recommendations may be explored as Phase 2 of this project.

### Entrepreneurial profile

Recognising that youth entrepreneurship support initiatives also have to be adapted to the specific needs of the target group of (potential) entrepreneurs they intend to support, we further disaggregate by entrepreneurial profile focusing on three types of entrepreneurs based on their motivation for entering into entrepreneurial activity (drawing on categorisations commonly discussed in the literature):

- **Necessity driven entrepreneurs:** entrepreneurs who have few or no other income generation or employment opportunities, and thus become entrepreneurs to sustain their livelihood by necessity rather than choice;
- **Opportunity driven entrepreneurs:** entrepreneurs who pursue a perceived market opportunity and choose to start their own business, despite having the option of generating an income through employment elsewhere at the time of starting a business; and
- **Growth oriented entrepreneurs:** entrepreneurs who have a relatively higher job creation potential (which may also be an indication of greater international market reach and/or a higher degree of innovation in products and services offered).

We note, however, that the boundaries between these entrepreneurial profiles are not easily established and that as a result our analysis suggests that most recommended interventions apply to all three target groups.

### Toolkit

Based on this approach we have developed a toolkit which enables users to categorise context based on the decision tree in figure 2, and then provides analysis of the determinants of

entrepreneurship, and guidance on appropriate interventions in that context, in the form of short summary for each of the 18 context scenarios.

For the determinants of entrepreneurship this includes:

- The **entrepreneurial profile** including likely proportions of necessity and opportunity driven entrepreneurs as well as growth oriented entrepreneurs and the relative likely size of the overall youth population.
- The **drivers of entrepreneurship** in terms of the extent to which market opportunities exist, cultural levels of support for entrepreneurship as well as alternative livelihood opportunities to entrepreneurship.
- The **enablers of entrepreneurship** in terms of basic requirements, efficiency enhancers and innovation enhancers.

For the recommendations for maximising impact of youth entrepreneurship support this includes:

- Recommendations for **policy makers** focusing on priority areas for reform ;
- Recommendations for **programme decision makers** focusing on priority interventions; and
- Recommendations for **practitioners** focusing on how to adapt interventions.

The recommendations also highlight where applicable, what interventions are particularly suited to address the needs of a particular entrepreneurial profile, i.e. necessity or opportunity driven entrepreneurs or growth oriented entrepreneurs.

Developing a framework or toolkit for this type of analysis is based on the premise that we can make generalisations about the contextual enabling environment as well the individual profile of young entrepreneurs. Any recommendations put forward by this analysis are therefore intended as guidance only to help the decision making process of those working to promote youth entrepreneurship in different contexts and will have to be validated through the subsequent stakeholder engagement process in Phase two of this project and where feasible backed up by impact data.

## Methodology

Our approach is informed by a combination of a review of existing literature on (youth) entrepreneurship, consultations with experts and practitioners in the field, quantitative analysis of existing data sets for indicators of the determinants of entrepreneurship, as well as our own qualitative economic analysis.

- We started our analysis by undertaking a literature review on the determinants of entrepreneurship, which depend both on (1) opportunities for entrepreneurship (e.g. potentially viable and profitable market opportunities) and their attractiveness and achievability verses alternative livelihoods, and constraints to entrepreneurship (e.g. cost of doing business, entrepreneurial skills and capacity). Both depend on the economic health and business environment in a country.
- We then reviewed the various macro-level indicators that can be used to assess these opportunities and constraints in a given context focusing in particular on data available from the Global Entrepreneurship Monitor (GEM) and World Economic Forum's (WEF) Global Competitiveness Report (GCR) of entrepreneurship indicators. From these we select the key variables such as market size, entrepreneurial culture, access to finance and R&D transfer to analyse for the purpose of this report.
- We then analyse how different contexts will affect both opportunities and constraints based on a context specific analysis of the above indicators, our review of existing literature and evidence, our consultations with experts and practitioners, as well as our own qualitative economic analysis.

- We also identify different target groups for youth entrepreneurship interventions based on our literature review, existing data disaggregating by target group and our consultations with experts and practitioners by necessity and opportunity driven entrepreneurs and growth oriented entrepreneurs and how they may benefit to different degrees from different types of youth entrepreneurship support initiatives.
- Based on the context and target group analysis we analyse how the various entrepreneurship promoting interventions can help to maximise the opportunities or overcome the constraints in a particular context. This enables us to analyse the implications in terms of potential efficacy of different types of entrepreneurship promoting interventions in different contexts.
- As context is also likely to impact on the organisational capacity of government and implementing agencies to deliver youth entrepreneurship support initiatives, we take these considerations into account when developing recommendations for maximising impact in context.

## 1.4 Readers Guide

We briefly define what we mean by (youth) entrepreneurship, discuss the (limited) availability of youth specific entrepreneurship literature and data and its implications for our research, as well as our adopted approach to disaggregating entrepreneurial profile by motivation, in chapter 2. Chapter 3 sets out our framework of indicators for thinking about what drives and enables entrepreneurship as well as existing sources of data analysed to determine to what extent drivers and enablers present either an opportunity or constraint in a particular context. Chapter 4 discusses how context affects young entrepreneurs, our approach to disaggregating context and our analysis of the determinants of entrepreneurship by context. Based on this analysis, we set out our framework for recommended entrepreneurship interventions, as well as the recommended interventions for each of the entrepreneurship determinants in chapter 5. Chapter 6 sets out the toolkit we developed for the 18 context scenarios based on the parameters and analysis set out in previous chapters. Finally in chapter 7, we discuss the limitations of existing impact assessments of youth entrepreneurship support initiatives and suggest opportunities to develop these, and ideas for the consultation and validation process for the toolkit to be developed during phase two of this project.

## 2 Youth Entrepreneurship

The following section sets out our definition of (youth) entrepreneurship, availability of youth entrepreneurship literature and data, as well as our approach to disaggregating entrepreneurial profile by motivation, into necessity and opportunity driven entrepreneurship, as well as opportunity driven growth-oriented entrepreneurship.

### 2.1 Defining entrepreneurship

#### Entrepreneurship

To keep the research question manageable, we use a narrow definition of entrepreneurship, which focuses on *the objective of income generation, i.e. those individuals who are, or want to become self-employed or who have started, or want to start, a new business, in either the formal or informal sector, in order to generate income.*

We do recognise though that entrepreneurship is often defined more broadly relating to a type of behaviour rather than simply starting a business or becoming self-employed. For example, the International Labour Organisation (ILO) defines entrepreneurship as *"a way of thinking, reasoning and acting ... It is much more than starting a new business. It is the process whereby individuals become aware of self-employment career options, develop ideas, take and manage risks, learn the process and take the initiative in developing and owning a business"* (in Schoof, 2006).

We exclude more widely defined entrepreneurship, which might include entrepreneurial proactive behaviour by individuals for purely charitable purposes, e.g. social entrepreneurship, or those displaying entrepreneurial traits whilst being employed, e.g. intrapreneurs.

#### Livelihoods

Livelihoods are usually defined quite broadly as an occupation or employment, or a means of support or subsistence. The ILO describes youth livelihoods as young people's capabilities and capacities to generate and maintain their means of living, to enhance their well-being and be able to withstand shocks (Schoof, 2006).

Entrepreneurship is only one source of livelihood – employment in a paid job is the other main source. We exclude interventions to promote employability from our frame of reference, given that although there could potentially be some degree of overlap in some areas, (for example employees with entrepreneurial skills are often considered 'better' employees), interventions specifically targeted at improving entrepreneurial capabilities can be clearly distinguished. For example, training to improve literacy can promote both entrepreneurial capabilities and employability. However, training on identifying market opportunities or preparing a business plan is more specifically related to promoting entrepreneurship. Therefore, this study only focuses on youth support interventions that are specifically designed to promote entrepreneurship rather than the livelihoods of young people per se.

#### Youth entrepreneurship

*For the purpose of this study we do not define a specific age range to focus on for youth but keep it broad.* This is because the understanding of what constitutes the youth age-cohort varies by context. For example, countries and official statistics define youth in different ways, so the setting of an age range may cause issues in terms of data comparability. Similarly, different organisations define youth differently so narrowing down youth by specific age may unnecessarily render this project unsuitable to some organisations. For example, YBI defines youth as up to age 35, whereas the UN defines youth as ages 15-24. Further, there are more entrepreneurs in the 25-34 age group than any other age range (GEM 2011), which suggests that a broader age range, e.g. if age 35 is used as the upper age bracket, will include a reasonably high proportion of all entrepreneurs and hence allow for conclusions to be drawn from the general entrepreneurship literature and data for young(er) entrepreneurs.



### Youth specific entrepreneurship literature and data

Being able to draw conclusions from the general entrepreneurship literature and data is important because youth focused research into entrepreneurship is still in its infancy and as a result very limited (this is perhaps not surprising given that research into entrepreneurship more broadly defined is itself a relatively recent development, following increased attention it has received from policy makers as a form of job creation). For the purpose of this report, we therefore assume that [many of the conclusions with regard to context related differences in impact of entrepreneurship interventions are similar for youth entrepreneurship interventions as for wider entrepreneurship](#). This is because many, if not all, of the opportunities and constraints facing entrepreneurs generally, are also likely to affect young entrepreneurs.

We do consider, however, that [young entrepreneurs may encounter constraints to a greater degree or even additional constraints](#). For example, access to finance may be a greater constraint for young people who are less likely to have built up a track record to establish creditworthiness. We incorporate consideration of these additional constraints faced by young people into the recommendations set out in the toolkit. However, we have drawn heavily on the wider entrepreneurship literature in undertaking the analysis, given the paucity of literature focusing on youth entrepreneurship specifically.

## 2.2 Motivations for entrepreneurship

It is important to recognise that not all entrepreneurs are the same, and hence are unlikely to respond to interventions in the same way (OECD, 2004). We, therefore, consider that young entrepreneurs will exhibit a variety of individual factors or profiles, which may create different needs for youth entrepreneurship support interventions between these groups.

Several studies explore different ways of categorising young entrepreneurs. For example, Chigunta (2002) proposes a transitional categorisation into three groups by age: the formative stage of pre-entrepreneurship (15-19 years), the growth stage of budding entrepreneurs (20-25 years), and the prime stage of emergent entrepreneurs (26-29 years). Lewis and Massey (2003) provide a more diagnostic framework for young entrepreneurs. As described by Schoof (2006), the paper distinguishes four types of (potential) young entrepreneurs along a continuum of the level of readiness, e.g. level of skills and/or exposure to enterprise, of (potential) young entrepreneurs and the level of intention to engage in entrepreneurial activity. However, whilst these types of models may provide some insights into the particular needs of different groups of young entrepreneurs and on how to prioritise appropriate interventions to maximise impact according to the profile needs of that group, we need to focus this study in terms of disaggregation of entrepreneurial profile to categorisations for which cross-country assessments are available.

For the purpose of this project, the distinction between different types of entrepreneurs, therefore, primarily focuses on the motivation for engaging in entrepreneurial activity. Specifically [we disaggregate by necessity and opportunity driven entrepreneurs as well as growth oriented entrepreneurs](#) as is commonly done in the entrepreneurship literature and existing datasets, such as GEM. We consider these three distinct target groups and their specific needs in the analysis and highlight where an intervention is especially suited to support that particular type of entrepreneurial profile. However, we also note that motivations may overlap and not always be clearly separable (Schoof 2006 and GEM 2012) and that most of the recommended interventions are therefore likely to be applicable to all three types of entrepreneurship.

The literature and data suggests that there is a link between context and the level of prevalence of different types of entrepreneurs, for example larger proportions of necessity driven entrepreneurs are likely to be found in factor driven economies than in efficiency and innovation driven ones, or growth oriented entrepreneurship tends to be hampered by high levels of corruption, which tends to be higher in factor driven and conflict affected economies (Bowen and DeClercq 2008). Our analysis therefore provides insights into the relative proportions of a particular entrepreneurial profile, governments, programme designers and

those implementing youth entrepreneurship interventions are most likely to find in a particular context.

We note, however, that the target group chosen to focus on for a particular intervention will depend on the objective of the intervention, e.g. is it to help poor people make a living or to promote job creation, rather than context in itself.

### Necessity driven entrepreneurship

We define necessity driven entrepreneurs as those who have few or no other income generation or employment opportunities, and thus become entrepreneurs to sustain their livelihood by necessity rather than choice.

Developing countries tend to have much higher rates of necessity driven entrepreneurship. GEM data, for example, consistently shows necessity driven entrepreneurship levels to be considerably higher in factor driven economies than in efficiency and innovation driven economies. This finding is supported by Llisterri et al. (2006), who show entrepreneurship by necessity to be more commonly found among poor people and those with lower levels of education. Schoof (2006) based on GEM data, further argues that necessity driven entrepreneurship is associated with low tax revenue as a percentage of GDP, lower levels of participation in secondary and tertiary education as well as high levels of income disparity and low levels of social security. Desai (2009) further argues that necessity driven entrepreneurs are more likely to operate in the informal economy as there tend to be few or no incentives to formalise in the context they operate in.

The indicator used in our analysis of likely levels of necessity driven entrepreneurship is:

- **Necessity driven entrepreneurial activity:** Percentage of individuals surveyed involved in total early-stage entrepreneurial activity or owner-managers of a new business, who are involved in entrepreneurship because they had no other option to work (*from GEM APS*)

### Opportunity driven entrepreneurship

Opportunity driven entrepreneurs pursue a perceived opportunity and choose to start their own business, despite having the option of generating an income through employment elsewhere at the time of starting or considering to start a business.

Levels of opportunity vs. necessity driven entrepreneurship tend to be similar in factor driven economies, but with greater levels of economic development necessity driven entrepreneurship gradually decreases as a motivator whilst opportunity driven entrepreneurship increases (GEM, 2012). Schoof (2006) argues based on GEM data that opportunity entrepreneurship tends to be more prominent in more developed countries, because of perceived higher level of future business opportunities, confidence in one's skills to start a business, and existing support available to entrepreneurs. This is supported by Llisterri et al. (2006), who show that opportunity driven entrepreneurs tend to have generally higher levels of education and tend to be from a middle or upper-middle class background. Similarly, Making Cents Internally (2010) found that opportunity driven entrepreneurs frequently come from more privileged backgrounds or middle-income countries and leverage educational and economic advantages to convert a business idea into a business.

However, as Desai (2009) points out many opportunity driven entrepreneurs will begin informally and only formalise once they perceive significant benefit from doing so. This may be particularly the case in emerging economies where the domestic market is expanding rapidly creating opportunities for new business entry but where improvements in the political and regulatory environment may lag behind economic expansion.

The indicator used in our analysis of likely levels of opportunity driven entrepreneurship is:

- **Improvement driven opportunity entrepreneurial activity:** Percentage of individuals surveyed involved in total early-stage entrepreneurial work, who claim to be driven by opportunity as opposed to finding no other options for



work; and who indicate the main driver for being involved in this opportunity is being independent or increasing their income, rather than just maintaining their income (*from GEM APS*)

### Growth orientation of entrepreneurs

For the purpose of this study **growth oriented entrepreneurs have a relatively higher job creation potential**, for which comparable cross-country data is available from GEM, which defines growth oriented entrepreneurs as those intending to create five or more jobs within five years.

We note, however, that in the literature growth orientation - also described as growth aspirations, growth potential, growth ambition or high impact entrepreneurs - can also refer to international market reach and the degree of innovation in products and services offered by the entrepreneur, or simply to entrepreneurs who engage in the entrepreneurial process with the aim to create as much value as possible (e.g. Stam et al. 2012). We note that job creation potential of entrepreneurs may also be an indication of their greater international market reach and/or a higher degree of innovation in products and services offered.

The literature tends to assume that the overall economic impact of growth oriented entrepreneurs may be greater than that of the remaining entrepreneurial population in a particular context. For example, several studies find that entrepreneurial aspirations in terms of job creation have been positively associated with economic development (see Wong et al. 2005, Wennekers et al. 2010 and Bosma 2011). However, according to GEM (2012), only a small minority of total expected job creation stems from growth oriented entrepreneurship (GEM, 2012). We can therefore not conclude whether a focus on growth oriented entrepreneurs in interventions is likely to maximise impact of youth entrepreneurship support. Also, a focus on growth oriented entrepreneurs in interventions is likely to restrict the number of entrepreneurs reached as a percentage of the total entrepreneurial population, as fewer entrepreneurs are growth oriented (GEM, 2012).

The indicator used in our analysis of likely levels of growth oriented entrepreneurship is:

- **Growth expectations of entrepreneurial activity:** Percentage of individuals surveyed involved in total early-stage entrepreneurial work, who expect to employ at least five employees five years from now (*from GEM APS*)

### Growth orientation and opportunity vs. necessity driven entrepreneurs

The literature points to a marked difference in growth potential between those entrepreneurs driven by necessity and those that are driven by opportunity:

- The growth potential of necessity driven businesses is generally lower than that of opportunity driven ones. Acs (2006) and Acs et al. (2008) found entrepreneurship in countries with high levels of necessity entrepreneurship to have lower impact on economic development than in countries where opportunity entrepreneurship is more prevalent. Similarly Llisterri et al. (2006) argues that necessity driven entrepreneurship tends to be fragile, create little employment for others and remain small. According to Desai (2009) this is largely because entrepreneurs driven by the need to avoid unemployment will more likely be starting low-skill, small-scale subsistence entrepreneurial activities.
- Opportunity driven businesses, on the other hand tend to have greater propensity to be growth-oriented than necessity driven business and to create more employment (Making Cents Internally 2010). Llisterri et al. (2006), for example, found that young entrepreneurs who had a university degree, (i.e. more likely to be opportunity driven entrepreneurs), were more likely to be employers than those with lower levels of education, who were more likely to be necessity driven entrepreneurs, and thus tended to be self-employed only.

In terms of the typical profile of a growth oriented or dynamic entrepreneur there seem to be variations across geographic regions. Llisterri et al (2006), for example, found that whilst in Latin America growth oriented young entrepreneurs tended to be men of a middle class background with at least one parent being an entrepreneur already, young growth oriented entrepreneurs in East Asia tended to be more likely to come from a low and mid to low class background and to have parents who were not entrepreneurs. It is, therefore, difficult to establish what the typical profile of a growth oriented entrepreneur would be and will have to be assessed on an individual basis rather than through the analysis of this toolkit. We note that this geographic variation in the typical profile of a growth oriented entrepreneurs, may be important to consider in the subsequent consultation and validation process for this toolkit.

#### ***Growth potential and young entrepreneurs***

Importantly, according to GEM (2012), young entrepreneurs, those under 34 years of age, are more likely to be found among high-expectation entrepreneurs (those who aim to create at least 20 new jobs in the next five years), than among low-expectation entrepreneurs. So young people, who are starting up a business intend to create more employment opportunities than other age groups, particularly in middle to low-income countries (GEM, 2005).

However, whilst GEM argues that growth aspirations have been shown to be a good predictor of eventual growth among young entrepreneurs, Llisterri et al. (2006) found that businesses created by young people tended to have a small impact on job creation and that only a few young self-employed individuals became employers and able to create new jobs. However, the study did find that self-employment by youth facilitated higher levels of transition into paid employment within three years compared to the transition from unemployment.

Based on this evidence we are unable to determine whether young(er) entrepreneurs tend to have higher growth potential than 'older' entrepreneurs.

### 3 Entrepreneurship determinants

The following section sets out our framework of indicators for thinking about what drives and enables entrepreneurship as well as existing sources of data analysed to determine to what extent drivers and enablers present either an opportunity or constraint in a particular context.

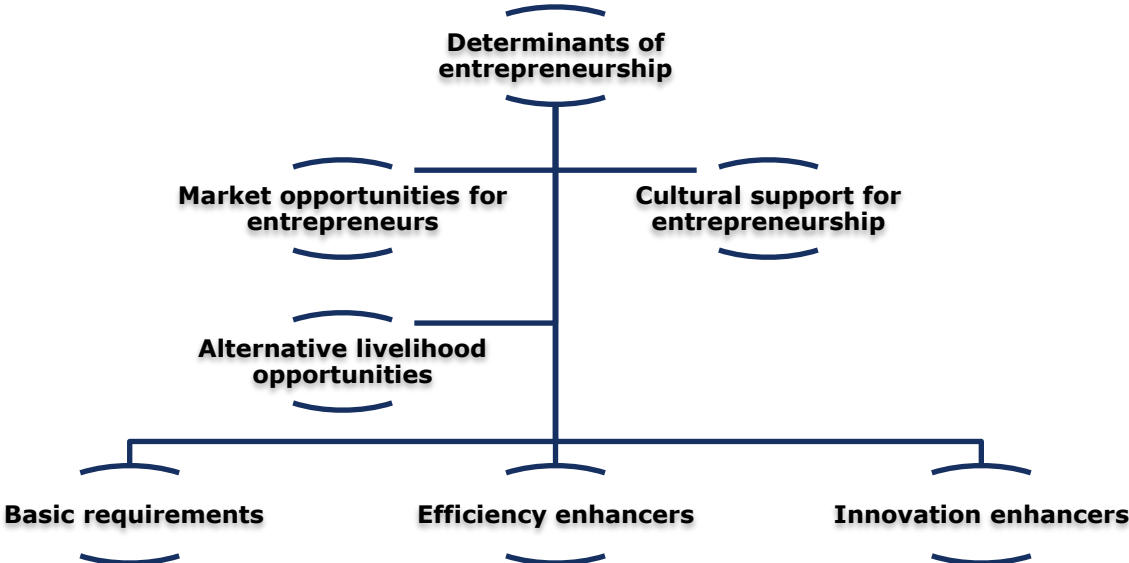
#### 3.1 Framework for drivers and enablers of entrepreneurship

The determinants of entrepreneurship are variously referred to as the ‘entrepreneurial ecosystem’ or ‘framework conditions for entrepreneurship’, and influences entrepreneurial attitudes, aspirations, capacity, ability, activity and potential to succeed. Whilst there is no single definition of what constitutes the determinants of entrepreneurship, there is fairly broad consensus on the main determinants.

Prior to discussing these it details it is important to recognise that determinants depend on both **demand side factors or drivers of entrepreneurship**, e.g. what are the market opportunities in terms of demand and their attractiveness and achievability versus alternative livelihood options, and **supply side factors or enablers of entrepreneurship**, e.g. does the entrepreneur have the capacity, finance and sills to produce a good or service that people will pay for. Most analysis of the entrepreneurial ecosystem only focuses on the supply side without giving adequate attention to demand side factors. Whilst we also primarily focus on supply side factors or enablers, we start to explore demand side factors or drivers in our analysis as well.

We therefore, distinguish the determinants of entrepreneurship between **drivers of entrepreneurship** and the **enablers of entrepreneurship** in terms of the extent to which these either facilitate or undermine entrepreneurial activity. We disaggregate enablers of entrepreneurship further into those that constitute **basic enablers**, **efficiency enablers** and **innovation enablers**, as suggested by the World Economic Forum (WEF)’s Global Competitiveness Report and the Global Entrepreneurship Monitor (GEM). Figure 1 sets out our framework for the determinants of entrepreneurship, which forms the basis of analysis of how context affects entrepreneurship.

Figure 3: Determinants of entrepreneurship



Source: ODI framework based on literature review of existing frameworks for the analysis of determinants of entrepreneurship.

In terms of the **drivers of entrepreneurship** we identify **market opportunities** in terms of market size and internal market openness to new entrants as drivers of entrepreneurship, as well as likely levels of **cultural support for entrepreneurship** and **availability of alternative sources to support a livelihood**, i.e. employment. These determine the overall demand side factors for entrepreneurship in a particular context.

In terms **enablers of entrepreneurship** we identify (based on the literature) **infrastructure**, **health and primary education**, **investor protection**, **access to finance**, **taxes and regulation**, **professional and commercial infrastructure**, the **macro-economic environment** as well as **government entrepreneurship programmes** and **entrepreneurship education at primary, secondary and post-secondary level** as the **basic requirements** that need to be met to facilitate entrepreneurship. We identify **higher education**, **specialised research and training** and **technological readiness** as **efficiency enhancers** that become more important as the basic requirements for entrepreneurship improve. Finally, we identify **R&D transfer** and **business sophistication** as **innovation enhancers** required to enhance the level of innovation and sophistication among entrepreneurs. Innovation enhancers become more important as the basic- and efficiency enhancers improve.

## 3.2 Definition and indicators of the determinants of entrepreneurship

The following section briefly defines and discusses each of the determinants identified above and identifies existing data sources for each. There is a wealth of data available – although usually only at the national level – to determine the extent to which each indicator either presents an opportunity or constraint to entrepreneurship in a particular country. The OECD probably provides the most comprehensive list of data sources for the determinants of entrepreneurship (2011). However, the level of detail collected tends to be available only for OECD member countries and even then is not available for all.

For the purpose of this study we largely limit our analysis of data to that provided by GEM and WEF's Global Competitiveness Report (GCR), which provide existing cross-country datasets suitable for our analysis. The main difference between these two sources of data is that GEM focuses explicitly on entrepreneurship, whilst WEF's GCR focuses on competitiveness and the business environment more generally. Both measures are therefore highly relevant to an assessment of the determinants of entrepreneurship. Annex A provides further detail on how the GEM and WEF GCR datasets are collected. Where neither data sources provide detail on the specific determinants of entrepreneurship we refer to data provided by the World Bank (WB). Annex B sets out the specific definitions for each indicator discussed below.

### Drivers

#### Market opportunities

Market opportunities determine the availability of profitable opportunities and hence the efficacy of any supply side approaches to foster entrepreneurship, i.e. without market opportunities any improvements in the enablers of entrepreneurship as outlined below will have limited efficacy if the former is limited.

The indicators used in our analysis of market opportunities are:

- **Market size**: the extent to which market size, including both national and access to international markets allows for economies of scale (*from WEF GCR*)
- **Market openness**: the extent to which new firms are free to enter existing markets (*from GEM NES*)

#### Alternative livelihoods

The lack of alternative employment opportunities is an important driver of entrepreneurship, in particular necessity driven entrepreneurship. Whilst GEM collects data through its APS on necessity versus opportunity driven entrepreneurship, which already provides an indication of the likely availability of alternative livelihoods in a particular context, we explore this further by including data on youth unemployment.

The indicator used in our analysis of alternative livelihoods is:

- **Youth unemployment:** the share of the labour force aged 15-24 without work but available for and seeking employment (*from WB World Development Indicators*)

### **Cultural support for entrepreneurship**

Entrepreneurial culture determines the extent to which entrepreneurship is encouraged in a particular context. Differences in entrepreneurial culture are increasingly understood to account for differences in the level of entrepreneurial development across context. This is because the entrepreneurial culture in a particular context affects the attitude that an individual has towards entrepreneurship, the likelihood of choosing entrepreneurship as a career, the ambitions to succeed and also to start again after failure (OECD 2011). Higher levels of entrepreneurship are therefore likely to be found in an environment where entrepreneurship is respected and valued and where entrepreneurs enjoy greater levels of legitimacy (Schoof, 2006). Further, as suggested by GEM (2012), society-wide perceptions do not only influence attitudes of the entrepreneur him(her)self, but also those of stakeholders on which the entrepreneur may rely, such as investors, suppliers, customers as well as the support of family and friends. According to the World Bank (2008), “promoting an entrepreneurial culture is one of the most essential and neglected components of entrepreneurship development”.

The indicator used in our analysis of cultural support for entrepreneurship is:

- **Cultural and social norms:** the extent to which social and cultural norms encourage or allow actions leading to new business methods or activities that can potentially increase personal wealth and income (*from GEM NES*)

## **Enablers**

### **Basic requirements**

#### **Infrastructure**

Basic infrastructure determines entrepreneurship in terms of the ease with which entrepreneurs can access physical resources such as communication, utilities and transportation, which will affect their ability and the cost at which they can market their products and services. Whilst these basic infrastructure requirements are not considered or discussed in detail in most of the entrepreneurship literature reviewed – largely because most of the entrepreneurship literature focuses on developed economies, where levels of infrastructure are generally high - GEM identifies basic infrastructure as the key binding constraint to entrepreneurship across any context if not met. Without these in place, many opportunities for entrepreneurship are likely to be undermined.

The indicators used in our analysis of infrastructure are:

- **Infrastructure:** the level of available airline seats, telephone lines and mobile subscriptions (*from WEF GCR*)
- **Physical infrastructure:** ease of access to physical resources such as communication, utilities, transportation and land or space, at a price that does not discriminate against SMEs (*from GEM NES*)

#### **Health and primary education**

Both health and primary education determine the level of efficiency at which entrepreneurs as well as their (potential) employees can operate. A lack of either can therefore become a significant constraint on entrepreneurship and continued investment is crucial to ensure businesses can operate competitively (WEF 2011). This enabler is rarely discussed in detail in the entrepreneurship literature – again largely because most of the entrepreneurship literature focuses on developed economies, where levels of health and primary education are generally high -, but is a basic requirement of entrepreneurship.

The indicator used in our analysis of health and primary education is:

- **Health and primary education:** the extent to which malaria, tuberculosis and HIV prevalence, infant mortality, life expectancy and primary education enrolment affect business activity (*from WEF GCR*)

#### **Investor protection**

The extent to which investors are protected is critical to encourage entrepreneurial activity. Whilst this measure tends to be related to the legal and administrative environment within which individuals, firms and governments interact to create wealth (WEF, 2011), it specifically focuses on the extent to which investors' interests are protected and hence likely levels of investment into businesses increased.

The indicator used in our analysis of the protection of investors is:

- **Institutions:** the relative strength of investor protection in terms of transparency of transactions, liability of self-dealing and shareholder's ability to sue for misconduct (*from WEF GCR drawing on WB Doing Business indicators*)

#### **Access to finance**

One of the most prominently cited constraints to entrepreneurship is the lack of adequate start-up finance. Evidence shows that SMEs are more constrained by limited access to start-up finance than larger corporations, and that this is exacerbated by weaknesses in financial systems (UNCTAD 2009). Securing start-up finance is also often highlighted as being particularly difficult for young people to achieve due to their relatively lower securities, e.g. adequate credit history, collateral or guarantees, as well as lack of credibility as a result of limited experience compared to 'older' entrepreneurs (World Bank, 2008). However, the 2004 Eurobarometer Survey on entrepreneurship only found a 5% difference between young people aged 15-24 who responded that the lack of available financial support was an obstacle to setting up a business, compared to all other age cohorts, 78 percent and 73 percent respectively. Beyond start-up finance, many entrepreneurs and particularly those with growth potential, experience further financial barriers to expansion (often referred to as the missing middle in access to finance).

The indicator used in our analysis of access to finance are:

- **Ease of access to loans:** Ease with which bank loans can be obtained with only a good business plan and no other collateral (*from WEF EOS*)
- **Venture capital availability:** Ease with which entrepreneurs with innovative but risky projects can find venture capital (*from WEF EOS*)
- **Finance and entrepreneurship:** the availability of financial resources including equity and debt for SMEs (*from GEM NES*)

#### **Taxes and regulation**

Legal and administrative burdens in the form of taxes and regulation are a critical factor affecting entrepreneurial performance and have been identified as a potential binding constraint to entrepreneurial activity in several studies including OECD (2010) and World Bank (2003). Findings by other survey based studies seem to support this. For example, the World Bank's Entrepreneurship Snapshot focuses almost exclusively on regulatory constraints to entrepreneurship based on the WB's Doing Business indicators and the Flash Eurobarometer on entrepreneurship (2009), found that one of the primary constraints to starting a business among the European adult population were complex administrative procedures. We note, however, that regulation, if a constraint, may not undermine entrepreneurship per se but rather may prevent entrepreneurs from operating in the formal rather than informal economy.

The indicator used in our analysis of taxes and regulation is:



- **Taxes and regulation:** the extent to which taxes and regulation are either size neutral or encourage the formation of new small to medium sized enterprises (SMEs) under government policy (*from GEM NES*)

#### **Commercial and legal infrastructure**

Commercial and legal support services that are both available and accessible to entrepreneurs are key to promote entrepreneurial activity in the formal economy and especially for growth oriented entrepreneurship, who in order to seek investment will need to be able to produce audited accounts and adhere to legal standards.

The indicator used in our analysis of the commercial and legal infrastructure is:

- **Commercial and legal infrastructure:** the presence of property rights, commercial, accounting, and other legal and assessment services and institutions that support or promote SMEs (*from GEM NES*)

#### **Macroeconomic environment**

The stability of the macro-economic environment is important for businesses to be able to flourish. Whilst it does not necessarily determine entrepreneurship, if in disarray it can undermine or revert any economic growth as seen during the recent financial crisis.

The indicator used in our analysis of the macroeconomic environment is:

- **Macro-economic environment:** the relative stability of the macroeconomic environment in terms of government budget balance, gross national savings, inflation, interest rate spread, government debt and country credit ratings (*from WEF GCR*)

#### **Government entrepreneurship programmes**

Comprehensive government entrepreneurship programmes can greatly enhance and facilitate entrepreneurial activity by providing the required support services to entrepreneurs. We note that whilst policy makers have a key role in promoting these, actual delivery may be best provided private service providers or NGOs depending on the particular context.

The indicator used in our analysis of government entrepreneurship programmes is:

- **Government entrepreneurship programmes:** the presence and quality of programmes directly assisting SMEs at all levels of government including national, regional and municipal levels (*from GEM NES*)

#### **Entrepreneurship education at primary and secondary level**

There is increasing recognition that there are substantial benefits from entrepreneurship education being integrated into national curricula from primary level. Early entrepreneurship education in particular is perceived to be crucial in assisting young people to develop entrepreneurial skills, attributes and behaviours as well as to develop enterprise awareness and to realise entrepreneurship as a career option (Schoof, 2006). We, also note, however, that entrepreneurship education at primary and secondary level is sometimes criticised for encouraging young students to leave formal education earlier than they otherwise would.

The indicator used in our analysis of entrepreneurship education at primary and secondary level is:

- **Entrepreneurship education at primary and secondary level:** the extent to which entrepreneurship education is integrated into national curricula at primary and secondary level (*from GEM NES*)

#### **Entrepreneurship education at post-secondary level**

As for entrepreneurship education at primary and secondary level, there is increasing recognition that there are substantial benefits from entrepreneurship education being integrated into national curricula. However, whilst at primary and secondary level it is likely to

primarily influence perceptions of entrepreneurship as an attractive career choice, at post-secondary level it is geared towards actually equipping potential entrepreneurs with the necessary business and entrepreneurial skills.

The indicator used in our analysis of entrepreneurship education at post-secondary level is:

- **Entrepreneurship education at post-secondary level:** the extent to which training in creating or managing SMEs is incorporated within the education and training system at post-secondary levels including higher education such as vocational, college and business schools (*from GEM NES*)

## Efficiency enhancers

### Higher education and training

The level of higher education and training gain in importance as an economy moves from being primarily factor, to efficiency to innovation driven. This indicator is particularly relevant to the type of entrepreneurship likely to be more prevalent in an economy, i.e. opportunity and growth-oriented entrepreneurship, and hence also the type of interventions that are likely to maximise impact.

The indicator used in our analysis of higher education and training is:

- **Higher education and training:** levels of secondary and tertiary enrolment as well as the quality of education as evaluated by the business community (*from WEF GCR*)

### Specialised research and training

The availability of specialised research and training is key to facilitate especially opportunity driven and growth oriented entrepreneurship as it allows entrepreneurs to improve and adapt their product offering to higher levels than otherwise possible.

The indicator used in our analysis of specialised research and training is:

- **Specialised research and training:** the extent to which high-quality specialised research and training services are available. (*from WEF EOS*)

### Technological readiness

The level at which entrepreneurs are able to access advanced technologies and blueprints and able to use them is a critical determinant of entrepreneurship and largely driven by access to the internet (WEF 2011). This indicator is also important to the type of entrepreneurship that is likely to flourish, i.e. the higher the level of technological readiness the more likely it is for opportunity driven and growth oriented entrepreneurs to emerge. The key difference between this indicator and innovation is that the technology does not have to be developed within the country but only needs to be accessible. This type of technological spill-over is often enhanced by foreign direct investment.

The indicator used in our analysis of technological readiness is:

- **Technological readiness:** the agility with which an economy adopts existing technologies to enhance the productivity of its industries measured by the level of internet users, broadband internet subscriptions and internet bandwidth (*from WEF GCR*)

## Innovation enhancers

### R&D transfer

The level of R&D transfer facilitated by the creation and diffusion of knowledge determines to some degree entrepreneurial opportunities but primarily the level of efficiency at which entrepreneurs are able to operate. Factors enhancing the level of R&D transfer include public



investment in R&D and technology transfer, the provision of incentives for private investment in R&D and the protection of intellectual property (UNCTAD 2009).

The indicator used in our analysis of R&D transfer is:

- **R&D transfer**: the extent to which national research and development will lead to new commercial opportunities and is available to SMEs (*from GEM NES*)

### **Business Sophistication**

Business sophistication refers to two elements, the quality of a country's overall business networks and the quality of individual firms' operations and strategies (WEF 2011). Whilst according to WEF (2011) these only become critical as other avenues to improve the business environment have been exhausted, this is in fact one of the main areas of intervention for organisations implementing youth entrepreneurship support initiatives, which focus on building entrepreneurial skills through training and mentoring for example as well as entrepreneurial networks or business to business linkages.

The indicator used in our analysis of business sophistication is:

- **Business sophistication**: the quality of a country's overall business networks and the quality of individual firm's operations and strategies (*from WEF GCR*)

## 4 Entrepreneurship in different contexts

Understanding context is critical to entrepreneurship. That is because the extent to which a particular entrepreneurial framework condition, as outlined in chapter 3, may present an opportunity or constraint varies significantly from one context to another. There is broad consensus in the literature and among experts and practitioners that there is no one size fits all approach to the promotion of entrepreneurship, but that any intervention needs to be tailored based on a comprehensive analysis of the particular opportunities and constraints in a given context. Box 1 provides some of the key quotes from the literature on the importance of adopting entrepreneurship support to context.

### Box 1: Quotes on entrepreneurship in context

*"Entrepreneurship can vary widely from one country to another. Context is critical. Each country is unique in terms of its economic and social realities, and will seek to promote entrepreneurship and innovation using whatever tools are available and to meet specific goals relevant to the local context."*

(UNCTAD 2009)

*"Initiatives and policies promoting youth entrepreneurship should focus on the main factors that facilitate and stimulate, or hinder and impede, the entrepreneurial activity of young people. ... [The determinants] are common to all countries. Nonetheless, every country has to find an appropriate policy mix of initialises that correspond to the most important barriers and constraints that exist in their countries. Therefore, a tailor-made, holistic approach that responds to different economic, social and cultural situations as well as to particular entrepreneurial framework conditions is required!."*

(Schoof 2006)

*"There is no one best way to foster entrepreneurship: it requires practical, targeted strategies, based on an understanding of the specific conditions faced by entrepreneurs in a particular area or region... The economic, technological, legal and cultural environment in which entrepreneurs operate makes an enormous difference, often determining their original decision to start a new business as well as their subsequent chances of success."*

(Monitor Group 2009)

However, whilst we explicitly recognise the importance of tailoring youth entrepreneurship interventions to specific context, our aim is to draw generalisations about context and impact to inform the decision making process of government, programme decision makers and those implementing youth entrepreneurship interventions in absence of time and resources to conduct a detailed analysis for each planned intervention on a context by context basis.

The following three sub sections set out the three context types upon which the analysis is based as agreed with the consortium partners. We note that although most research and data collection on entrepreneurship occurs at the national level, entrepreneurship tends to be a local phenomenon occurring at the level of sub-national economic regions (Monitor Group 2009). Therefore, the analysis aims to draw conclusions from national indicators as set out in chapter 3, which tend to be more readily available. The analysis of these is then applied to the specific context scenario set out below, which are not confined by national borders but can be applied at either the regional, national or sub-national level.

### 4.1 Factor, efficiency and innovation context

#### Defining factor, efficiency and innovation context

The analysis utilises the categorisation adopted by WEF's GCR and GEM, which divides countries into factor driven, efficiency driven and innovation driven economies based on GDP per capita and the share of exports comprising primary goods:

- **Factor driven economies** are dominated by subsistence agriculture and extraction businesses, which are heavily reliant on labour and natural resources;

- **Efficiency driven economies** are characterised by industrialisation and an increased reliance on economies of scale with capital-intensive large organisations gaining dominance; and
- **Innovation driven economies** are characterised by business being more knowledge intensive and an expanding service sector.

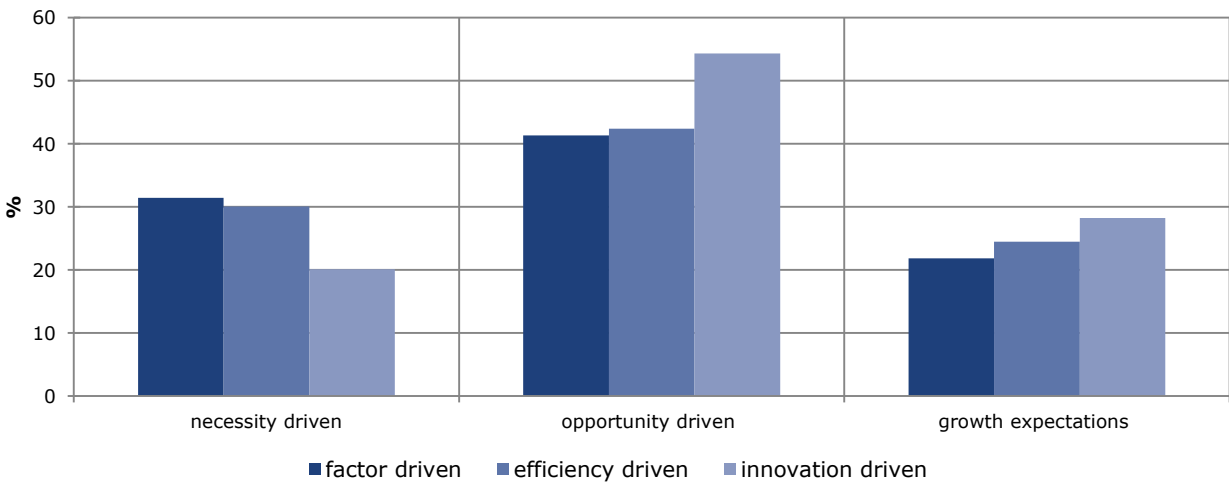
This categorisation combines a measure of the level of income with a measure of the structure of the economy, which is a better measure for the purpose of this study than merely the level of economic development, as it captures aspects relating to entrepreneurship better. The category into which a country fits can be ascertained using the WEF measure described above. WEF and GEM already list most countries using this categorisation.

Annex C sets out the categorisation of countries into factor, efficiency and innovation driven economies as applied for the purpose of the analysis for this project. We note that overall more literature and data tends to be available for innovation driven economies, primarily OECD countries, than efficiency and factor driven economies. There is therefore a lack of empirical evidence for the latter two categories. Also, GEM data points to significant variations within factor, efficiency and innovation driven economies.

**Analysis of drivers and enablers in factor, efficiency and innovation driven economies**

Our analysis of GEM and WEF’s GCR data by factor, efficiency and innovation driven economies shows considerable variations in terms of the likely entrepreneurial profile as well as the extent to which the drivers and enablers of entrepreneurship either create an opportunity or constraint.

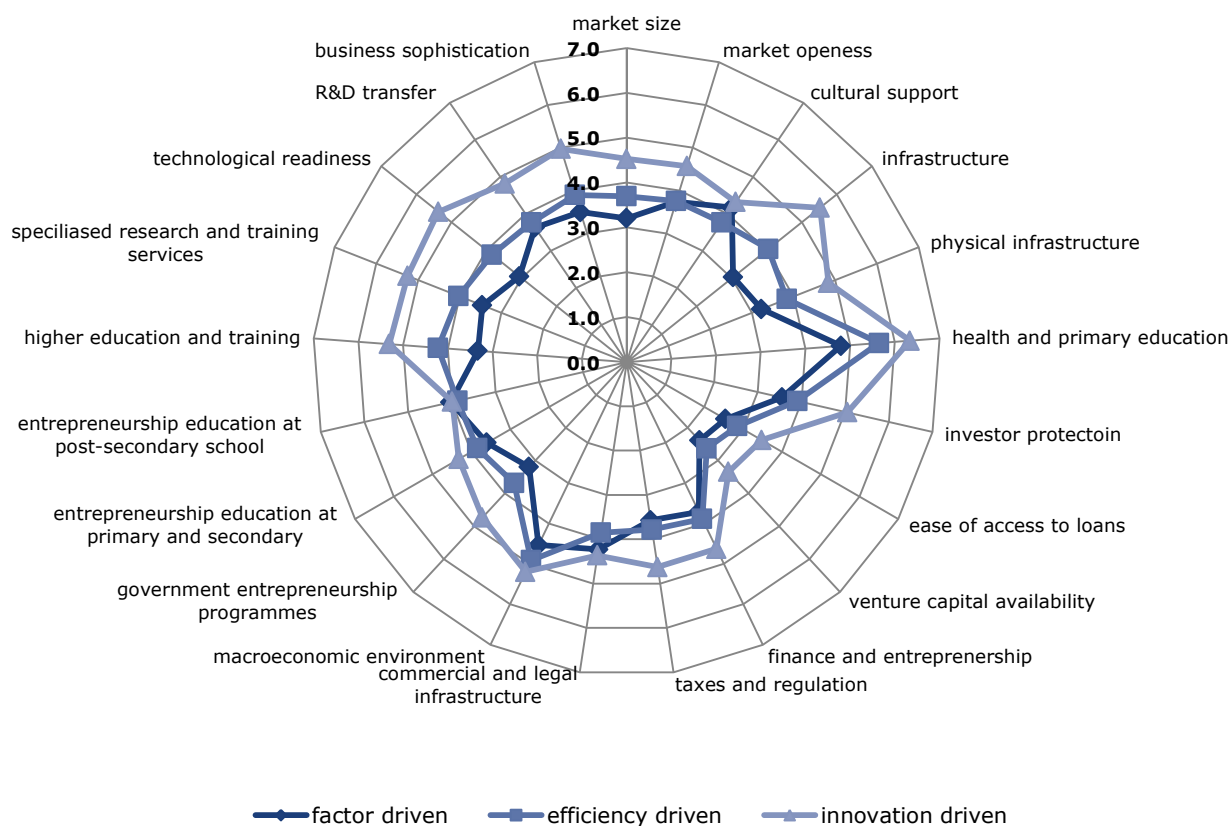
**Figure 4: Likely entrepreneurial profile by factor, efficiency and innovation driven economies**



Source: ODI analysis based on GEM data (2011)

In terms of the likely profile of entrepreneurs (see figure 4), there are considerably more necessity driven entrepreneurs in both factor and efficiency driven economies than innovation driven economies. The reverse holds for opportunity driven entrepreneurship. The proportion of entrepreneurs with growth potential increases, though not substantially, from factor to efficiency to innovation driven context.

**Figure 5: Rating of drivers and enablers of entrepreneurship in factor, efficiency and innovation driven economies**



Source: ODI analysis based on GEM and WEF data (2011)

Figure 5 above shows the ratings of the various drivers and enablers of entrepreneurship, based on a combination of GEM and WEF GCR data. Overall it shows what might be expected – that most drivers and enablers are more of a constraint in factor driven economies, and less of a constraint in innovation driven economies, as compared with efficiency driven economies.

In the spider web diagram, basic enablers are listed first, starting at '12 o'clock', and moving around the top right quadrant. Then moving clockwise around the spider web the efficiency enablers are listed, and then the innovation enablers, in the top left quadrant.

Overall, health and primary education and the macroeconomic environment do not appear to form a binding constraint in any of the three contexts. Variations by context are most significant in terms of infrastructure, higher education, specialised research and training services, technological readiness, R&D transfer and business sophistication. Variations between contexts are minimal in terms of cultural support for entrepreneurship (we note that this finding is contrary to many other studies exploring context and entrepreneurial culture and that an analysis of these indicators by region may show greater variations) and entrepreneurship education at post-secondary level.

Based on our analysis of the spider web in figure 5, literature review and consultations with experts and practitioners, we identify the likely top six binding constraints for factor, innovation and efficiency driven economies as follows:

- In **factor driven economies**, market size, infrastructure, finance, government programmes, higher education and training, and technological readiness are most likely the binding constraints.
- In **efficiency driven economies**, market size, internal market openness, cultural support, finance, government programmes, and R&D transfer are most likely the binding constraints.
- In **innovation driven economies** market size, cultural support, finance, professional and commercial infrastructure, entrepreneurship education at primary and secondary level, and entrepreneurship education post- secondary level are most likely the binding constraints.

We note that we only include innovation enablers for efficiency and innovation driven economies as even though they are low in factor driven economies they are unlikely to be a binding constraint given the relatively greater importance of basic enablers compared to efficiency and innovation enablers.

## 4.2 Conflict, post-conflict and peaceful context

### Defining conflict, post-conflict and peaceful context

There is no clearly agreed definition of conflict affected or post-conflict economy. This is largely because the term conflict or post-conflict affected is often used to also refer to fragility and disaster and because categorising context as conflict or post-conflict affected could reflect a political bias. As a result none of the existing databases registering conflict and post conflict zones agree on either the definition or on their actual classification.

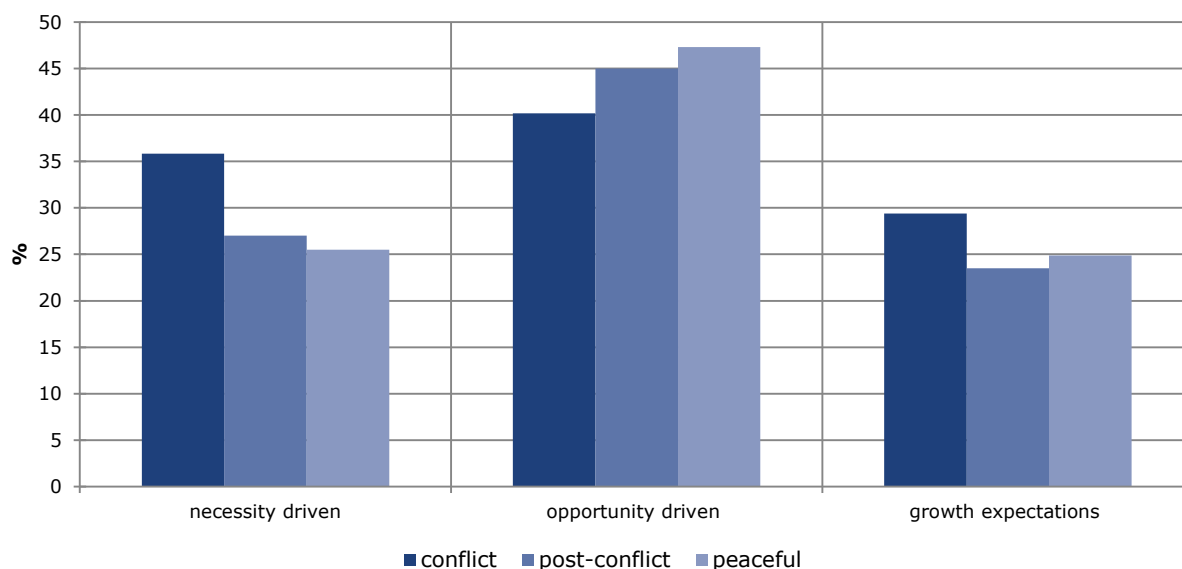
For the purpose of this analysis we draw on War Child's categorisation of conflict and post-conflict affected countries. War Child (2011) defines (post-) conflict zones as "areas in which there is or recently was pervasive violence – including structural violence – affecting civil populations causing large scale displacement, migration and civilian casualties". War Child (2011) further specifies that "there is no indication of time-frame for entering or exiting a specific (post-) conflict zone, but there is consensus that 5 years after the end of the conflict can be classified as post conflict". We note, however, that in most cases active conflict is restricted to particular parts of a country. Thus a subnational assessment of whether or not an initiative is operating in a conflict-affected environment will be more useful. In addition, there is often no clear dividing line between a conflict and a post-conflict situation, with sporadic or scattered returns to violence remaining common in many post-conflict situations. Thus in practice, these assessments may often be easier to make based on simple observation rather than through an explicit definition

Annex D sets out the categorisation of countries into conflict, post-conflict and peaceful contexts as applied for the purpose of the analysis for this project. We note that whilst overall the literature on entrepreneurship in conflict and post-conflict zones is expanding, considerably more literature and data is available for peaceful economies. There is therefore a lack of empirical evidence for conflict and post-conflict affected economies relative to peaceful contexts.

### Analysis of drivers and enablers in conflict, post-conflict and peaceful economies

Our analysis of GEM and WEF's GCR data by conflict, post-conflict and peaceful economies shows considerable variations in terms of the likely entrepreneurial profile as well as the extent to which the drivers and enablers of entrepreneurship either create an opportunity or constraint. However, the pattern is not as consistent as for factor, efficiency and innovation driven economies.

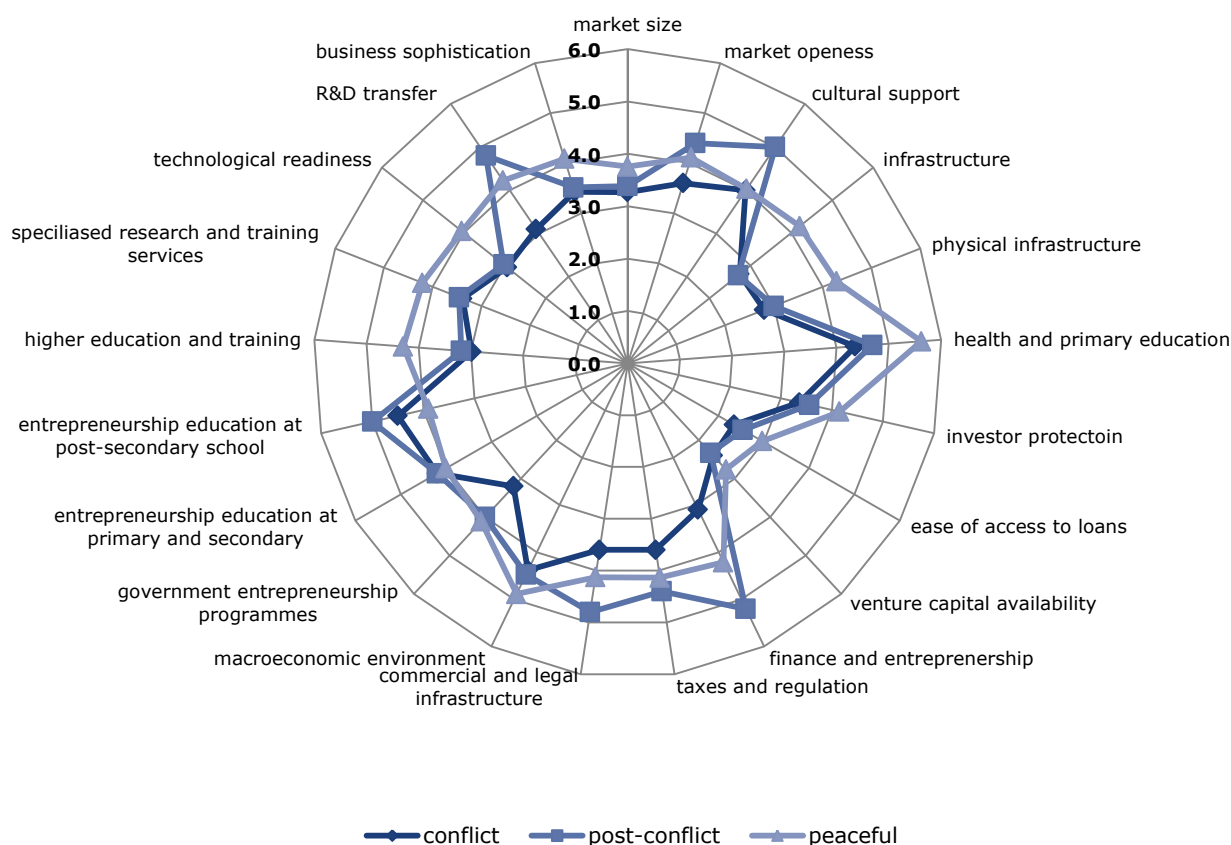
**Figure 6: Likely entrepreneurial profile by conflict, post-conflict and peaceful economies**



Source: ODI analysis based on GEM data (2011)

In terms of the likely profile of entrepreneurs (see figure 6), there are considerably more necessity driven entrepreneurs in conflict affected contexts than post-conflict and peaceful contexts. Though less markedly, the reverse holds for opportunity driven entrepreneurship; there are fewer opportunity driven entrepreneurs in conflict affected economies than post-conflict and peaceful ones. Interestingly, growth expectations are considerably higher in conflict affected economies. However, this may reflect the fact that the growth potential of entrepreneurs is being undermined by the on-going conflict, and that growth expectations are only expected to be realised in the future, following the end of the conflict.

**Figure 7: Rating of drivers and enablers of entrepreneurship in conflict, post-conflict and peaceful economies**



Source: ODI analysis based on GEM and WEF data (2011)

In terms of both drivers and enablers of entrepreneurship our analysis based on a combination of GEM and WEF GCR data show that overall these are rated considerably more highly in peaceful contexts than conflict affected contexts (see figure 7). However, whilst generally rated lower in post-conflict economies than peaceful ones, some enablers and drivers are rated (significantly) higher in post-conflict economies, e.g. market openness, cultural support, finance and entrepreneurship (note that it is lower for ease of access to loans and venture capital, however), taxes and regulation, commercial and legal infrastructure, entrepreneurship education at post-secondary level and R&D transfer. Overall, health and primary education, the macroeconomic environment and entrepreneurship education at post-secondary level do not appear to form a binding constraint in any of the three contexts. Variations by context are most significant in terms infrastructure and R&D transfer. Variations between contexts are minimal in terms of market size interestingly.

Based on our analysis of the spider web in figure 7, literature review and consultations with experts and practitioners, we identify the likely top six binding constraints as follows:

- In **conflict affected context** infrastructure, investor protection, government programmes, higher education and training, technological readiness, and R&D transfer are most likely the binding constraints.

- In **post-conflict affected context** infrastructure, investor protection, higher education and training, local availability of research and training services, technological readiness, and business sophistication are most likely the binding constraints.

For peaceful contexts, the binding constraints are not analysed further as these will be determined at the first context level, i.e. factor, efficiency or innovation driven contexts.

## 4.3 Urban and rural context

### Defining urban and rural context

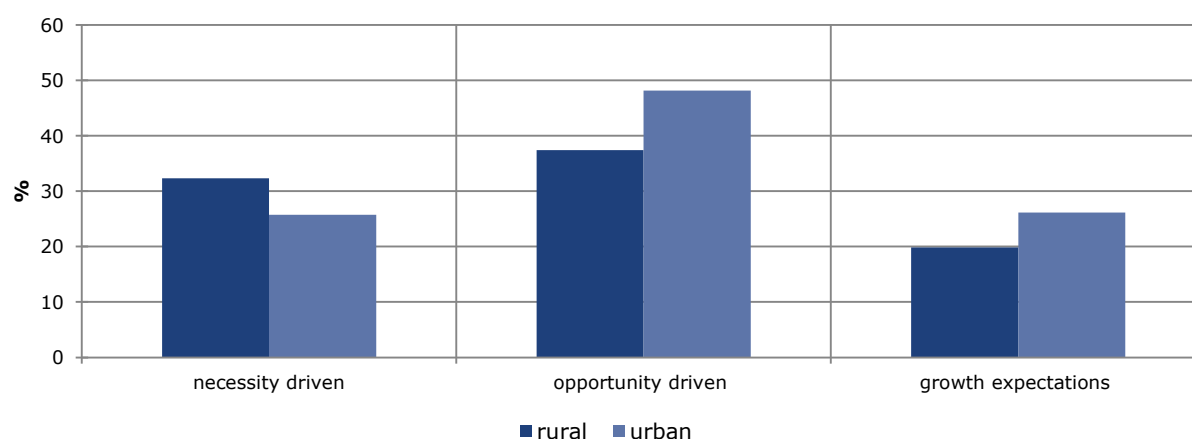
There is no universal standard for distinguishing urban from rural areas and any existing categorisation will be an oversimplification (World Bank, 2011). For the purpose of this report, however, we refer to the World Bank's World Development Indicators for rural and urban development (2011), which provide a measure of the degree of urbanisation in a country. The World Bank's categorisation of the rural population is approximated as the difference between total population and the urban population, calculated using the urban share reported by the United Nations Population Division. Where this data is not available for countries we refer to the disaggregation provided by Trading Economics. However, whether an area is primarily urban or rural is best defined at the local level, rather than the national level. This information can usually be obtained from the national statistical office of the country concerned.

Annex E sets out the categorisation of countries into urban and rural contexts as applied for the purpose of the analysis for this project. We note that literature exploring differences between urban and rural context is considerably more limited than that available for the other two context categorisations. Further, considerably more data is available for primarily urban economies than rural ones. However, our consultations with practitioners have facilitated our analysis for this categorisation.

### Analysis of drivers and enablers in rural and urban economies

Our analysis of GEM and WEF's GCR data for rural and urban economies shows considerable variations in terms of the likely entrepreneurial profile as well as the extent to which the drivers and enablers of entrepreneurship either create an opportunity or constraint.

**Figure 8: Likely entrepreneurial profile by rural and urban economies**

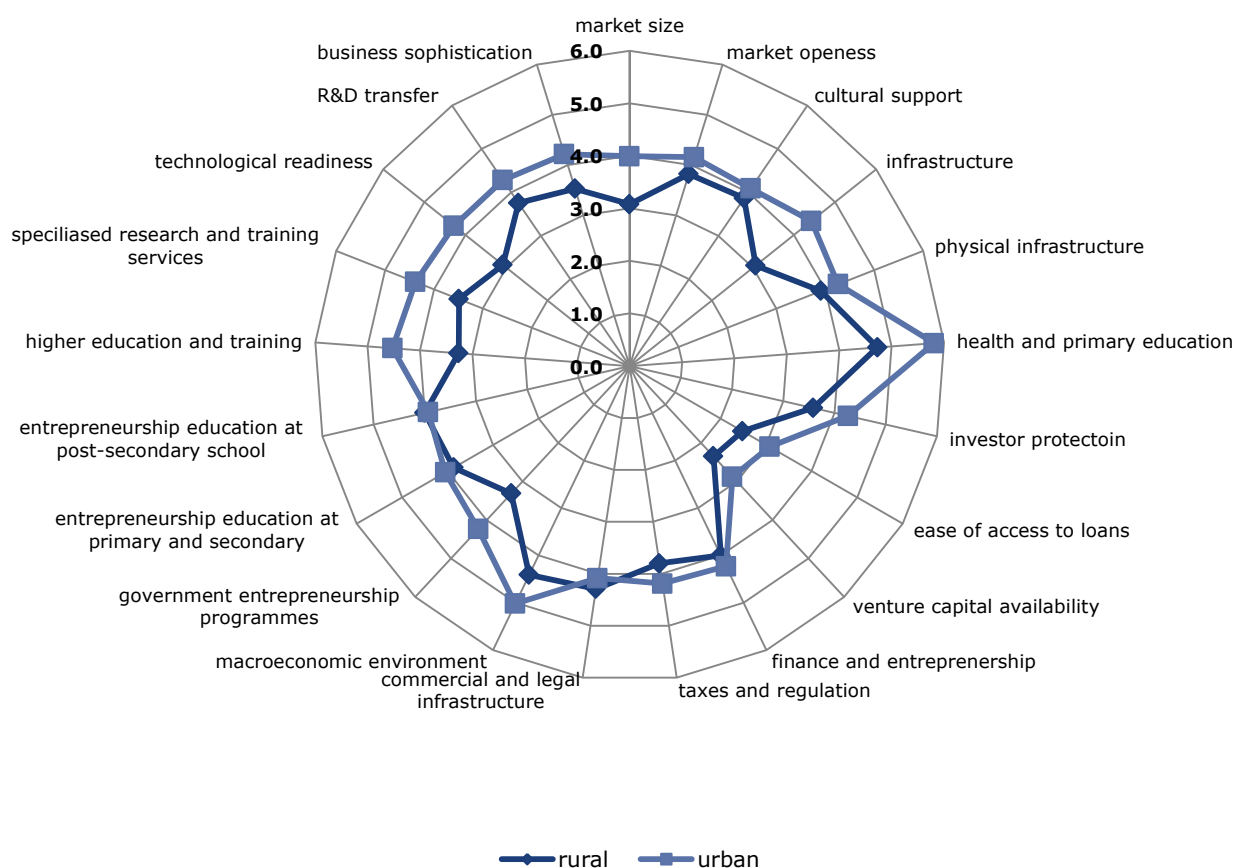


Source: ODI analysis based on GEM data (2011)

In terms of the likely profile of entrepreneurs (see figure 8), there are more necessity driven entrepreneurs in rural contexts than urban contexts. The reverse holds for opportunity driven entrepreneurship. Growth expectations are also lower in rural than urban areas.



**Figure 9: Rating of drivers and enablers of entrepreneurship in urban and peaceful economies**



Source: ODI analysis based on GEM and WEF data (2011)

In terms of both drivers and enablers of entrepreneurship our analysis based on a combination of GEM and WEF GCR data show that overall these are rated more highly in urban than in rural contexts with some exceptions (see figure 9). The difference is most marked for market size, infrastructure, health and primary education, higher education and training, specialised research and training services, technological readiness and business sophistication. However, the variation is insignificant for market openness, cultural support, commercial and legal infrastructure, entrepreneurship education at both primary and secondary level and post-secondary level. Overall, health and primary education and the macroeconomic environment do not appear to form a binding constraint in either of the two context types.

Based on our analysis of the spider web in figure 9, literature review and consultations with experts and practitioners, we identify the likely top six binding constraints as follows:

- In **rural context** market size, infrastructure, government programmes, higher education and training, local availability of research and training services, and technological readiness are most likely the binding constraints.

For urban context, the binding constraints are not analysed further as these will be determined at the first context level, i.e. factor, efficiency or innovation driven contexts.

## 4.4 The rules used to determine the toolkit recommendations for different context types

Based on our analysis of the constraints and appropriate interventions across factor, efficiency and innovation driven economies, conflict, post-conflict affected and peaceful economies, and rural and urban economies, we have identified the main constraints focusing on the likely top six binding constraints in each of these contexts. We note that we only included innovation enablers for efficiency and innovation driven economies as even though they are low in factor driven economies they are unlikely to be a binding constraint given the relatively greater importance of basic enablers.

Based on these top 6 constraints we applied the following rules when writing up the toolkit for each of the 18 context scenarios:

- If the context is **factor driven** include: (1) market size, (2) infrastructure, (3) finance, (4) government programmes, (5) higher education and training, and (6) technological readiness.
- If the context is **efficiency driven** include: (1) market size, (2) internal market openness, (3) cultural support, (4) finance, (5) government programmes, and (6) R&D transfer
  - But exclude (1) internal market openness, and (2) cultural support if **post-conflict affected**
- If the context is **innovation driven** include: (1) market size, (2) cultural support, (3) finance, (4) professional and commercial infrastructure, (5) entrepreneurship education primary and secondary level, and (6) entrepreneurship education post-secondary level
  - But exclude (1) cultural support if **post-conflict affected**
- If the context is **conflict affected** add (unless already included): (1) infrastructure, (2) investor protection, (3) government programmes, (4) higher education and training, (5) technological readiness, and (6) R&D transfer.
- If the context is **post-conflict affected** add (unless already included): (1) infrastructure, (2) investor protection, (3) higher education and training, (4) local availability of research and training services, (5) technological readiness, and (6) business sophistication.
- If the context is **rural** add (unless already included): (1) market size, (2) infrastructure, (3) government programmes, (4) higher education and training, (5) local availability of research and training services, and (6) technological readiness.

## 5 Youth entrepreneurship support initiatives

This section sets out our framework for recommended entrepreneurship interventions, the parameters and types of interventions considered in our analysis, as well as the list of potential youth entrepreneurship support interventions used in developing the toolkit for each context scenario.

### 5.1 Framework for entrepreneurship support interventions

Whilst we initially planned to base the analysis on existing impact assessment of youth entrepreneurship interventions, in the absence of that evidence we have identified priority intervention areas based on our analysis of the likely opportunities and binding constraints for entrepreneurship in each particular context. The underlying assumption is, therefore, that by implementing interventions that address the particular binding constraints in a context, the impact of youth entrepreneurship support initiatives can be maximised.

This also means that users of the toolkit do not necessarily have to refer to the actual recommendation list for each context, but can refer to the list of likely binding constraints by context instead, to assess themselves whether their specific youth entrepreneurship support initiatives address the context specific binding constraints and are therefore likely to maximise impact. This greatly enhances the applicability of the toolkit, as any list of recommended interventions cannot be sufficiently comprehensive.

In order to provide some suggestions for potential interventions to address each of the constraints to entrepreneurship set out in chapter 3, we developed a list of potential interventions and programme adaptations for each of the determinants drawing on our literature review (e.g. Betcherman et al. 2007, Ernst & Young 2011, GEM 2012, Global Monitor 2009, International Rescue Committee 2011, Making Cents International 2010, McKinsey & Company 2011, Monitor 2004, Morris 2011, OECD 2009, OECD 2010, Schoof 2006), consultations with experts and practitioners in the field and our own economic analysis. Given the sheer volume and variety of potential youth entrepreneurship support mechanisms, the list we developed is intended to be indicative only rather than an exhaustive illustration of all types of youth entrepreneurship support offered by different types of organisations. For the purpose of phase 1 of this toolkit, we use this list to provide examples of how policy makers, programme designers and implementers can help overcome the context specific constraints faced by young entrepreneurs. However, as part of phase 2 of this project, the list should be expanded, and more widely validated, and the scope to develop impact data that will enable us to provide a stronger quantitative evidence base should be explored.

#### **Parameters for our analysis of youth entrepreneurship support interventions**

As discussed above, there is a wide variety of interventions to support youth entrepreneurship ranging from macro level interventions designed to create a good business climate across the economy broadly, to meso level interventions designed to create the institutional environment necessary to facilitate entrepreneurial activity in particular sectors or areas, to micro level interventions designed to assist specific individuals or businesses.

We originally envisaged that our analysis would focus exclusively on the latter category, micro level interventions, as this is the main *modus operandi* of many non-governmental organisations (NGOs) working on youth entrepreneurship support and hence also reflects the primary focus of the work done by the consortium partners. However, given that we are developing recommendations for policymakers, programme designers and programme implementers alike, we now consider the whole range of interventions in our analysis, from macro to meso to micro level, and how they apply to each of these three target groups of the toolkit. Given the resulting large scope of recommendations considered, we are, therefore, not able to discuss these in detail for the purposes of Phase 1 of this project. This can however, potentially be developed further in Phase 2 of this project.

Further, we were also going to focus on interventions targeted at micro and small entrepreneurs, and start-ups/new enterprises only, rather than those trying to improve the performance of existing enterprises, again reflecting the majority of donor and NGO activity in this area. However, given the revised focus on entrepreneurial profile, especially in terms of growth potential, we now consider the full range of youth entrepreneurship support initiatives in our list of recommendations from start-up to interventions designed to improve performance of existing businesses.

We note that governments, donors and NGOs alike may take on the role of policy maker, programme decision maker or implementer. For example, government plays a critical role in facilitating the enabling environment for entrepreneurship but may simultaneously take on the role of programme decision maker or implementer for specific youth entrepreneurship support interventions. Similarly the role of donors may vary from funding governments and NGO activities to implementing youth entrepreneurship programmes. Further, NGOs may feed into the policy decision making process by lobbying government for example, rather than limiting activities to programme implementation, depending on the type of context (and associated constraints) they operate in. Thus we structure our analysis around the different roles, i.e. policy makers, programme designers and implementers, rather than the type of organisation to reflect the potential overlap of activities.

## 5.2 Recommended interventions to support youth entrepreneurship

Table 1 sets out examples of potential interventions for each of the binding constraints identified in chapter 4. This is based on the literature review, consultation, and our own analysis. For policy makers these focus on priority areas for reform and for programme decision makers on priority areas for intervention. Where appropriate we highlight which interventions are particularly important to either *necessity* or *opportunity driven entrepreneurs* or those with *growth potential*. This provides the basis for the recommendations made in the toolkit: we include these potential interventions for each constraint that has been identified as a binding constraint in that particular context.

**Table 1: List of potential recommendations for policy makers and programme decision makers by constraint**

Constraint	Policy maker	Programme decision maker
<b>Market size</b>	<ul style="list-style-type: none"> <li>• Growth policies</li> <li>• Investment climate reforms</li> <li>• Trade promotion activities, e.g. trade fairs and exhibitions</li> </ul>	<ul style="list-style-type: none"> <li>• Market analysis</li> <li>• Raising awareness of existing market opportunities, <i>especially for necessity driven entrepreneurs</i></li> <li>• Assistance in evaluating feasibility of business plans,</li> <li>• Promotion of business integration and business linkages including opportunities in international supply chains, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>• Trade fairs and exhibitions, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> </ul>
<b>Internal market openness</b>	<ul style="list-style-type: none"> <li>• Develop and facilitate competition policy</li> </ul>	<ul style="list-style-type: none"> <li>• Lobby for more open competition</li> </ul>
<b>Cultural support</b>	<ul style="list-style-type: none"> <li>• Implement visible entrepreneurship policy and support programmes</li> </ul>	<ul style="list-style-type: none"> <li>• Promote role models and visible success stories</li> <li>• Implement PR-campaigns, competitions and awards</li> <li>• Secure media support and coverage</li> <li>• Develop entrepreneurs' networks</li> </ul>
<b>Infrastructure</b>	<b>Invest in infrastructure</b>	<b>Cluster development programmes</b>

	<ul style="list-style-type: none"> <li>Cluster development policy</li> </ul>	<ul style="list-style-type: none"> <li>Shared workspaces and start-up factories</li> </ul>
<b>Investor protection</b>	<ul style="list-style-type: none"> <li>Build legal and regulatory framework to enhance investor protection</li> </ul>	<ul style="list-style-type: none"> <li>Promote transparency and facilitate better investor protection by providing training on accountancy standards etc. <i>especially for growth oriented entrepreneurs.</i></li> </ul>
<b>Finance</b>	<ul style="list-style-type: none"> <li>Financial sector development reforms</li> <li>Policies to promote access to finance</li> <li>Improving the regulatory environment for start-up finance, e.g. <ul style="list-style-type: none"> <li>transparent rating procedures and risk assessment</li> <li>shortening and simplification of document procedures</li> <li>improved cooperation and code of conduct,</li> <li>verifying and differentiating of lending criteria</li> </ul> </li> <li>Develop public capital markets</li> </ul>	<ul style="list-style-type: none"> <li>Provide start-up and business capital, e.g.: <ul style="list-style-type: none"> <li>provision of grants and 'free money', <i>especially for necessity driven entrepreneurs</i></li> <li>facilitating debt financing for young people, <i>especially opportunity driven and growth oriented entrepreneurs</i></li> <li>provision of soft-, micro and guaranteed loans, e.g. microfinance, <i>especially for necessity driven entrepreneurs</i></li> <li>loan guarantee schemes, <i>especially for opportunity driven entrepreneurs</i></li> <li>risk venture capital for young enterprises, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>fostering equity finance possibilities for youth, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>angel investors and network, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> </ul> </li> </ul>
<b>Government programmes</b>	<ul style="list-style-type: none"> <li>Introduce or improve entrepreneurship support initiatives, engaging local service providers or NGOs operating on the ground as appropriate</li> </ul>	<ul style="list-style-type: none"> <li>Assist government in developing policy</li> <li>Implement entrepreneurship surveys and share findings to inform policy development</li> </ul>
<b>Professional and commercial infrastructure</b>	<ul style="list-style-type: none"> <li>Foster institutional development</li> <li>Develop legal and regulatory framework for professional and commercial services</li> </ul>	<ul style="list-style-type: none"> <li>Support the development of the market for professional and commercial services and provide these in underserved areas</li> </ul>
<b>Higher education and training</b>	<ul style="list-style-type: none"> <li>Invest in higher education and training programmes</li> </ul>	<ul style="list-style-type: none"> <li>Offer on the job training and workshops</li> <li>Facilitate apprenticeship schemes</li> </ul>
<b>Local availability of research and training services</b>	<ul style="list-style-type: none"> <li>Fund research and training services or promote market for these.</li> </ul>	<ul style="list-style-type: none"> <li>Provide research and training services in underserved areas, or help to develop the market for these services, <i>especially for growth oriented entrepreneurs</i></li> </ul>
<b>Entrepreneurs hip education and primary and secondary level</b>	<ul style="list-style-type: none"> <li>Introduce entrepreneurship education programmes into national curricula</li> </ul>	<ul style="list-style-type: none"> <li>Raise awareness of entrepreneurship in schools though media and participatory approaches</li> </ul>
<b>Entrepreneurs hip education at post-secondary level</b>	<ul style="list-style-type: none"> <li>Introduce entrepreneurship education programmes at colleges and universities</li> </ul>	<ul style="list-style-type: none"> <li>Collaborate with universities and colleges to introduce entrepreneurship training, mentoring support and business coaching</li> </ul>
<b>Technological readiness</b>	<ul style="list-style-type: none"> <li>Invest in internet infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Offer access to internet cafes, IT clinics and IT training courses</li> </ul>
<b>R&amp;D transfer</b>	<ul style="list-style-type: none"> <li>Improve and facilitate R&amp;D policy, <i>investment and networks</i></li> </ul>	<ul style="list-style-type: none"> <li>Support development of R&amp;D networks, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> </ul>

<i>oriented entrepreneurs</i>		
<b>Business sophistication</b>	<ul style="list-style-type: none"> <li>• Provide finance for business skills training, guidance and mentoring services provided by local service providers or NGOs operating on the ground as appropriate</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of business skills training, guidance and mentoring services, e.g.: <ul style="list-style-type: none"> <li>○ One-stop-shops and youth enterprise centres</li> <li>○ Youth entrepreneurship online portals and websites</li> <li>○ Mentor support and business coaching</li> </ul> </li> <li>• Business incubators</li> </ul>

Similarly we developed recommendations for programme implementers, based on the literature review, consultations and our own analysis. These recommendations focus on how the programmes and particular types of interventions identified as priorities in a particular context (as set out in the first two columns of recommended interventions in the toolkit) may need to be adapted in their implementation, given the particular issues arising in the context in question. We focus in particular on four categories of youth entrepreneurship support that implementers are likely to focus on: development and assessment of [market opportunities](#), [access to finance](#) and entrepreneurship [training](#) as well as [cooperation](#) with other key stakeholders.

Table 2 provides a summary of these suggested adaptations for the first three: market opportunities, access to finance and training. Exceptions to the rules, i.e. if they do not apply in a particular context, are underlined. Where appropriate we again highlight which interventions are particularly important to either *necessity* or *opportunity driven entrepreneurs* or those with *growth potential* in italics.

**Table 2: List of potential adaptations for programme implementers to consider by context type**

	Market opportunities	Access to finance	Training
<b>Factor driven</b>	<ul style="list-style-type: none"> <li>• Focus on supporting young entrepreneurs in developing business ideas rather than limiting access to the programme to those potential entrepreneurs that already have business ideas, <i>especially for necessity driven entrepreneurs</i></li> <li>• Avoid supporting too many micro-entrepreneurs in the same sector to avoid risk of saturating the market</li> </ul>	<ul style="list-style-type: none"> <li>• Avoid providing access to credit where market opportunities are limited</li> <li>• Avoid getting entrepreneurs into unserviceable debt by ensuring realistic assessments of viability of proposed businesses and associated risks, <i>especially for necessity driven entrepreneurs</i></li> <li>• Consider offering grant finance as a subsidy to support entrepreneurial livelihoods, <i>especially for necessity driven entrepreneurs</i></li> <li>• Consider utilising social capital mechanisms, e.g. group based lending, as a form of credit security in absence of formal collateral and well-functioning asset registers, etc.</li> <li>• Consider collaborating with banks to provide guarantees based on programme driven</li> </ul>	<ul style="list-style-type: none"> <li>• Encourage realistic assessment by entrepreneurs of their perceived capabilities and identify specific areas of skills and enterprise development</li> <li>• Invest in basic training, e.g. literacy and financial literacy, <i>especially for necessity driven entrepreneurs</i></li> <li>• Tailor training to relatively lower levels of education, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>• Encourage cooperation between entrepreneurs in the absence of more formal cluster development policies and programmes</li> </ul>

entrepreneur's credit worthiness, *especially for opportunity driven and growth oriented entrepreneurs.*

### Efficiency driven

- Consider cooperating with local business councils to assess market opportunities and develop business linkages
- Avoid providing access to credit where market opportunities are limited
- Encourage realistic assessment by entrepreneurs of their perceived capabilities and identify specific areas of skills and enterprise development
- Encourage cooperation between entrepreneurs in the absence of more formal cluster development policies and approaches

### Innovation driven

- Include extensive market opportunity awareness raising activities in training programmes as perceptions of opportunities may be low, *especially for necessity driven entrepreneurs*
- Technical requirements to be successful in an innovation driven economy tend to be relatively high, which should be reflected in the assessment of market opportunities, *especially for opportunity driven and growth oriented entrepreneurs*
- Non-financial support offered may be relatively more important than financial support (exclude if innovation driven and post-conflict affected simultaneously)
- Consider offering training through or in partnership with schools and post-secondary training institutions such as universities and colleges
- Develop training programmes with relatively high technical requirements of innovation driven economies in mind
- Develop support network of young entrepreneurs, which tends to be low
- Given relatively high skills level, consider extensive use of mentors rather than purely training curricula.

### Conflict affected

- Need to place more emphasis on developing networks and institutions and trust, which have been broken down by conflict.
- Need to include security issues when assessing market opportunities and cost and options for insurance
- Consider offering grant finance as a subsidy to support entrepreneurial livelihoods, *especially for necessity driven entrepreneurs (exclude if factor driven)*
- Consider relatively short investment horizon of young entrepreneurs
- Focus initially on building confidence of young entrepreneurs, which may have been undermined as a result of the on-going conflict
- Ensure conflict induced tensions are not exacerbated by preferential treatment of some groups by the programme
- Factor in relatively high drop-out rates of beneficiaries
- Beneficiaries may be prevented to travel to courses so consider flexible curricula and offering training services in close proximity to beneficiaries
- Training courses need to take account of relatively lower levels of education in conflict situations *(exclude if factor driven)*



<b>Post-conflict affected</b>	<ul style="list-style-type: none"> <li>Consider a programme focus on ex-combatants to reduce incentives for a return to conflict</li> <li>Undertake political economy analysis to avoid undermining peace building process</li> <li>Need to place more emphasis on developing networks and institutions and trust, which have been broken down by conflict</li> <li>Several market opportunities may temporarily stem from donor funded support but are likely to be unsustainable in the long term. Ensure these build skills necessary for longer term, sustainable employment or entrepreneurship</li> </ul>	<ul style="list-style-type: none"> <li>Non-financial support offered by the programme may be relatively more important than financial support as investment flows are likely to be relatively high in post conflict situations (<u>exclude if factor driven</u>)</li> </ul>	<ul style="list-style-type: none"> <li>Focus initially on building confidence of young entrepreneurs, which may have been undermined as a result of the recent conflict</li> <li>Facilitate peace-building by including previously opposed groups in the same training programme</li> <li>Training courses should take into account relatively low levels of education as a result of having been disrupted by conflict.</li> <li>Encourage trading between previously opposed groups where possible</li> </ul>
<b>Peaceful</b>		<ul style="list-style-type: none"> <li>Avoid building a parallel system to the existing financial sector and where possible cooperate with private banks and offer direct financial support as a last resort</li> </ul>	
<b>Rural</b>	<ul style="list-style-type: none"> <li>Provide access to IT, e.g. IT labs where electrification is low (<u>exclude in innovation driven</u>)</li> </ul>	<ul style="list-style-type: none"> <li>Given relatively low levels of access to finance in rural areas consider offering more comprehensive finance or finance related services though only if these would not otherwise be available</li> <li>Develop new models of delivery to reach remote areas, e.g. linked to semi-formal service providers or mobile solutions (<u>exclude in innovation driven</u>)</li> </ul>	<ul style="list-style-type: none"> <li>Beneficiaries may prevented to travel long-distances to courses, so consider flexible curricula and offering training services in close proximity to beneficiaries (<u>include only if not conflict affected</u>)</li> <li>Address relatively high risk aversion to starting a business in rural areas in programme curricula</li> <li>Offer courses timed appropriately around agricultural season, e.g. avoid harvest time</li> <li>Develop new models of delivery to reach remote areas</li> </ul>
<b>Urban</b>	<ul style="list-style-type: none"> <li>Consider relatively low levels of infrastructure when assessing market opportunities if operating in slum areas of cities (<u>include only if peaceful and not factor or innovation driven</u>)</li> </ul>	<ul style="list-style-type: none"> <li>Ensure programme directly offers finance only if it fills gaps left by the market, given relatively high levels of access to finance in urban contexts (<u>include only in innovation driven</u>)</li> </ul>	<p>Ensure awareness raising of other youth entrepreneurship support initiatives and link entrepreneurs to these where appropriate, e.g. where other services might be more appropriate to meet needs of entrepreneurs than those provided by the programme</p>

Table 3 sets out recommendations for implementers as to who to cooperate with, in order to address the various drivers and enablers of entrepreneurship.



**Table 3: List of potential stakeholders to engage with by binding constraint**

<b>Constraint</b>	<b>Stakeholder to engage and cooperate with</b>
<b>Market size</b>	Local business community
<b>Internal market openness</b>	Government market regulators
<b>Cultural support</b>	Local media
<b>Infrastructure</b>	Government and private infrastructure developers and providers
<b>Investor protection</b>	Government regulators
<b>Finance</b>	Local banks and informal financial service providers
<b>Government programmes</b>	Government entrepreneurship service providers
<b>Professional and commercial infrastructure</b>	Local lawyers and accountants
<b>Higher education and training</b>	Academic institutions and training colleges
<b>Local availability of research and training services</b>	Private and public research and training institutions
<b>Entrepreneurship education and primary and secondary level</b>	Ministry of education
<b>Entrepreneurship education at post-secondary level</b>	Ministry of education, colleges and universities
<b>Technological readiness</b>	IT service providers
<b>R&amp;D transfer</b>	Larger local or international firms
<b>Business sophistication</b>	Local business administration and management schools

## 6 Draft Toolkit

This section contains the draft toolkit. This consists of a user guide, explaining how users should implement the toolkit, and then sets out our context specific analysis for the 18 context scenarios based on the approach, analysis and rules set out in previous chapters.

### 6.1 User guide

To determine which type of context scenario the youth entrepreneurship support is being implemented in, the user will need to decide if they are operating in a (1) **factor driven, efficiency driven or innovation driven context**, (2) **conflict affected, post-conflict affected or peaceful contexts**, and whether the context is primarily (3) **urban or rural**. The category into which a context fits can be ascertained using the definitions below. We note that depending on the context and availability of data, the specific context scenario may be more easily determined based on simple observation rather than calculation. It may also be determined at the local level, rather than the national level. However, our guidance below explains how context can be assessed at the national level using existing data and indicators.

#### Definitions for context categorisation

##### Factor, efficiency and innovation driven contexts

This categorisation combines a measure of the level of income with a measure of the structure of the economy, specifically GDP per capita and the share of exports comprising primary goods.

- **Factor driven economies** are dominated by subsistence agriculture and extraction businesses, which are heavily reliant on labour and natural resources.
- **Efficiency driven economies** are characterised by industrialisation and an increased reliance on economies of scale with capital-intensive large organisations gaining dominance.
- **Innovation driven economies** are characterised by business being more knowledge intensive and an expanding service sector.

The category into which a context fits can be ascertained referring to the World Economic Forum's Global Competitiveness Report ([www.weforum.org/issues/global-competitiveness](http://www.weforum.org/issues/global-competitiveness)). Annex A sets out the WEF's categorisation of countries into factor, efficiency and innovation driven economies for reference.

##### Conflict affected, post-conflict affected and peaceful contexts

For the purpose of this toolkit, conflict and post-conflict contexts as opposed to peaceful contexts are "areas in which there is or recently was pervasive violence – including structural violence – affecting civil populations causing large scale displacement, migration and civilian casualties .... There is no indication of time-frame for entering or exiting a specific (post-) conflict zone, but there is consensus that five years after the end of the conflict can be classified as post-conflict" (War Child 2011).

- **Conflict affected economies** are therefore characterised by on-going pervasive violence affecting civil populations causing large scale displacement, migration and civil casualties.
- **Post-conflict affected economies** are therefore characterised by having experienced pervasive violence affecting civil populations causing large scale displacement, migration and civil casualties, within the last five years.

- **Peaceful economies** are therefore characterised by not having experienced pervasive violence affecting civil populations causing large scale displacement, migration and civil casualties for at least five years.

The category into which a country fits cannot definitely be ascertained as there is no publicly available database which consistently categorises conflict and post-conflict affected areas. For guidance the user may want to refer to the website of Crisis Group ([www.crisisgroup.org](http://www.crisisgroup.org)) or the United States Institute of Peace ([www.usip.org](http://www.usip.org)). Annex B sets out the categorisation of countries into conflict, post-conflict affected and peaceful countries based on War Child’s approach to categorisation. It is also recognised that there is often no clear dividing line between conflict and post-conflict affected contexts, with transitions often involving a period of instability between the two. Thus some discretion is required in deciding the categorisation.

**Urban and rural contexts**

This categorisation measures the share of the population living in either primarily urban or rural areas.

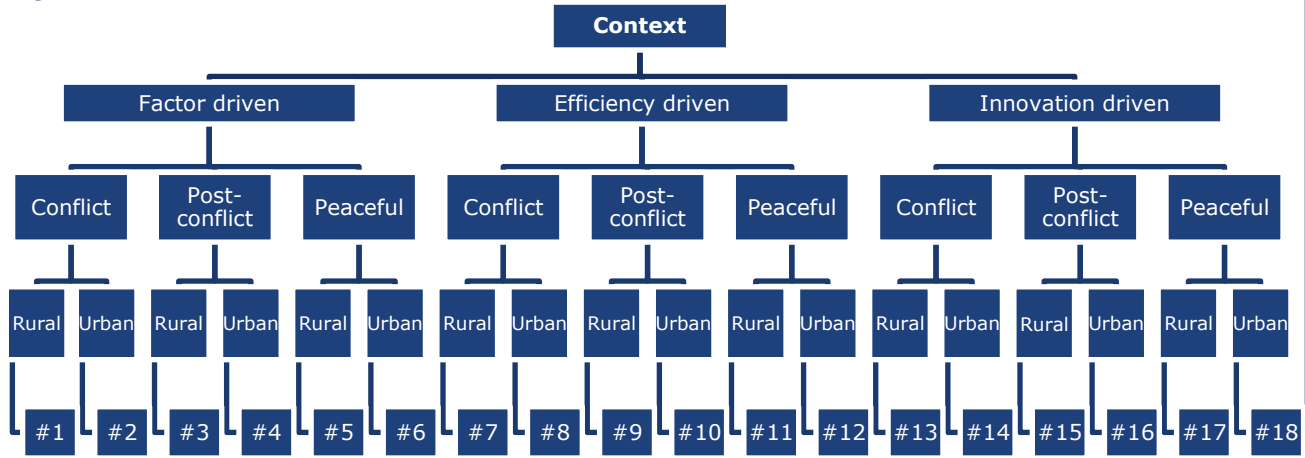
- **Urban economies** are those where more than 50% of the population live in urban areas.
- **Rural economies** are those where more than 50% of the population live in rural areas.

The category into which a country fits can be ascertained referring to the World Bank’s World Development Indicators for urban development (<http://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS>). However, this categorisation is perhaps better assessed at the sub-national level. At the sub-national level these statistics can usually be obtained from the national statistical office of the country concerned. Annex C sets out the categorisation of countries into urban and rural countries for reference.

**Decision tree for context scenarios**

Based on the above categorisation and indicators, the toolkit user can then determine which specific context scenario is being considered, following the decision tree in figure 1, which sets out the 18 possible combinations of the above categorisations. For example, the user may be operating in a factor driven, conflict affected and rural context at one end of the spectrum, or an innovation driven, peaceful and urban context at the other end of the spectrum. Having ascertained the relevant context, they should turn to the appropriate context scenario sheet, as numbered in the diagram below, which will provide analysis and recommendations for that particular context.

**Figure 10: Decision tree for context scenarios**



## 6.2 The context specific analysis and recommendations

The below tables set out our analysis for each of the 18 context scenarios in turn. We note that we would anticipate users not to read the whole 18 context scenarios but refer to those applicable to their operating context, as determined by working through the decision tree.

Context 1: Factor driven, conflict affected, rural economy		
e.g. Burundi, Chad, Ethiopia, Haiti, Mauritania, Nigeria, Pakistan, Uganda, Yemen and Zimbabwe		
Entrepreneurial profile	<p>In factor driven economies 31% of entrepreneurs are <b>necessity driven</b> on average, higher than the overall average for all types of economies (where it is 27%). The average is also higher in conflict affected and urban economies than the overall average.</p> <p>In factor driven economies an average of 41% of entrepreneurs are <b>opportunity driven</b> (compared with an average of 47% for all economies). The average for rural and conflict affected economies is also lower than the overall average.</p> <p>In factor driven economies an average of 22% of entrepreneurs expect to <b>grow</b>, (compared with an average of 26% for all economies). The average for conflict affected economies is higher than the overall average but the average for rural economies is lower.</p> <p>The <b>youth population</b> makes up around 36% of the total population on average in a factor driven economy, which is higher than the overall average (which is 33%). The size of the youth population is also larger in conflict affected and rural contexts than the overall average.</p>	
Drivers and enablers	<p>In factor driven economy the <b>market size</b> is likely to be smaller than the overall average for all types of economies. It is also smaller than the overall average in conflict and rural context. In terms of <b>market openness</b> to new entrants it is also on average less open to new entrants in factor driven economies than the overall average. The same holds for conflict affected and rural contexts, which are less open than the overall average.</p> <p>Whilst factor driven contexts exhibit <b>cultural support</b> for entrepreneurship above the overall average for all economies, the average for conflict affected and rural contexts is below the overall average.</p> <p><b>Youth unemployment</b> also tends to be high in a factor driven economy, averaging 26% of the youth population, higher than average for all economies (21%). However in conflict countries youth employment is below the overall average whilst it is above the overall average in rural contexts.</p> <p>Generally the <b>enablers for entrepreneurship</b> tend to be extremely low in these types of contexts.</p>	
Binding constraints	<p>The main constraints are likely to be <b>market size, infrastructure, investor protection, finance, government programmes, higher education and training, local availability of research and training services, technological readiness and R&amp;D transfer.</b></p>	
Recommendations for maximising impact of youth entrepreneurship support:		
Policymakers	Program decision makers	Implementers
<p>Capacity of policymakers is likely to be limited in this environment due to the on-going conflict, but priorities should include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"><li>• Growth policies</li><li>• Investment climate reforms</li><li>• Trade promotion activities, e.g. trade fairs and exhibitions</li></ul> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"><li>• Invest in infrastructure</li><li>• Cluster development policy</li></ul>	<p>Capacity to intervene is likely to be limited by the on-going conflict but priorities should include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"><li>• Market analysis</li><li>• Raising awareness of existing market opportunities, <i>especially for necessity driven entrepreneurs</i></li><li>• Assistance in evaluating feasibility of business plans,</li><li>• Promotion of business</li></ul>	<p>Capacity to intervene and beneficiaries to access support is likely to be limited by the on-going conflict but considerations for implementation should include:</p> <p><b>Market opportunities</b></p> <ul style="list-style-type: none"><li>• Focus on supporting young entrepreneurs in developing business ideas rather than limiting access to the programme to those potential entrepreneurs that already have business ideas,</li></ul>

<p><b>Investor protection</b></p> <ul style="list-style-type: none"> <li>Build legal and regulatory framework to enhance investor protection</li> </ul> <p><b>Finance</b></p> <ul style="list-style-type: none"> <li>Financial sector development reforms</li> <li>Policies to promote access to finance</li> <li>Improving the regulatory environment for start-up finance, e.g. <ul style="list-style-type: none"> <li>transparent rating procedures and risk assessment</li> <li>shortening and simplification of document procedures</li> <li>improved cooperation and code of conduct,</li> <li>verifying and differentiating of lending criteria</li> </ul> </li> <li>Develop public capital markets</li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>Introduce or improve entrepreneurship support initiatives, engaging local service providers or NGOs operating on the ground as appropriate.</li> </ul> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"> <li>Invest in higher education and training programmes</li> </ul> <p><b>Local availability of research &amp; training services</b></p> <ul style="list-style-type: none"> <li>Fund research and training services or promote market for these.</li> </ul> <p><b>Technological readiness</b></p> <ul style="list-style-type: none"> <li>Invest in internet infrastructure</li> </ul> <p><b>R&amp;D transfer</b></p> <ul style="list-style-type: none"> <li>Improve and facilitate R&amp;D policy, investment and networks</li> </ul>	<p>integration and business linkages including opportunities in international supply chains, <i>especially for opportunity driven and growth oriented entrepreneurs</i></p> <ul style="list-style-type: none"> <li>Trade fairs and exhibitions, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> </ul> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"> <li>Cluster development programmes, unless precluded by widespread conflict</li> <li>Shared workspaces and start-up factories</li> </ul> <p><b>Investor protection</b></p> <ul style="list-style-type: none"> <li>Promote transparency and facilitate better investor protection by providing training on accountancy standards etc. <i>especially for growth oriented entrepreneurs.</i></li> </ul> <p><b>Finance</b></p> <ul style="list-style-type: none"> <li>Provide start-up and business capital, e.g.: <ul style="list-style-type: none"> <li>provision of grants and 'free money', <i>especially for necessity driven entrepreneurs</i></li> <li>facilitating debt financing for young people, <i>especially opportunity driven and growth oriented entrepreneurs</i></li> <li>provision of soft-, micro and guaranteed loans, e.g. microfinance, <i>especially for necessity driven entrepreneurs</i></li> <li>loan guarantee schemes, <i>especially for opportunity driven entrepreneurs</i></li> <li>risk venture capital for young enterprises, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>fostering equity finance possibilities for youth, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>angel investors and network, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> </ul> </li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>Assist government in developing policy</li> <li>Implement entrepreneurship surveys and share findings to inform policy development</li> </ul> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"> <li>Offer on the job training and workshops</li> <li>Facilitate apprenticeship schemes</li> </ul> <p><b>Local availability of research &amp; training services</b></p> <ul style="list-style-type: none"> <li>Provide research and training services in underserved areas, or</li> </ul>	<p><i>especially for necessity driven entrepreneurs</i></p> <ul style="list-style-type: none"> <li>Avoid supporting too many micro-entrepreneurs in the same sector to avoid risk of saturating the market</li> <li>Need to identify alternative lucrative war economy opportunities and livelihoods, other than for example armed combat, crime and poppy growing</li> <li>Need to place more emphasis on developing networks and institutions and trust, which have been broken down by conflict</li> <li>Need to include security issues when assessing market opportunities and cost and options for insurance</li> <li>Provide access to IT, e.g. IT labs where electrification is low</li> </ul> <p><b>Access to Finance</b></p> <ul style="list-style-type: none"> <li>Avoid providing access to credit where market opportunities are limited</li> <li>Avoid getting entrepreneurs into unserviceable debt by ensuring realistic assessments of viability of proposed businesses and associated risks, <i>especially for necessity driven entrepreneurs</i></li> <li>Consider offering grant finance as a subsidy to support entrepreneurial livelihoods, <i>especially for necessity driven entrepreneurs</i></li> <li>Consider utilising social capital mechanisms, e.g. group based lending, as a form of credit security in absence of formal collateral and well-functioning asset registers, etc.</li> <li>Consider collaborating with banks to provide guarantees based on programme driven assessment of entrepreneur's credit worthiness, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>Consider relatively short investment horizon of young entrepreneurs</li> <li>Given relatively low levels of access to finance in rural areas consider offering more comprehensive finance or finance related services though only if these would not otherwise be available</li> <li>Develop new models of delivery to reach remote areas, e.g. linked to semi-formal service providers or mobile solutions</li> </ul> <p><b>Training</b></p> <ul style="list-style-type: none"> <li>Encourage realistic assessment by entrepreneurs of their perceived capabilities and identify specific areas of skills and enterprise development</li> <li>Invest in basic training, e.g.</li> </ul>
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	<p>help to develop the market for these services, <i>especially for growth oriented entrepreneurs</i></p> <p><b>Technological readiness</b></p> <ul style="list-style-type: none"> <li>• Offer access to internet cafes, IT clinics and IT training courses</li> </ul> <p><b>R&amp;D transfer</b></p> <ul style="list-style-type: none"> <li>• Support development of R&amp;D networks, <i>especially for opportunity driven and growth oriented entrepreneurs.</i></li> </ul>	<p>literacy and financial literacy, <i>especially for necessity driven entrepreneurs</i></p> <ul style="list-style-type: none"> <li>• Tailor training to relatively lower levels of education, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>• Encourage cooperation between entrepreneurs in the absence of more formal cluster development policies and programmes</li> <li>• Focus initially on building confidence of young entrepreneurs, which may have been undermined as a result of the on-going conflict</li> <li>• Ensure conflict induced tensions are not exacerbated by preferential treatment of some groups by the programme</li> <li>• Factor in relatively high drop-out rates of beneficiaries</li> <li>• Beneficiaries may be prevented to travel to courses so consider flexible curricula and offering training services in close proximity to beneficiaries</li> <li>• Address relatively high risk aversion to start a business in rural areas in programme curricula</li> <li>• Offer courses timed appropriately around agricultural season, e.g. avoid harvest time</li> <li>• Develop new models of delivery to reach remote areas</li> </ul> <p><b>Cooperation</b></p> <ul style="list-style-type: none"> <li>• Consider building cooperation with the local business community, government and private infrastructure developers and providers, government regulators, local banks and informal financial service providers, government entrepreneurship service providers, academic institutions and training colleges, private and public research and training institutions, IT service providers and larger local and international firms.</li> </ul>
<p><i>The context specific analysis draws on data from the Global Entrepreneurship Monitor, the World Economic Forum's Global Competitiveness Report and the World Bank's Development Indicators. The recommendations are based on a review of the existing literature, consultations with experts and practitioners in the sector as well as the Overseas Development Institute's own economic analysis.</i></p>		

Context 2: Factor driven, conflict affected, urban economy		
e.g. Cameroon		
Entrepreneurial profile	<p>In factor driven economies 31% of entrepreneurs are <b>necessity driven</b> on average, higher than the overall average for all types of economies (where it is 27%). The average is also higher in conflict affected economies than the overall average but lower in rural contexts.</p> <p>In factor driven economies an average of 41% of entrepreneurs are <b>opportunity driven</b>, (compared with an average of 47% for all economies). Compared to the overall average or all types of economies, the average is also lower in conflict affected economies but higher in urban contexts.</p> <p>In factor driven economies an average of 22% of entrepreneurs expect to <b>grow</b>, (compared with an average of 26% for all economies). However, for conflict and urban contexts it is higher than the overall average.</p> <p>The <b>youth population</b> makes up around 36% of the total population on average in a factor driven economy, which is higher than the overall average (which is 33%). Compared to the overall average it is also higher in conflict affected economies but lower in urban contexts.</p>	
Drivers and enablers	<p>In factor driven economies the <b>market size</b> is likely to be smaller on average than the overall average for all types of economies. However, whilst the average market size is also lower in conflict affected economies, it is higher in urban contexts. In terms of <b>market openness</b> the average for factor driven economies is also lower than the overall average. The average market openness to new entrants is also lower than the overall average in conflict affected economies but higher in urban contexts.</p> <p>Factor driven economies exhibit more <b>cultural support</b> for entrepreneurship than the overall average. However the average level of cultural support is lower than the overall average in conflict affected economies though slightly higher in urban contexts.</p> <p><b>Youth unemployment</b> also tends to be high in a factor driven economy, averaging 26% of the youth population, higher than average for all economies (21%). However, in conflict and urban contexts, it is lower than the overall average.</p> <p>Generally the <b>enablers for entrepreneurship</b> tend to be extremely low in these types of contexts.</p>	
Binding constraints	<p>The main constraints are likely to be <b>market size, infrastructure, investor protection, finance, government programmes, higher education and training, technological readiness, R&amp;D transfer</b>.</p>	
Recommendations for maximising impact of youth entrepreneurship support:		
Policymakers	Program decision makers	Implementers
<p>Capacity of policymakers is likely to be limited in this environment due to the on-going conflict, but priorities should include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"><li>• Growth policies</li><li>• Investment climate reforms</li><li>• Trade promotion activities, e.g. trade fairs and exhibitions</li></ul> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"><li>• Invest in infrastructure</li><li>• Cluster development policy</li></ul> <p><b>Investor protection</b></p> <ul style="list-style-type: none"><li>• Build legal and regulatory framework to enhance investor protection</li></ul> <p><b>Finance</b></p> <ul style="list-style-type: none"><li>• Financial sector development</li></ul>	<p>Capacity to intervene is likely to be limited by the on-going conflict but priorities should include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"><li>• Market analysis</li><li>• Raising awareness of existing market opportunities, <i>especially for necessity driven entrepreneurs</i></li><li>• Assistance in evaluating feasibility of business plans,</li><li>• Promotion of business integration and business linkages including opportunities in international supply chains, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li><li>• Trade fairs and exhibitions, <i>especially for opportunity driven</i></li></ul>	<p>Capacity to intervene and beneficiaries to access support is likely to be limited by the on-going conflict but considerations for implementation should include:</p> <p><b>Market opportunities</b></p> <ul style="list-style-type: none"><li>• Focus on supporting young entrepreneurs in developing business ideas rather than limiting access to the programme to those potential entrepreneurs that already have business ideas, <i>especially for necessity driven entrepreneurs</i></li><li>• Avoid supporting too many micro-entrepreneurs in the same sector to avoid risk of saturating the market</li><li>• Need to place more emphasis on developing networks and</li></ul>



<p>reforms</p> <ul style="list-style-type: none"> <li>• Policies to promote access to finance</li> <li>• Improving the regulatory environment for start-up finance, e.g.                             <ul style="list-style-type: none"> <li>◦ transparent rating procedures and risk assessment</li> <li>◦ shortening and simplification of document procedures</li> <li>◦ improved cooperation and code of conduct,</li> <li>◦ verifying and differentiating of lending criteria</li> </ul> </li> <li>• Develop public capital markets</li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>• Introduce or improve entrepreneurship support initiatives, engaging local service providers or NGOs operating on the ground as appropriate.</li> </ul> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"> <li>• Invest in higher education and training programmes</li> </ul> <p><b>Technological readiness</b></p> <ul style="list-style-type: none"> <li>• Invest in internet infrastructure</li> </ul> <p><b>R&amp;D transfer</b></p> <ul style="list-style-type: none"> <li>• Improve and facilitate R&amp;D policy, investment and networks</li> </ul>	<p><i>and growth oriented entrepreneurs</i></p> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"> <li>• Cluster development programmes, unless precluded by widespread conflict</li> <li>• Shared workspaces and start-up factories</li> </ul> <p><b>Investor protection</b></p> <ul style="list-style-type: none"> <li>• Promote transparency and facilitate better investor protection by providing training on accountancy standards etc. <i>especially for growth oriented entrepreneurs.</i></li> </ul> <p><b>Finance</b></p> <ul style="list-style-type: none"> <li>• Provide start-up and business capital, e.g.:                             <ul style="list-style-type: none"> <li>◦ provision of grants and 'free money', <i>especially for necessity driven entrepreneurs</i></li> <li>◦ facilitating debt financing for young people, <i>especially opportunity driven and growth oriented entrepreneurs</i></li> <li>◦ provision of soft-, micro and guaranteed loans, e.g. microfinance, <i>especially for necessity driven entrepreneurs</i></li> <li>◦ loan guarantee schemes, <i>especially for opportunity driven entrepreneurs</i></li> <li>◦ risk venture capital for young enterprises, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>◦ fostering equity finance possibilities for youth, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>◦ angel investors and network, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> </ul> </li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>• Assist government in developing policy</li> <li>• Implement entrepreneurship surveys and share findings to inform policy development</li> </ul> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"> <li>• Offer on the job training and workshops</li> <li>• Facilitate apprenticeship schemes</li> </ul> <p><b>Technological readiness</b></p> <ul style="list-style-type: none"> <li>• Offer access to internet cafes, IT clinics and IT training courses</li> </ul> <p><b>R&amp;D transfer</b></p> <ul style="list-style-type: none"> <li>• Support development of R&amp;D networks, <i>especially for opportunity driven and growth oriented entrepreneurs.</i></li> </ul>	<p>institutions and trust, which have been broken down by conflict.</p> <ul style="list-style-type: none"> <li>• Need to include security issues when assessing market opportunities and cost and options for insurance</li> </ul> <p><b>Access to Finance</b></p> <ul style="list-style-type: none"> <li>• Avoid providing access to credit where market opportunities are limited</li> <li>• Avoid getting entrepreneurs into unserviceable debt by ensuring realistic assessments of viability of proposed businesses and associated risks, <i>especially for necessity driven entrepreneurs</i></li> <li>• Consider offering grant finance as a subsidy to support entrepreneurial livelihoods, <i>especially for necessity driven entrepreneurs</i></li> <li>• Consider utilising social capital mechanisms, e.g. group based lending, as a form of credit security in absence of formal collateral and well-functioning asset registers, etc.</li> <li>• Consider collaborating with banks to provide guarantees based on programme driven assessment of entrepreneur's credit worthiness, <i>especially for opportunity driven and growth oriented entrepreneurs.</i></li> <li>• Consider relatively short investment horizon of young entrepreneurs</li> </ul> <p><b>Training</b></p> <ul style="list-style-type: none"> <li>• Encourage realistic assessment by entrepreneurs of their perceived capabilities and identify specific areas of skills and enterprise development</li> <li>• Invest in basic training, e.g. literacy and financial literacy, <i>especially for necessity driven entrepreneurs</i></li> <li>• Tailor training to relatively lower levels of education, <i>especially for opportunity driven and growth oriented entrepreneurs.</i></li> <li>• Encourage cooperation between entrepreneurs in the absence of more formal cluster development policies and programmes</li> <li>• Focus initially on building confidence of young entrepreneurs, which may have been undermined as a result of the on-going conflict</li> <li>• Ensure conflict induced tensions are not exacerbated by preferential treatment of some groups by the programme</li> <li>• Factor in relatively high drop-out rates of beneficiaries</li> <li>• Beneficiaries may be prevented to travel to courses so consider flexible curricula and offering training services in close</li> </ul>
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		<p>proximity to beneficiaries</p> <ul style="list-style-type: none"><li>• Ensure awareness raising of other youth entrepreneurship support initiatives and link entrepreneurs to these where appropriate, e.g. where other services might be more appropriate to meet needs of entrepreneurs than those provided by the programme</li></ul> <p><b>Cooperation</b></p> <ul style="list-style-type: none"><li>• Consider building cooperation with the local business community, government and private infrastructure developers and providers, government regulators, local banks and informal financial service providers, government entrepreneurship service providers, academic institutions and training colleges, IT service providers and larger local and international firms.</li></ul>
<p><i>The context specific analysis draws on data from the Global Entrepreneurship Monitor, the World Economic Forum's Global Competitiveness Report and the World Bank's Development Indicators. The recommendations are based on a review of the existing literature, consultations with experts and practitioners in the sector as well as the Overseas Development Institute's own economic analysis.</i></p>		

Context 3: Factor driven, post-conflict affected, rural economy		
e.g. Bangladesh, Côte d'Ivoire, Nepal, Rwanda and Sri Lanka		
Entrepreneurial profile	<p>In factor driven economies 31% of entrepreneurs are <b>necessity driven</b> on average, slightly higher than the overall average for all types of economies (where it is 27%). Post-conflict affected and rural contexts on average also exhibit higher levels of necessity driven entrepreneurship than the overall average.</p> <p>In factor driven economies an average of 41% of entrepreneurs are <b>opportunity driven</b> (compared with an average of 47% for all economies). It is also lower than the overall average in post-conflict affected and rural economies.</p> <p>In factor driven economies an average of 22% of entrepreneurs expect to <b>grow</b>, (compared with an average of 26% for all economies). The average level of growth expectations is also lower in post-conflict affected and rural economies.</p> <p>The <b>youth population</b> makes up around 36% of the total population on average in a factor driven economy, higher than the overall average (which is 33%). In post-conflict affected and rural economies, the youth population is also higher than the overall average.</p>	
Drivers and enablers	<p>In factor driven economies the <b>market size</b> is smaller on average than the overall average for all types of economies. The same holds for post-conflict affected and rural economies.</p> <p>The level of <b>cultural support</b> is above the overall average in factor driven economies. Whilst it is lower in rural economies on average it is higher in post-conflict affected economies than the overall average.</p> <p><b>Youth unemployment</b> also tends to be high in a factor driven economy, averaging 26% of the youth population, higher than average for all economies (21%). It also tends to be higher in post-conflict affected and rural economies than the overall average.</p> <p>Generally the <b>enablers for entrepreneurship</b> tend to be very low in these types of contexts.</p>	
Binding constraints	<p>The main constraints are likely to be <b>market size, infrastructure, investor protection, finance, government programmes, higher education and training, local availability of research and training services, technological readiness, business sophistication</b></p>	
Recommendations for maximising impact of youth entrepreneurship support:		
Polymakers	Program decision makers	Implementers
<p>Capacity of polymakers is likely to still be limited in this environment due to the recent conflict, but priorities should include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"><li>Growth policies</li><li>Investment climate reforms</li><li>Trade promotion activities, e.g. trade fairs and exhibitions</li></ul> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"><li>Invest in infrastructure</li><li>Cluster development policy</li></ul> <p><b>Investor protection</b></p> <ul style="list-style-type: none"><li>Build legal and regulatory framework to enhance investor protection</li></ul> <p><b>Finance</b></p> <ul style="list-style-type: none"><li>Financial sector development reforms</li><li>Policies to promote access to finance</li><li>Improving the regulatory environment for start-up finance, e.g.</li></ul>	<p>Capacity to intervene is likely to be limited by the recent conflict but priorities might include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"><li>Market analysis</li><li>Raising awareness of existing market opportunities, <i>especially for necessity driven entrepreneurs</i></li><li>Assistance in evaluating feasibility of business plans,</li><li>Promotion of business integration and business linkages including opportunities in international supply chains, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li><li>Trade fairs and exhibitions, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li></ul> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"><li>Cluster development programmes</li></ul>	<p>Capacity to intervene and beneficiaries to access support is likely to be limited by the recent conflict but considerations for implementation should include:</p> <p><b>Market opportunities</b></p> <ul style="list-style-type: none"><li>Focus on supporting young entrepreneurs in developing business ideas rather than limiting access to the programme to those potential entrepreneurs that already have business ideas, <i>especially for necessity driven entrepreneurs</i></li><li>Avoid supporting too many micro-entrepreneurs in the same sector to avoid risk of saturating the market</li><li>Consider a programme focus on ex-combatants to reduce incentives for a return to conflict</li><li>Undertake political economy analysis to avoid undermining peace building process</li><li>Need to place more emphasis on</li></ul>

<ul style="list-style-type: none"> <li>transparent rating procedures and risk assessment</li> <li>shortening and simplification of document procedures</li> <li>improved cooperation and code of conduct,</li> <li>verifying and differentiating of lending criteria</li> <li>Develop public capital markets</li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>Introduce or improve entrepreneurship support initiatives, engaging local service providers or NGOs operating on the ground as appropriate.</li> </ul> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"> <li>Invest in higher education and training programmes</li> </ul> <p><b>Local availability of research &amp; training services</b></p> <ul style="list-style-type: none"> <li>Fund research and training services or promote market for these.</li> </ul> <p><b>Technological readiness</b></p> <ul style="list-style-type: none"> <li>Invest in internet infrastructure</li> </ul> <p><b>Business sophistication</b></p> <ul style="list-style-type: none"> <li>Provide finance for business skills training, guidance and mentoring services provided by local service providers or NGOs operating on the ground as appropriate</li> </ul>	<ul style="list-style-type: none"> <li>Shared workspaces and start-up factories</li> </ul> <p><b>Investor protection</b></p> <ul style="list-style-type: none"> <li>Promote transparency and facilitate better investor protection by providing training on accountancy standards etc. <i>especially for growth oriented entrepreneurs.</i></li> </ul> <p><b>Finance</b></p> <ul style="list-style-type: none"> <li>Provide start-up and business capital, e.g.: <ul style="list-style-type: none"> <li>provision of grants and 'free money', <i>especially for necessity driven entrepreneurs</i></li> <li>facilitating debt financing for young people, <i>especially opportunity driven and growth oriented entrepreneurs</i></li> <li>provision of soft-, micro and guaranteed loans, e.g. microfinance, <i>especially for necessity driven entrepreneurs</i></li> <li>loan guarantee schemes, <i>especially for opportunity driven entrepreneurs</i></li> <li>risk venture capital for young enterprises, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>fostering equity finance possibilities for youth, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>angel investors and network, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> </ul> </li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>Assist government in developing policy</li> <li>Implement entrepreneurship surveys and share findings to inform policy development</li> </ul> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"> <li>Offer on the job training and workshops</li> <li>Facilitate apprenticeship schemes</li> </ul> <p><b>Local availability of research &amp; training services</b></p> <ul style="list-style-type: none"> <li>Provide research and training services in underserved areas, or help to develop the market for these services, <i>especially for growth oriented entrepreneurs</i></li> </ul> <p><b>Technological readiness</b></p> <ul style="list-style-type: none"> <li>Offer access to internet cafes, IT clinics and IT training courses</li> </ul> <p><b>Business sophistication</b></p> <ul style="list-style-type: none"> <li>Provision of business skills training, guidance and mentoring services, e.g.: <ul style="list-style-type: none"> <li>One-stop-shops and youth enterprise centres</li> <li>Youth entrepreneurship online</li> </ul> </li> </ul>	<p>developing networks and institutions and trust, which have been broken down by conflict</p> <ul style="list-style-type: none"> <li>Several market opportunities may temporarily stem from donor funded support but are likely to be unsustainable in the long term. Ensure these build skills necessary for longer term, sustainable employment or entrepreneurship</li> <li>Provide access to IT, e.g. IT labs where electrification is low</li> </ul> <p><b>Access to Finance</b></p> <ul style="list-style-type: none"> <li>Avoid providing access to credit where market opportunities are limited</li> <li>Avoid getting entrepreneurs into unserviceable debt by ensuring realistic assessments of viability of proposed businesses and associated risks, <i>especially for necessity driven entrepreneurs</i></li> <li>Consider offering grant finance as a subsidy to support entrepreneurial livelihoods, <i>especially for necessity driven entrepreneurs</i></li> <li>Consider utilising social capital mechanisms, e.g. group based lending, as a form of credit security in absence of formal collateral and well-functioning asset registers, etc.</li> <li>Consider collaborating with banks to provide guarantees based on programme driven assessment of entrepreneur's credit worthiness, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>Given relatively low levels of access to finance in rural areas consider offering more comprehensive finance or finance related services though only if these would not otherwise be available</li> <li>Develop new models of delivery to reach remote areas, e.g. linked to semi-formal service providers or mobile solutions</li> </ul> <p><b>Training</b></p> <ul style="list-style-type: none"> <li>Encourage realistic assessment by entrepreneurs of their perceived capabilities and identify specific areas of skills and enterprise development.</li> <li>Invest in basic training, e.g. literacy and financial literacy, <i>especially for necessity driven entrepreneurs.</i></li> <li>Tailor training to relatively low levels of education, <i>especially for opportunity driven and growth oriented entrepreneurs.</i></li> <li>Encourage cooperation between entrepreneurs in the absence of more formal cluster development policies and programmes</li> </ul>
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	<p>portals and websites</p> <ul style="list-style-type: none"> <li>○ Mentor support and business coaching</li> <li>● Business incubators</li> </ul>	<ul style="list-style-type: none"> <li>● Focus initially on building confidence of young entrepreneurs, which may have been undermined as a result of the recent conflict</li> <li>● Facilitate peace-building by including previously opposed groups in the same training programme</li> <li>● Training courses should take into account relatively low levels of education as a result of having been disrupted by conflict</li> <li>● Encourage trading between previously opposed groups where possible</li> <li>● Beneficiaries may be prevented to travel long-distances to courses, so consider flexible curricula and offering training services in close proximity to beneficiaries.</li> <li>● Address relatively high risk aversion to start a business in rural areas in programme curricula</li> <li>● Offer courses timed appropriately around agricultural season, e.g. avoid harvest time</li> <li>● Develop new models of delivery to reach remote areas</li> </ul> <p><b>Cooperation</b></p> <ul style="list-style-type: none"> <li>● Consider building cooperation with the local business community, government and private infrastructure developers and providers, government regulators, local banks and informal financial service providers, government entrepreneurship service providers, academic institutions and training colleges, private and public research and training institutions, IT service providers, local business administration and management schools</li> </ul>
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*The context specific analysis draws on data from the Global Entrepreneurship Monitor, the World Economic Forum's Global Competitiveness Report and the World Bank's Development Indicators. The recommendations are based on a review of the existing literature, consultations with experts and practitioners in the sector as well as the Overseas Development Institute's own economic analysis.*

Context 4: Factor driven, post-conflict affected, urban economy		
e.g. Angola		
Entrepreneurial profile	<p>In factor driven economies 31% of entrepreneurs are <b>necessity driven</b> on average, higher than the overall average for all types of economies (where it is 27%). Post-conflict affected economies also on average exhibit higher levels of necessity driven entrepreneurship, but in urban economies it is lower than the overall average.</p> <p>In factor driven economies an average of 41% of entrepreneurs are <b>opportunity driven</b> (compared with an average of 47% for all economies). Opportunity driven entrepreneurship is also lower than average in post-conflict affected economies but higher in urban contexts.</p> <p>In factor driven economies an average of 22% of entrepreneurs expect to <b>grow</b>, (compared with an average of 26% for all economies). Growth expectations are on average lower in post-conflict affected economies but higher in urban contexts.</p> <p>The <b>youth population</b> makes up around 36% of the total population on average in a factor driven economy, which is higher than the overall average (which is 33%). The size of the youth population tends to be on average also higher in post-conflict economies but lower in urban contexts.</p>	
Drivers and enablers	<p>In factor driven economies the <b>market size</b> is on average smaller than the overall average for all types of economies. It is also smaller in post-conflict affected economies but larger than the overall average in urban contexts. In terms of <b>market openness</b> factor driven economies are less open to new entrants than the overall average for all economies, but both post-conflict and urban contexts tend to exhibit higher openness than the overall average.</p> <p><b>Cultural support</b> is above average in this context.</p> <p><b>Youth unemployment</b> also tends to be high in a factor driven economy, averaging 26% of the youth population, higher than average for all economies (21%). The average is also higher in post-conflict affected economies but lower in urban contexts.</p> <p>Generally the <b>enablers for entrepreneurship</b> tend to be very low in these types of contexts with the notable exception of cultural support.</p>	
Binding constraints	<p>The main constraints are likely to be <b>market size, infrastructure, investor protection, finance, government programmes, higher education and training, local availability of research and training services, technological readiness and business sophistication.</b></p>	
Recommendations for maximising impact of youth entrepreneurship support:		
Policy makers	Program decision makers	Implementers
<p>Capacity of policymakers is likely to still be limited in this environment due to the recent conflict, but priorities should include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"><li>Growth policies</li><li>Investment climate reforms</li><li>Trade promotion activities, e.g. trade fairs and exhibitions</li></ul> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"><li>Invest in infrastructure</li><li>Cluster development policy</li></ul> <p><b>Investor protection</b></p> <ul style="list-style-type: none"><li>Build legal and regulatory framework to enhance investor protection</li></ul> <p><b>Finance</b></p> <ul style="list-style-type: none"><li>Financial sector development reforms</li><li>Policies to promote access to</li></ul>	<p>Capacity to intervene is likely to be limited by the recent conflict but priorities might include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"><li>Market analysis</li><li>Raising awareness of existing market opportunities, <i>especially for necessity driven entrepreneurs</i></li><li>Assistance in evaluating feasibility of business plans,</li><li>Promotion of business integration and business linkages including opportunities in international supply chains, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li><li>Trade fairs and exhibitions, <i>especially for opportunity driven and growth oriented</i></li></ul>	<p>Capacity to intervene and beneficiaries to access support is likely to be limited by the recent conflict but considerations for implementation should include:</p> <p><b>Market opportunities</b></p> <ul style="list-style-type: none"><li>Focus on supporting young entrepreneurs in developing business ideas rather than limiting access to the programme to those potential entrepreneurs that already have business ideas, <i>especially for necessity driven entrepreneurs</i></li><li>Avoid supporting too many micro-entrepreneurs in the same sector to avoid risk of saturating the market</li><li>Consider a programme focus on ex-combatants to reduce incentives for a return to conflict</li></ul>



<p>finance</p> <ul style="list-style-type: none"> <li>Improving the regulatory environment for start-up finance, e.g.                             <ul style="list-style-type: none"> <li>transparent rating procedures and risk assessment</li> <li>shortening and simplification of document procedures</li> <li>improved cooperation and code of conduct,</li> <li>verifying and differentiating of lending criteria</li> </ul> </li> <li>Develop public capital markets</li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>Introduce or improve entrepreneurship support initiatives, engaging local service providers or NGOs operating on the ground as appropriate.</li> </ul> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"> <li>Invest in higher education and training programmes</li> </ul> <p><b>Local availability of research &amp; training services</b></p> <ul style="list-style-type: none"> <li>Fund research and training services or promote market for these.</li> </ul> <p><b>Technological readiness</b></p> <ul style="list-style-type: none"> <li>Invest in internet infrastructure</li> </ul> <p><b>Business sophistication</b></p> <ul style="list-style-type: none"> <li>Provide finance for business skills training, guidance and mentoring services provided by local service providers or NGOs operating on the ground as appropriate</li> </ul>	<p><i>entrepreneurs</i></p> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"> <li>Cluster development programmes</li> <li>Shared workspaces and start-up factories</li> </ul> <p><b>Investor protection</b></p> <ul style="list-style-type: none"> <li>Promote transparency and facilitate better investor protection by providing training on accountancy standards etc. <i>especially for growth oriented entrepreneurs.</i></li> </ul> <p><b>Finance</b></p> <ul style="list-style-type: none"> <li>Provide start-up and business capital, e.g.:                             <ul style="list-style-type: none"> <li>provision of grants and 'free money', <i>especially for necessity driven entrepreneurs</i></li> <li>facilitating debt financing for young people, <i>especially opportunity driven and growth oriented entrepreneurs</i></li> <li>provision of soft-, micro and guaranteed loans, e.g. microfinance, <i>especially for necessity driven entrepreneurs</i></li> <li>loan guarantee schemes, <i>especially for opportunity driven entrepreneurs</i></li> <li>risk venture capital for young enterprises, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>fostering equity finance possibilities for youth, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>angel investors and network, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> </ul> </li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>Assist government in developing policy</li> <li>Implement entrepreneurship surveys and share findings to inform policy development</li> </ul> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"> <li>Offer on the job training and workshops</li> <li>Facilitate apprenticeship schemes</li> </ul> <p><b>Local availability of research &amp; training services</b></p> <ul style="list-style-type: none"> <li>Provide research and training services in underserved areas, or help to develop the market for these services, <i>especially for growth oriented entrepreneurs</i></li> </ul> <p><b>Technological readiness</b></p> <ul style="list-style-type: none"> <li>Offer access to internet cafes, IT clinics and IT training courses</li> </ul> <p><b>Business sophistication</b></p> <ul style="list-style-type: none"> <li>Provision of business skills</li> </ul>	<ul style="list-style-type: none"> <li>Consider focusing on re-engaging ex-combatants in the programme, by developing market opportunities for them</li> <li>Undertake political economy analysis to avoid undermining peace building process</li> <li>Need to place more emphasis on developing networks and institutions and trust, which have been broken down by conflict</li> <li>Several market opportunities may temporarily stem from donor funded support but are likely to be unsustainable in the long term. Ensure these build skills necessary for longer term, sustainable employment or entrepreneurship</li> </ul> <p><b>Access to Finance</b></p> <ul style="list-style-type: none"> <li>Avoid providing access to credit where market opportunities are limited</li> <li>Avoid getting entrepreneurs into unserviceable debt by ensuring realistic assessments of viability of proposed businesses and associated risks, <i>especially for necessity driven entrepreneurs</i></li> <li>Consider offering grant finance as a subsidy to support entrepreneurial livelihoods, <i>especially for necessity driven entrepreneurs</i></li> <li>Consider utilising social capital mechanisms, e.g. group based lending, as a form of credit security in absence of formal collateral and well-functioning asset registers, etc.</li> <li>Consider collaborating with banks to provide guarantees based on programme driven assessment of entrepreneur's credit worthiness, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> </ul> <p><b>Training</b></p> <ul style="list-style-type: none"> <li>Encourage realistic assessment by entrepreneurs of their perceived capabilities and identify specific areas of skills and enterprise development.</li> <li>Invest in basic training, e.g. literacy and financial literacy, <i>especially for necessity driven entrepreneurs.</i></li> <li>Tailor training to relatively low levels of education, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>Encourage cooperation between entrepreneurs in the absence of more formal cluster development policies and programmes</li> <li>Focus initially on building confidence of young entrepreneurs, which may have been undermined as a result of the recent conflict</li> </ul>
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	<p>training, guidance and mentoring services, e.g.:</p> <ul style="list-style-type: none"> <li>○ One-stop-shops and youth enterprise centres</li> <li>○ Youth entrepreneurship online portals and websites</li> <li>○ Mentor support and business coaching</li> <li>● Business incubators</li> </ul>	<ul style="list-style-type: none"> <li>● Facilitate peace-building by including previously opposed groups in the same training programme</li> <li>● Training courses should take into account relatively lower levels of education as a result of having been disrupted by conflict.</li> <li>● Encourage trading between previously opposed groups where possible</li> <li>● Ensure awareness raising of other youth entrepreneurship support initiatives and link entrepreneurs to these where appropriate, e.g. where other services might be more appropriate to meet needs of entrepreneurs than those provided by the programme</li> </ul> <p><b>Cooperation</b></p> <ul style="list-style-type: none"> <li>● Consider building cooperation with local business community, government and private infrastructure developers and providers, government regulators local banks and informal financial service providers, government entrepreneurship service providers, academic institutions and training colleges, private and public research and training institutions, IT service providers and local business administration and management schools</li> </ul>
<p><i>The context specific analysis draws on data from the Global Entrepreneurship Monitor, the World Economic Forum's Global Competitiveness Report and the World Bank's Development Indicators. The recommendations are based on a review of the existing literature, consultations with experts and practitioners in the sector as well as the Overseas Development Institute's own economic analysis.</i></p>		

Context 5: Factor driven, peaceful, rural economy		
e.g. Benin, Burkina Faso, Cambodia, Egypt, Guatemala, Guyana, Honduras, India, Kenya, Kyrgyz Republic, Lesotho, Madagascar, Malawi, Mali, Moldova, Mozambique, Senegal, Tajikistan, Tanzania, Timor-Leste, Vietnam and Zambia		
Entrepreneurial profile	<p>In factor driven economies 31% of entrepreneurs are <b>necessity driven</b> on average, slightly higher than the overall average for all types of economies (where it is 27%). There are on average fewer entrepreneurs driven by necessity in peaceful contexts but more in rural economies, as compared with the overall average.</p> <p>In factor driven economies, an average of 41% of entrepreneurs are <b>opportunity driven</b> (compared with an average of 47% for all economies). The average is also lower for rural economies but higher in peaceful contexts.</p> <p>In factor driven economies an average of 22% of entrepreneurs expect to <b>grow</b>, (compared with an average of 26% for all economies). Growth expectations are also lower in both peaceful and rural economies compared to the overall average.</p> <p>The <b>youth population</b> makes up around 36% of the total population on average in a factor driven economy, which is higher than the overall average (which is 33%). The size of the youth population is on average also higher in rural contexts but lower in peaceful economies compared to the overall average.</p>	
Drivers and enablers	<p>The <b>market size</b> in factor driven economies is smaller than average. It is also smaller in rural contexts but higher in peaceful economies than the overall average. In terms of <b>market openness</b> to new entrants, this is lower than the overall average in factor driven economies as well as rural contexts but marginally higher in peaceful economies.</p> <p><b>Cultural support</b> tends to be slightly higher than the overall average in factor driven economies, but on average lower in both peaceful and rural contexts than the overall average.</p> <p><b>Youth unemployment</b> also tends to be high in a factor driven economy, averaging 26% of the youth population, higher than average for all economies (21%). It is also higher than the overall average in rural contexts but roughly the same in peaceful economies.</p> <p>Generally the <b>enablers for entrepreneurship</b> tend to be low in these types of contexts.</p>	
Binding constraints	The main constraints are likely to be <b>market size, infrastructure, finance, government programmes, higher education and training, local availability of research and training services and technological readiness.</b>	
Recommendations for maximising impact of youth entrepreneurship support:		
Policymakers	Program decision makers	Implementers
<p>Priorities should include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"><li>• Growth policies</li><li>• Investment climate reforms</li><li>• Trade promotion activities, e.g. trade fairs and exhibitions</li></ul> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"><li>• Invest in infrastructure</li><li>• Cluster development policy</li></ul> <p><b>Finance</b></p> <ul style="list-style-type: none"><li>• Financial sector development reforms</li><li>• Policies to promote access to finance</li><li>• Improving the regulatory environment for start-up finance, e.g.<ul style="list-style-type: none"><li>◦ transparent rating procedures and risk assessment</li><li>◦ shortening and simplification of document procedures</li><li>◦ improved cooperation and code</li></ul></li></ul>	<p>Priorities should include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"><li>• Market analysis</li><li>• Raising awareness of existing market opportunities, <i>especially for necessity driven entrepreneurs</i></li><li>• Assistance in evaluating feasibility of business plans,</li><li>• Promotion of business integration and business linkages including opportunities in international supply chains, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li><li>• Trade fairs and exhibitions, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li></ul> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"><li>• Cluster development programmes</li></ul>	<p>Considerations for implementation should include:</p> <p><b>Market opportunities</b></p> <ul style="list-style-type: none"><li>• Focus on supporting young entrepreneurs in developing business ideas rather than limiting access to the programme to those potential entrepreneurs that already have business ideas, <i>especially for necessity driven entrepreneurs</i></li><li>• Avoid supporting too many micro-entrepreneurs in the same sector to avoid risk of saturating the market</li><li>• Provide access to IT, e.g. IT labs where electrification is low</li></ul> <p><b>Access to Finance</b></p> <ul style="list-style-type: none"><li>• Avoid providing access to credit where market opportunities are limited</li><li>• Avoid getting entrepreneurs into unserviceable debt by ensuring</li></ul>

<ul style="list-style-type: none"> <li>of conduct, <ul style="list-style-type: none"> <li>verifying and differentiating of lending criteria</li> </ul> </li> <li>Develop public capital markets</li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>Introduce or improve entrepreneurship support initiatives, engaging local service providers or NGOs operating on the ground as appropriate.</li> </ul> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"> <li>Invest in higher education and training programmes</li> </ul> <p><b>Local availability of research &amp; training services</b></p> <ul style="list-style-type: none"> <li>Fund research and training services or promote market for these.</li> </ul> <p><b>Technological readiness</b></p> <ul style="list-style-type: none"> <li>Invest in internet infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Shared workspaces and start-up factories</li> </ul> <p><b>Finance</b></p> <ul style="list-style-type: none"> <li>Provide start-up and business capital, e.g.: <ul style="list-style-type: none"> <li>provision of grants and 'free money', <i>especially for necessity driven entrepreneurs</i></li> <li>facilitating debt financing for young people, <i>especially opportunity driven and growth oriented entrepreneurs</i></li> <li>provision of soft-, micro and guaranteed loans, e.g. microfinance, <i>especially for necessity driven entrepreneurs</i></li> <li>loan guarantee schemes, <i>especially for opportunity driven entrepreneurs</i></li> <li>risk venture capital for young enterprises, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>fostering equity finance possibilities for youth, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>angel investors and network, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> </ul> </li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>Assist government in developing policy</li> <li>Implement entrepreneurship surveys and share findings to inform policy development</li> </ul> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"> <li>Offer on the job training and workshops</li> <li>Facilitate apprenticeship schemes</li> </ul> <p><b>Local availability of research &amp; training services</b></p> <ul style="list-style-type: none"> <li>Provide research and training services in underserved areas, or help to develop the market for these services, <i>especially for growth oriented entrepreneurs</i></li> </ul> <p><b>Technological readiness</b></p> <ul style="list-style-type: none"> <li>Offer access to internet cafes, IT clinics and IT training courses</li> </ul>	<p>realistic assessments of viability of proposed businesses and associated risks, <i>especially for necessity driven entrepreneurs</i></p> <ul style="list-style-type: none"> <li>Consider offering grant finance as a subsidy to support entrepreneurial livelihoods, <i>especially for necessity driven entrepreneurs</i></li> <li>Consider utilising social capital mechanisms, e.g. group based lending, as a form of credit security in absence of formal collateral and well-functioning asset registers, etc.</li> <li>Consider collaborating with banks to provide guarantees based on programme driven assessment of entrepreneur's credit worthiness, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>Avoid building a parallel system to the existing financial sector and where possible cooperate with private banks and offer direct financial support as a last resort</li> <li>Given relatively low levels of access to finance in rural areas consider offering more comprehensive finance or finance related services though only if these would not otherwise be available</li> <li>Develop new models of delivery to reach remote areas, e.g. linked to semi-formal service providers or mobile solutions</li> </ul> <p><b>Training</b></p> <ul style="list-style-type: none"> <li>Encourage realistic assessment by entrepreneurs of their perceived capabilities and identify specific areas of skills and enterprise development</li> <li>Invest in basic training, e.g. literacy and financial literacy, <i>especially for necessity driven entrepreneurs</i></li> <li>Tailor training to relatively lower levels of education, <i>especially for opportunity driven and growth oriented entrepreneurs</i>.</li> <li>Encourage cooperation between entrepreneurs in the absence of more formal cluster development policies and programmes</li> <li>Beneficiaries may prevented to travel long-distances to courses, so consider flexible curricula and offering training services in close proximity to beneficiaries.</li> <li>Address relatively high risk aversion to start a business in rural areas in programme curricula</li> <li>Offer courses timed appropriately around agricultural season, e.g. avoid harvest time</li> <li>Develop new models of delivery to reach remote areas</li> </ul>
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		<b>Cooperation</b> <ul style="list-style-type: none"> <li>Consider building cooperation with local business community, government and private infrastructure developers and providers, local banks and informal financial service providers, government entrepreneurship service providers, academic institutions and training colleges, private and public research and training institutions and IT service providers</li> </ul>
<p><i>The context specific analysis draws on data from the Global Entrepreneurship Monitor, the World Economic Forum's Global Competitiveness Report and the World Bank's Development Indicators. The recommendations are based on a review of the existing literature, consultations with experts and practitioners in the sector as well as the Overseas Development Institute's own economic analysis.</i></p>		

## Context 6: Factor driven, peaceful, urban economy

e.g. Algeria, Armenia, Azerbaijan, Bolivia, Botswana, Brunei Darussalam, The Gambia, Georgia, Ghana, Islamic Republic Iran, Jamaica, Kazakhstan, Kuwait, Mongolia, Nicaragua, Paraguay, Philippines, Qatar, Saudi Arabia, Ukraine and Venezuela

Entrepreneurial profile	<p>In factor driven economies 31% of entrepreneurs are <b>necessity driven</b> on average, slightly higher than the overall average for all types of economies (where it is 27%). In peaceful and urban contexts however, the average level of necessity driven entrepreneurship is below the overall average.</p> <p>In factor driven economies an average of 41% of entrepreneurs are <b>opportunity driven</b> (compared with an average of 47% for all economies). However, there are more opportunity driven entrepreneurs on average in peaceful and urban economies than the overall average.</p> <p>In factor driven economies an average of 22% of entrepreneurs expect to <b>grow</b>, (compared with an average of 26% for all economies). Growth expectations are also lower in peaceful contexts but higher in urban economies as compared with the overall average.</p> <p>The <b>youth population</b> makes up around 36% of the total population on average in a factor driven economy, which is higher than the overall average (which is 33%). The size of the youth population tends to be smaller though in peaceful and rural economies compared to the overall average.</p>
Drivers and enablers	<p>In factor driven economies the <b>market size</b> is below the overall average. It is larger than the overall average, however, in both peaceful and urban contexts. In terms of <b>market openness</b> to new entrants factor driven economies are less open than the overall average but both peaceful and urban contexts are more open than the overall average.</p> <p><b>Cultural support</b> in factor driven economies is above the overall average. It is also marginally higher in urban economies but lower in peaceful ones.</p> <p><b>Youth unemployment</b> also tends to be high in a factor driven economy, averaging 26% of the youth population, higher than average for all economies (which is 21%). It tends to be lower in both peaceful and urban economies, as compared with the overall average however.</p> <p>Generally the <b>enablers for entrepreneurship tend</b> to be quite low in this type of context.</p>
Binding constraints	<p>The main constraints are likely to be <b>market size, infrastructure, finance, government programmes, higher education and training and technological readiness</b>.</p>

## Recommendations for maximising impact of youth entrepreneurship support:

Policymakers	Program decision makers	Implementers
<p>Priorities should include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"> <li>Growth policies</li> <li>Investment climate reforms</li> <li>Trade promotion activities, e.g. trade fairs and exhibitions</li> </ul> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"> <li>Invest in infrastructure</li> <li>Cluster development policy</li> </ul> <p><b>Finance</b></p> <ul style="list-style-type: none"> <li>Financial sector development reforms</li> <li>Policies to promote access to finance</li> <li>Improving the regulatory environment for start-up finance, e.g. <ul style="list-style-type: none"> <li>transparent rating procedures and risk assessment</li> </ul> </li> </ul>	<p>Priorities should include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"> <li>Market analysis</li> <li>Raising awareness of existing market opportunities, <i>especially for necessity driven entrepreneurs</i></li> <li>Assistance in evaluating feasibility of business plans,</li> <li>Promotion of business integration and business linkages including opportunities in international supply chains, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>Trade fairs and exhibitions, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> </ul>	<p>Considerations for implementation should include:</p> <p><b>Market opportunities</b></p> <ul style="list-style-type: none"> <li>Focus on supporting young entrepreneurs in developing business ideas rather than limiting access to the programme to those potential entrepreneurs that already have business ideas, <i>especially for necessity driven entrepreneurs</i></li> <li>Avoid supporting too many micro-entrepreneurs in the same sector to avoid risk of saturating the market</li> </ul> <p><b>Access to Finance</b></p> <ul style="list-style-type: none"> <li>Avoid providing access to credit where market opportunities are limited</li> <li>Avoid getting entrepreneurs into</li> </ul>

<ul style="list-style-type: none"> <li>○ shortening and simplification of document procedures</li> <li>○ improved cooperation and code of conduct,</li> <li>○ verifying and differentiating of lending criteria</li> <li>• Develop public capital markets</li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>• Introduce or improve entrepreneurship support initiatives, engaging local service providers or NGOs operating on the ground as appropriate.</li> </ul> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"> <li>• Invest in higher education and training programmes</li> </ul> <p><b>Technological readiness</b></p> <ul style="list-style-type: none"> <li>• Invest in internet infrastructure</li> </ul>	<p><b>Infrastructure</b></p> <ul style="list-style-type: none"> <li>• Cluster development programmes</li> <li>• Shared workspaces and start-up factories</li> </ul> <p><b>Finance</b></p> <ul style="list-style-type: none"> <li>• Provide start-up and business capital, e.g.: <ul style="list-style-type: none"> <li>○ provision of grants and 'free money', <i>especially for necessity driven entrepreneurs</i></li> <li>○ facilitating debt financing for young people, <i>especially opportunity driven and growth oriented entrepreneurs</i></li> <li>○ provision of soft-, micro and guaranteed loans, e.g. microfinance, <i>especially for necessity driven entrepreneurs</i></li> <li>○ loan guarantee schemes, <i>especially for opportunity driven entrepreneurs</i></li> <li>○ risk venture capital for young enterprises, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>○ fostering equity finance possibilities for youth, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>○ angel investors and network, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> </ul> </li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>• Assist government in developing policy</li> <li>• Implement entrepreneurship surveys and share findings to inform policy development</li> </ul> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"> <li>• Offer on the job training and workshops</li> <li>• Facilitate apprenticeship schemes</li> </ul> <p><b>Technological readiness</b></p> <p>Offer access to internet cafes, IT clinics and IT training courses</p>	<p>unserviceable debt by ensuring realistic assessments of viability of proposed businesses and associated risks, <i>especially for necessity driven entrepreneurs</i></p> <ul style="list-style-type: none"> <li>• Consider offering grant finance as a subsidy to support entrepreneurial livelihoods, <i>especially for necessity driven entrepreneurs</i></li> <li>• Consider utilising social capital mechanisms, e.g. group based lending, as a form of credit security in absence of formal collateral and well-functioning asset registers, etc.</li> <li>• Consider collaborating with banks to provide guarantees based on programme driven assessment of entrepreneur's credit worthiness, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>• Avoid building a parallel system to the existing financial sector and where possible cooperate with private banks and offer direct financial support as a last resort.</li> </ul> <p><b>Training</b></p> <ul style="list-style-type: none"> <li>• Encourage realistic assessment by entrepreneurs of their perceived capabilities and identify specific areas of skills and enterprise development</li> <li>• Invest in basic training, e.g. literacy and financial literacy, <i>especially for necessity driven entrepreneurs</i></li> <li>• Tailor training to relatively lower levels of education, <i>especially for opportunity driven and growth oriented entrepreneurs</i>.</li> <li>• Encourage cooperation between entrepreneurs in the absence of more formal cluster development policies and programmes</li> <li>• Ensure awareness raising of other youth entrepreneurship support initiatives and link entrepreneurs to these where appropriate, e.g. where other services might be more appropriate to meet needs of entrepreneurs than those provided by the programme</li> </ul> <p><b>Cooperation</b></p> <ul style="list-style-type: none"> <li>• Consider building cooperation with local business community, government and private infrastructure developers and providers, local banks and informal financial service providers, government entrepreneurship service providers, academic institutions and training colleges and IT service providers</li> </ul>
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*The context specific analysis draws on data from the Global Entrepreneurship Monitor, the World Economic Forum’s Global Competitiveness Report and the World Bank’s Development Indicators. The recommendations are based on a review of the existing literature, consultations with experts and practitioners in the sector as well as the Overseas Development Institute’s own economic analysis.*



Context 7: Efficiency driven, conflict affected, rural economy		
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Entrepreneurial profile	<p>In efficiency driven economies 30% of entrepreneurs are <b>necessity driven</b> on average, higher than the overall average for all types of economies (where it is 27%). Conflict affected and rural economies also on average exhibit higher levels of necessity driven entrepreneurship.</p> <p>In efficiency driven economies an average of 42% of entrepreneurs are <b>opportunity driven</b> (compared with an average of 47% for all economies). The average is also lower in conflict affected and rural economies as compared to the overall average.</p> <p>In efficiency driven economies an average of 25% of entrepreneurs expect to <b>grow</b>, slightly lower than the overall average for all types of economies where it is 26%. The average is also lower for rural economies, but higher in conflict affected ones, as compared with the overall average.</p> <p>The <b>youth population</b> makes up around 33% of the total population on average in an efficiency driven economy, which is the same as the overall average. The size of the youth population is on average larger in both conflict affected and rural contexts.</p>	
Drivers and enablers	<p>In efficiency driven economies the average <b>market size</b> is the same as the overall average market size for all market economies. It is, however, smaller in both conflict and rural economies. <b>Market openness</b> to new entrants it also below the overall average in both conflict affected and rural contexts.</p> <p>Efficiency driven, conflict affected and rural contexts are likely to exhibit less <b>cultural support</b> for entrepreneurship than the overall average.</p> <p><b>Youth unemployment</b> also tends to be high in an efficiency driven economy, averaging 25% of the youth population, higher than average for all economies (21%). It is also higher in rural economies, but lower in conflict affected economies, than the overall average.</p> <p>Generally the <b>enablers for entrepreneurship</b> tend to be low in these types of contexts.</p>	
Binding constraints	<p>The main constraints are likely to be <b>market size, internal market openness, cultural support, infrastructure, investor protection, finance, government programmes, higher education and training, local availability of research and training services, technological readiness and R&amp;D transfer.</b></p>	
Recommendations for maximising impact of youth entrepreneurship support:		
Policymakers	Program decision makers	Implementers
<p>Capacity of policymakers is likely to be limited in this environment due to the on-going conflict, but priorities should include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"><li>• Growth policies</li><li>• Investment climate reforms</li><li>• Trade promotion activities, e.g. trade fairs and exhibitions</li></ul> <p><b>Internal market openness</b></p> <ul style="list-style-type: none"><li>• Develop and facilitate competition policy</li></ul> <p><b>Cultural support</b></p> <ul style="list-style-type: none"><li>• Implement visible entrepreneurship policy and support programmes</li></ul> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"><li>• Invest in infrastructure</li><li>• Cluster development policy</li></ul> <p><b>Investor protection</b></p> <ul style="list-style-type: none"><li>• Build legal and regulatory</li></ul>	<p>Capacity to intervene is likely to be limited by the on-going conflict but priorities should include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"><li>• Market analysis</li><li>• Raising awareness of existing market opportunities, <i>especially for necessity driven entrepreneurs</i></li><li>• Assistance in evaluating feasibility of business plans,</li><li>• Promotion of business integration and business linkages including opportunities in international supply chains, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li><li>• Trade fairs and exhibitions, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li></ul>	<p>Capacity to intervene and beneficiaries to access support is likely to be limited by the on-going conflict but considerations for implementation should include:</p> <p><b>Market opportunities</b></p> <ul style="list-style-type: none"><li>• Consider cooperating with local business councils to assess market opportunities and develop business linkages</li><li>• Need to place more emphasis on developing networks and institutions and trust, which have been broken down by conflict.</li><li>• Need to include security issues when assessing market opportunities and cost and options for insurance</li><li>• Provide access to IT, e.g. IT labs where electrification is low</li></ul> <p><b>Access to Finance</b></p> <ul style="list-style-type: none"><li>• Avoid providing access to credit</li></ul>

<p>framework to enhance investor protection</p> <p><b>Finance</b></p> <ul style="list-style-type: none"> <li>Financial sector development reforms</li> <li>Policies to promote access to finance</li> <li>Improving the regulatory environment for start-up finance, e.g. <ul style="list-style-type: none"> <li>transparent rating procedures and risk assessment</li> <li>shortening and simplification of document procedures</li> <li>improved cooperation and code of conduct,</li> <li>verifying and differentiating of lending criteria</li> </ul> </li> <li>Develop public capital markets</li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>Introduce or improve entrepreneurship support initiatives, engaging local service providers or NGOs operating on the ground as appropriate.</li> </ul> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"> <li>Invest in higher education and training programmes</li> </ul> <p><b>Local availability of research &amp; training services</b></p> <ul style="list-style-type: none"> <li>Fund research and training services or promote market for these.</li> </ul> <p><b>Technological readiness</b></p> <ul style="list-style-type: none"> <li>Invest in internet infrastructure</li> </ul> <p><b>R&amp;D transfer</b></p> <ul style="list-style-type: none"> <li>Improve and facilitate R&amp;D policy, investment and networks</li> </ul>	<p><b>Internal market openness</b></p> <ul style="list-style-type: none"> <li>Lobby for more open competition</li> </ul> <p><b>Cultural support</b></p> <ul style="list-style-type: none"> <li>Promote role models and visible success stories</li> <li>Implement PR-campaigns, competitions and wards</li> <li>Secure media support and coverage</li> <li>Develop entrepreneur's networks</li> </ul> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"> <li>Cluster development programmes, unless precluded by widespread conflict</li> <li>Shared workspaces and start-up factories</li> </ul> <p><b>Investor protection</b></p> <ul style="list-style-type: none"> <li>Promote transparency and facilitate better investor protection by providing training on accountancy standards etc. <i>especially for growth oriented entrepreneurs.</i></li> </ul> <p><b>Finance</b></p> <ul style="list-style-type: none"> <li>Provide start-up and business capital, e.g.: <ul style="list-style-type: none"> <li>provision of grants and 'free money', <i>especially for necessity driven entrepreneurs</i></li> <li>facilitating debt financing for young people, <i>especially opportunity driven and growth oriented entrepreneurs</i></li> <li>provision of soft-, micro and guaranteed loans, e.g. microfinance, <i>especially for necessity driven entrepreneurs</i></li> <li>loan guarantee schemes, <i>especially for opportunity driven entrepreneurs</i></li> <li>risk venture capital for young enterprises, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>fostering equity finance possibilities for youth, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>angel investors and network, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> </ul> </li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>Assist government in developing policy</li> <li>Implement entrepreneurship surveys and share findings to inform policy development</li> </ul> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"> <li>Offer on the job training and workshops</li> <li>Facilitate apprenticeship schemes</li> </ul> <p><b>Local availability of research &amp; training services</b></p> <ul style="list-style-type: none"> <li>Provide research and training</li> </ul>	<p>where market opportunities are limited</p> <ul style="list-style-type: none"> <li>Consider offering grant finance as a subsidy to support entrepreneurial livelihoods, <i>especially for necessity driven entrepreneurs</i></li> <li>Consider relatively short investment horizon of young entrepreneurs</li> <li>Given relatively low levels of access to finance in rural areas consider offering more comprehensive finance or finance related services though only if these would not otherwise be available</li> <li>Develop new models of delivery to reach remote areas, e.g. linked to semi-formal service providers or mobile solutions</li> </ul> <p><b>Training</b></p> <ul style="list-style-type: none"> <li>Encourage realistic assessment by entrepreneurs of their perceived capabilities and identify specific areas of skills and enterprise development</li> <li>Encourage cooperation between entrepreneurs in the absence of more formal cluster development policies and approaches</li> <li>Focus initially on building confidence of young entrepreneurs, which may have been undermined as a result of the on-going conflict</li> <li>Ensure conflict induced tensions are not exacerbated by preferential treatment of some groups by the programme</li> <li>Factor in relatively high drop-out rates of beneficiaries</li> <li>Beneficiaries may be prevented to travel to courses so consider flexible curricula and offering training services in close proximity to beneficiaries</li> <li>Training courses need to take account of relatively lower levels of education in conflict situations</li> <li>Address relatively high risk aversion to start a business in rural areas in programme curricula</li> <li>Offer courses timed appropriately around agricultural season, e.g. avoid harvest time</li> <li>Develop new models of delivery to reach remote areas</li> </ul> <p><b>Cooperation</b></p> <ul style="list-style-type: none"> <li>Consider building cooperation with the local business community, government market regulators, local media, government and private infrastructure developers and providers, government regulators, local banks and informal financial service providers, government entrepreneurship service</li> </ul>
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	<p>services in underserved areas, or help to develop the market for these services, <i>especially for growth oriented entrepreneurs</i></p> <p><b>Technological readiness</b></p> <ul style="list-style-type: none"> <li>• Offer access to internet cafes, IT clinics and IT training courses</li> </ul> <p><b>R&amp;D transfer</b></p> <ul style="list-style-type: none"> <li>• Support development of R&amp;D networks, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> </ul>	<p>providers, academic institutions and training colleges, private and public research and training institutions, IT service providers and larger local or international firms</p>
<p><i>The context specific analysis draws on data from the Global Entrepreneurship Monitor, the World Economic Forum's Global Competitiveness Report and the World Bank's Development Indicators. The recommendations are based on a review of the existing literature, consultations with experts and practitioners in the sector as well as the Overseas Development Institute's own economic analysis.</i></p>		

Context 8: Efficiency driven, conflict affected, urban economy		
e.g. Columbia and Morocco		
Entrepreneurial profile	<p>In efficiency driven economies, 30% of entrepreneurs are <b>necessity driven</b> on average, slightly higher than the overall average for all types of economies (where it is 27%). Conflict affected contexts also exhibit higher levels of necessity driven entrepreneurship than the overall average, but it is lower in urban contexts.</p> <p>In efficiency driven economies an average of 42% of entrepreneurs are <b>opportunity driven</b> (compared with an average of 47% for all economies). It is also lower in conflict affect economies but higher in urban contexts than the overall average.</p> <p>In efficiency driven economies an average of 25% of entrepreneurs expect to <b>grow</b>, (slightly lower than the overall average of 26% for all economies). The proportion of entrepreneurs with growth expectations is higher in both conflict affected economies and urban contexts than the overall average however.</p> <p>The <b>youth population</b> makes up around 33% of the total population on average in an efficiency driven economy, which is the same as the overall average. The size of the youth population is larger in conflict affected contexts, though smaller in urban economies as compared to the overall average.</p>	
Drivers and enablers	<p>In efficiency driven contexts the <b>market size</b> is on average the same as the overall average market size for all economies. Market size is lower than the overall average in conflict affected economies but higher than the overall average in urban contexts. In terms of <b>market openness</b> to new entrants, the market in efficiency driven economies is less open than the overall average. The same holds for conflict affected contexts but urban contexts tend to be more open than the overall average.</p> <p>Efficiency driven and conflict affected contexts exhibit on average less <b>cultural support</b> for entrepreneurship than the overall average. Urban contexts exhibit, however, marginally higher levels of cultural support for entrepreneurship than the overall average.</p> <p><b>Youth unemployment</b> also tends to be high in an efficiency driven economy, averaging 25% of the youth population, higher than average for all economies (21%). However youth unemployment is lower than the overall average in both conflict affected and urban contexts.</p> <p>Generally the <b>enablers for entrepreneurship</b> tend to be low in these types of contexts.</p>	
Binding constraints	<p>The main constraints are likely to be <b>market size, internal market openness, cultural support, infrastructure, investor protection, finance, government programmes, higher education and training, technological readiness and R&amp;D transfer</b>.</p>	
Recommendations for maximising impact of youth entrepreneurship support:		
Policymakers	Program decision makers	Implementers
<p>Capacity of policymakers is likely to be limited in this environment due to the on-going conflict, but priorities should include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"><li>• Growth policies</li><li>• Investment climate reforms</li><li>• Trade promotion activities, e.g. trade fairs and exhibitions</li></ul> <p><b>Internal market openness</b></p> <ul style="list-style-type: none"><li>• Develop and facilitate competition policy</li></ul> <p><b>Cultural support</b></p> <ul style="list-style-type: none"><li>• Implement visible entrepreneurship policy and support programmes</li></ul> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"><li>• Invest in infrastructure</li></ul>	<p>Capacity to intervene is likely to be limited by the on-going conflict but priorities should include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"><li>• Market analysis</li><li>• Raising awareness of existing market opportunities, <i>especially for necessity driven entrepreneurs</i></li><li>• Assistance in evaluating feasibility of business plans,</li><li>• Promotion of business integration and business linkages including opportunities in international supply chains, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li><li>• Trade fairs and exhibitions, <i>especially for opportunity driven</i></li></ul>	<p>Capacity to intervene and beneficiaries to access support is likely to be limited by the on-going conflict but considerations for implementation should include:</p> <p><b>Market opportunities</b></p> <ul style="list-style-type: none"><li>• Consider cooperating with local business councils to assess market opportunities and develop business linkages</li><li>• Need to place more emphasis on developing networks and institutions and trust, which have been broken down by conflict.</li><li>• Need to include security issues when assessing market opportunities and cost and options for insurance</li></ul> <p><b>Access to Finance</b></p> <ul style="list-style-type: none"><li>• Avoid providing access to credit</li></ul>

<ul style="list-style-type: none"> <li>Cluster development policy</li> </ul> <p><b>Investor protection</b></p> <ul style="list-style-type: none"> <li>Build legal and regulatory framework to enhance investor protection</li> </ul> <p><b>Finance</b></p> <ul style="list-style-type: none"> <li>Financial sector development reforms</li> <li>Policies to promote access to finance</li> <li>Improving the regulatory environment for start-up finance, e.g.                         <ul style="list-style-type: none"> <li>transparent rating procedures and risk assessment</li> <li>shortening and simplification of document procedures</li> <li>improved cooperation and code of conduct,</li> <li>verifying and differentiating of lending criteria</li> </ul> </li> <li>Develop public capital markets</li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>Introduce or improve entrepreneurship support initiatives, engaging local service providers or NGOs operating on the ground as appropriate.</li> </ul> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"> <li>Invest in higher education and training programmes</li> </ul> <p><b>Technological readiness</b></p> <ul style="list-style-type: none"> <li>Invest in internet infrastructure</li> </ul> <p><b>R&amp;D transfer</b></p> <ul style="list-style-type: none"> <li>Improve and facilitate R&amp;D policy, investment and networks</li> </ul>	<p><i>and growth oriented entrepreneurs</i></p> <p><b>Internal market openness</b></p> <ul style="list-style-type: none"> <li>Lobby for more open competition</li> </ul> <p><b>Cultural support</b></p> <ul style="list-style-type: none"> <li>Promote role models and visible success stories</li> <li>Implement PR-campaigns, competitions and wards</li> <li>Secure media support and coverage</li> <li>Develop entrepreneur's networks</li> </ul> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"> <li>Cluster development programmes, unless precluded by widespread conflict</li> <li>Shared workspaces and start-up factories</li> </ul> <p><b>Investor protection</b></p> <ul style="list-style-type: none"> <li>Promote transparency and facilitate better investor protection by providing training on accountancy standards etc. <i>especially for growth oriented entrepreneurs.</i></li> </ul> <p><b>Finance</b></p> <ul style="list-style-type: none"> <li>Provide start-up and business capital, e.g.:                         <ul style="list-style-type: none"> <li>provision of grants and 'free money', <i>especially for necessity driven entrepreneurs</i></li> <li>facilitating debt financing for young people, <i>especially opportunity driven and growth oriented entrepreneurs</i></li> <li>provision of soft-, micro and guaranteed loans, e.g. microfinance, <i>especially for necessity driven entrepreneurs</i></li> <li>loan guarantee schemes, <i>especially for opportunity driven entrepreneurs</i></li> <li>risk venture capital for young enterprises, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>fostering equity finance possibilities for youth, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>angel investors and network, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> </ul> </li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>Assist government in developing policy</li> <li>Implement entrepreneurship surveys and share findings to inform policy development</li> </ul> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"> <li>Offer on the job training and workshops</li> <li>Facilitate apprenticeship schemes</li> </ul> <p><b>Technological readiness</b></p>	<p>where market opportunities are limited</p> <ul style="list-style-type: none"> <li>Consider offering grant finance as a subsidy to support entrepreneurial livelihoods, <i>especially for necessity driven entrepreneurs</i></li> <li>Consider relatively short investment horizon of young entrepreneurs</li> </ul> <p><b>Training</b></p> <ul style="list-style-type: none"> <li>Encourage realistic assessment by entrepreneurs of their perceived capabilities and identify specific areas of skills and enterprise development</li> <li>Encourage cooperation between entrepreneurs in the absence of more formal cluster development policies and approaches</li> <li>Focus initially on building confidence of young entrepreneurs, which may have been undermined as a result of the on-going conflict</li> <li>Ensure conflict induced tensions are not exacerbated by preferential treatment of some groups by the programme</li> <li>Factor in relatively high drop-out rates of beneficiaries</li> <li>Beneficiaries may be prevented to travel to courses so consider flexible curricula and offering training services in close proximity to beneficiaries</li> <li>Training courses need to take account of relatively lower levels of education in conflict situations</li> <li>Ensure awareness raising of other youth entrepreneurship support initiatives and link entrepreneurs to these where appropriate, e.g. where other services might be more appropriate to meet needs of entrepreneurs than those provided by the programme</li> </ul> <p><b>Cooperation</b></p> <ul style="list-style-type: none"> <li>Consider building cooperation with the local business community, government market regulators, local media, government and private infrastructure developers and providers, government regulators, local banks and informal financial service providers, government entrepreneurship service providers, academic institutions and training colleges, IT service providers and larger local or international firms</li> </ul>
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	<ul style="list-style-type: none"><li>• Offer access to internet cafes, IT clinics and IT training courses</li></ul> <p><b>R&amp;D transfer</b></p> <ul style="list-style-type: none"><li>• Support development of R&amp;D networks, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li></ul>	
<p><i>The context specific analysis draws on data from the Global Entrepreneurship Monitor, the World Economic Forum's Global Competitiveness Report and the World Bank's Development Indicators. The recommendations are based on a review of the existing literature, consultations with experts and practitioners in the sector as well as the Overseas Development Institute's own economic analysis.</i></p>		

Context 9: Efficiency driven, post-conflict affected, rural economy		
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Entrepreneurial profile	<p>In efficiency driven economies 30% of entrepreneurs are <b>necessity driven</b> on average, higher than the overall average for all types of economies (where it is 27%). Post-conflict affected contexts and rural contexts also exhibit higher levels of necessity driven entrepreneurship than the overall average.</p> <p>In efficiency driven economies an average of 42% of entrepreneurs are <b>opportunity driven</b> (compared with an average of 47% for all economies). Post-conflict affected and rural economies also exhibit lower than the overall average for opportunity driven entrepreneurship.</p> <p>In efficiency driven economies an average of 25% of entrepreneurs expect to <b>grow</b>, (slightly lower than the average of 26% for all economies). The proportion of entrepreneurs expecting to growth is also lower than the overall average in both post-conflict affected and rural economies.</p> <p>The <b>youth population</b> makes up around 33% of the total population on average in an efficiency driven economy, which is the same as the overall average. The size of the youth population is on average larger, however, in both post-conflict affected and rural economies.</p>	
Drivers and enablers	<p>In efficiency driven economies the <b>market size</b> is on average the same as the overall market size for all economies. However, it is lower in both post-conflict affected and rural economies, than the overall average. In terms of <b>market openness</b> to new entrants, efficiency driven economies are on average less open to new entrants than the overall average. The same holds for rural contexts, but market openness is higher than the overall average for post-conflict affected economies.</p> <p>Efficiency driven economies exhibit lower levels of <b>cultural support</b> for entrepreneurship than the overall average. The same holds for rural economies, but cultural support is higher than average in post-conflict affected contexts.</p> <p><b>Youth unemployment</b> also tends to be high in an efficiency driven economy, averaging 25% of the youth population, higher than average for all economies (21%). It is also higher in post-conflict affected and rural contexts as compared with the overall average.</p> <p>The <b>enablers for entrepreneurship</b> tend to be moderate in these types of contexts.</p>	
Binding constraints	<p>The main constraints are likely to be <b>market size, infrastructure, investor protection, finance, government programmes, higher education and training, local availability of research and training services, technological readiness, R&amp;D transfer and business sophistication.</b></p>	
Recommendations for maximising impact of youth entrepreneurship support:		
Policymakers	Program decision makers	Implementers
<p>Capacity of policymakers is likely to still be limited in this environment due to the recent conflict, but priorities should include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"><li>• Growth policies</li><li>• Investment climate reforms</li><li>• Trade promotion activities, e.g. trade fairs and exhibitions</li></ul> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"><li>• Invest in infrastructure</li><li>• Cluster development policy</li></ul> <p><b>Investor protection</b></p> <ul style="list-style-type: none"><li>• Build legal and regulatory framework to enhance investor protection</li></ul> <p><b>Finance</b></p> <ul style="list-style-type: none"><li>• Financial sector development</li></ul>	<p>Capacity to intervene is likely to be limited by the recent conflict but priorities might include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"><li>• Market analysis</li><li>• Raising awareness of existing market opportunities, <i>especially for necessity driven entrepreneurs</i></li><li>• Assistance in evaluating feasibility of business plans,</li><li>• Promotion of business integration and business linkages including opportunities in international supply chains, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li><li>• Trade fairs and exhibitions,</li></ul>	<p>Capacity to intervene and beneficiaries to access support is likely to be limited by the recent conflict but considerations for implementation should include:</p> <p><b>Market opportunities</b></p> <ul style="list-style-type: none"><li>• Consider cooperating with local business councils to assess market opportunities and develop business linkages</li><li>• Consider a programme focus on ex-combatants to reduce incentives for a return to conflict</li><li>• Undertake political economy analysis to avoid undermining peace building process</li><li>• Need to place more emphasis on developing networks and institutions and trust, which have</li></ul>



<p>reforms</p> <ul style="list-style-type: none"> <li>• Policies to promote access to finance</li> <li>• Improving the regulatory environment for start-up finance, e.g. <ul style="list-style-type: none"> <li>◦ transparent rating procedures and risk assessment</li> <li>◦ shortening and simplification of document procedures</li> <li>◦ improved cooperation and code of conduct,</li> <li>◦ verifying and differentiating of lending criteria</li> </ul> </li> <li>• Develop public capital markets</li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>• Introduce or improve entrepreneurship support initiatives, engaging local service providers or NGOs operating on the ground as appropriate.</li> </ul> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"> <li>• Invest in higher education and training programmes</li> </ul> <p><b>Local availability of research &amp; training services</b></p> <ul style="list-style-type: none"> <li>• Fund research and training services or promote market for these.</li> </ul> <p><b>Technological readiness</b></p> <ul style="list-style-type: none"> <li>• Invest in internet infrastructure</li> </ul> <p><b>R&amp;D transfer</b></p> <ul style="list-style-type: none"> <li>• Improve and facilitate R&amp;D policy, investment and networks</li> </ul> <p><b>Business sophistication</b></p> <ul style="list-style-type: none"> <li>• Provide finance for business skills training, guidance and mentoring services provided by local service providers or NGOs operating on the ground as appropriate</li> </ul>	<p><i>especially for opportunity driven and growth oriented entrepreneurs</i></p> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"> <li>• Cluster development programmes</li> <li>• Shared workspaces and start-up factories</li> </ul> <p><b>Investor protection</b></p> <ul style="list-style-type: none"> <li>• Promote transparency and facilitate better investor protection by providing training on accountancy standards etc. <i>especially for growth oriented entrepreneurs.</i></li> </ul> <p><b>Finance</b></p> <ul style="list-style-type: none"> <li>• Provide start-up and business capital, e.g.: <ul style="list-style-type: none"> <li>◦ provision of grants and 'free money', <i>especially for necessity driven entrepreneurs</i></li> <li>◦ facilitating debt financing for young people, <i>especially opportunity driven and growth oriented entrepreneurs</i></li> <li>◦ provision of soft-, micro and guaranteed loans, e.g. microfinance, <i>especially for necessity driven entrepreneurs</i></li> <li>◦ loan guarantee schemes, <i>especially for opportunity driven entrepreneurs</i></li> <li>◦ risk venture capital for young enterprises, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>◦ fostering equity finance possibilities for youth, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>◦ angel investors and network, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> </ul> </li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>• Assist government in developing policy</li> <li>• Implement entrepreneurship surveys and share findings to inform policy development</li> </ul> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"> <li>• Offer on the job training and workshops</li> <li>• Facilitate apprenticeship schemes</li> </ul> <p><b>Local availability of research &amp; training services</b></p> <ul style="list-style-type: none"> <li>• Provide research and training services in underserved areas, or help to develop the market for these services, <i>especially for growth oriented entrepreneurs</i></li> </ul> <p><b>Technological readiness</b></p> <ul style="list-style-type: none"> <li>• Offer access to internet cafes, IT clinics and IT training courses</li> </ul>	<p>been broken down by conflict</p> <ul style="list-style-type: none"> <li>• Several market opportunities may temporarily stem from donor funded support but are likely to be unsustainable in the long term. Ensure these build skills necessary for longer term, sustainable employment or entrepreneurship</li> <li>• Provide access to IT, e.g. IT labs where electrification is low</li> </ul> <p><b>Access to Finance</b></p> <ul style="list-style-type: none"> <li>• Avoid providing access to credit where market opportunities are limited</li> <li>• Non-financial support offered by the programme may be relatively more important than financial support as investment flows are likely to be relatively high in post conflict situations</li> <li>• Given relatively low levels of access to finance in rural areas consider offering more comprehensive finance or finance related services though only if these would not otherwise be available</li> <li>• Develop new models of delivery to reach remote areas, e.g. linked to semi-formal service providers or mobile solutions</li> </ul> <p><b>Training</b></p> <ul style="list-style-type: none"> <li>• Encourage realistic assessment by entrepreneurs of their perceived capabilities and identify specific areas of skills and enterprise development</li> <li>• Encourage cooperation between entrepreneurs in the absence of more formal cluster development policies and approaches</li> <li>• Focus initially on building confidence of young entrepreneurs, which may have been undermined as a result of the recent conflict</li> <li>• Facilitate peace-building by including previously opposed groups in the same training programme</li> <li>• Training courses should take into account relatively low levels of education as a result of having been disrupted by conflict</li> <li>• Encourage trading between previously opposed groups where possible</li> <li>• Beneficiaries may prevented to travel long-distances to courses, so consider flexible curricula and offering training services in close proximity to beneficiaries.</li> <li>• Address relatively high risk aversion to start a business in rural areas in programme curricula</li> <li>• Offer courses timed appropriately around agricultural season, e.g. avoid harvest time</li> </ul>
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	<p><b>R&amp;D transfer</b></p> <ul style="list-style-type: none"> <li>• Support development of R&amp;D networks, <i>especially for opportunity driven and growth oriented entrepreneurs.</i></li> </ul> <p><b>Business sophistication</b></p> <ul style="list-style-type: none"> <li>• Provision of business skills training, guidance and mentoring services, e.g.: <ul style="list-style-type: none"> <li>○ One-stop-shops and youth enterprise centres</li> <li>○ Youth entrepreneurship online portals and websites</li> <li>○ Mentor support and business coaching</li> </ul> </li> <li>• Business incubators</li> </ul>	<ul style="list-style-type: none"> <li>• Develop new models of delivery to reach remote areas</li> </ul> <p><b>Cooperation</b></p> <ul style="list-style-type: none"> <li>• Consider building cooperation with the local business community, government and private infrastructure developers and providers, government regulators, local banks and informal financial service providers, government entrepreneurship service providers, academic institutions and training colleges, private and public research and training institutions, IT service providers, larger local or international firms and local business administration and management schools</li> </ul>
<p><i>The context specific analysis draws on data from the Global Entrepreneurship Monitor, the World Economic Forum's Global Competitiveness Report and the World Bank's Development Indicators. The recommendations are based on a review of the existing literature, consultations with experts and practitioners in the sector as well as the Overseas Development Institute's own economic analysis.</i></p>		

## Context 10: Efficiency driven, post-conflict affected, urban economy

e.g. Lebanon

Entrepreneurial profile	<p>In efficiency driven economies 30% of entrepreneurs are <b>necessity driven</b> on average, higher than the overall average for all types of economies (where it is 27%). Post-conflict affected contexts also exhibit higher levels of necessity driven entrepreneurship, but in urban contexts necessity driven entrepreneurship is lower than average.</p> <p>In efficiency driven economies an average of 42% of entrepreneurs are <b>opportunity driven</b> (compared with an average of 47% for all economies). Whilst post-conflict affected economies also exhibit lower than average levels of opportunity driven entrepreneurship, it is higher in urban contexts as compared with the overall average.</p> <p>In efficiency driven economies an average of 25% of entrepreneurs expect to <b>grow</b>, slightly lower than the overall average of 26% for all economies. Growth expectations are also lower in post-conflict affected economies but higher in urban contexts than the overall average.</p> <p>The <b>youth population</b> makes up around 33% of the total population on average in an efficiency driven economy, which is the same as the overall average. It is higher in post-conflict affected economies compared to the overall average, but lower in urban contexts.</p>
Drivers and enablers	<p>In efficiency driven economies the <b>market size</b> is about the same as the average size for all economies. Market size is smaller than the overall average in post-conflict affected economies, but larger in urban contexts. In terms of <b>market openness</b> to new entrants, efficiency driven economies are less open than the overall average, but both post-conflict and urban economies are more open than the overall average.</p> <p>Efficiency driven economies exhibit lower levels of <b>cultural support</b> for entrepreneurship than the overall average. However, it is higher in both post-conflict affected and urban contexts than the overall average.</p> <p><b>Youth unemployment</b> also tends to be high in an efficiency driven economy, averaging 25% of the youth population, higher than average for all economies (which is 21%). Whilst it is also higher than the overall average for post-conflict affected economies, it is lower in urban contexts.</p> <p>Generally the <b>enablers for entrepreneurship</b> tend to be moderate in these types of contexts.</p>
Binding constraints	<p>The main constraints are likely to be <b>market size, infrastructure, investor protection, finance, government programmes, higher education and training, local availability of research and training services, technological readiness, R&amp;D transfer and business sophistication.</b></p>

### Recommendations for maximising impact of youth entrepreneurship support:

Policy makers	Program decision makers	Implementers
<p>Capacity of policymakers is likely to still be limited in this environment due to the recent conflict, but priorities should include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"> <li>• Growth policies</li> <li>• Investment climate reforms</li> <li>• Trade promotion activities, e.g. trade fairs and exhibitions</li> </ul> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"> <li>• Invest in infrastructure</li> <li>• Cluster development policy</li> </ul> <p><b>Investor protection</b></p> <ul style="list-style-type: none"> <li>• Build legal and regulatory framework to enhance investor protection</li> </ul> <p><b>Finance</b></p> <ul style="list-style-type: none"> <li>• Financial sector development</li> </ul>	<p>Capacity to intervene is likely to be limited by the recent conflict but priorities might include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"> <li>• Market analysis</li> <li>• Raising awareness of existing market opportunities, <i>especially for necessity driven entrepreneurs</i></li> <li>• Assistance in evaluating feasibility of business plans,</li> <li>• Promotion of business integration and business linkages including opportunities in international supply chains, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>• Trade fairs and exhibitions,</li> </ul>	<p>Capacity to intervene and beneficiaries to access support is likely to be limited by the recent conflict but considerations for implementation should include:</p> <p><b>Market opportunities</b></p> <ul style="list-style-type: none"> <li>• Consider cooperating with local business councils to assess market opportunities and develop business linkages</li> <li>• Consider a programme focus on ex-combatants to reduce incentives for a return to conflict</li> <li>• Undertake political economy analysis to avoid undermining peace building process</li> <li>• Need to place more emphasis on developing networks and institutions and trust, which have</li> </ul>

<p>reforms</p> <ul style="list-style-type: none"> <li>• Policies to promote access to finance</li> <li>• Improving the regulatory environment for start-up finance, e.g. <ul style="list-style-type: none"> <li>◦ transparent rating procedures and risk assessment</li> <li>◦ shortening and simplification of document procedures</li> <li>◦ improved cooperation and code of conduct,</li> <li>◦ verifying and differentiating of lending criteria</li> </ul> </li> <li>• Develop public capital markets</li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>• Introduce or improve entrepreneurship support initiatives, engaging local service providers or NGOs operating on the ground as appropriate.</li> </ul> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"> <li>• Invest in higher education and training programmes</li> </ul> <p><b>Local availability of research &amp; training services</b></p> <ul style="list-style-type: none"> <li>• Fund research and training services or promote market for these.</li> </ul> <p><b>Technological readiness</b></p> <ul style="list-style-type: none"> <li>• Invest in internet infrastructure</li> </ul> <p><b>R&amp;D transfer</b></p> <ul style="list-style-type: none"> <li>• Improve and facilitate R&amp;D policy, investment and networks</li> </ul> <p><b>Business sophistication</b></p> <ul style="list-style-type: none"> <li>• Provide finance for business skills training, guidance and mentoring services provided by local service providers or NGOs operating on the ground as appropriate</li> </ul>	<p><i>especially for opportunity driven and growth oriented entrepreneurs</i></p> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"> <li>• Cluster development programmes</li> <li>• Shared workspaces and start-up factories</li> </ul> <p><b>Investor protection</b></p> <ul style="list-style-type: none"> <li>• Promote transparency and facilitate better investor protection by providing training on accountancy standards etc. <i>especially for growth oriented entrepreneurs.</i></li> </ul> <p><b>Finance</b></p> <ul style="list-style-type: none"> <li>• Provide start-up and business capital, e.g.: <ul style="list-style-type: none"> <li>◦ provision of grants and 'free money', <i>especially for necessity driven entrepreneurs</i></li> <li>◦ facilitating debt financing for young people, <i>especially opportunity driven and growth oriented entrepreneurs</i></li> <li>◦ provision of soft-, micro and guaranteed loans, e.g. microfinance, <i>especially for necessity driven entrepreneurs</i></li> <li>◦ loan guarantee schemes, <i>especially for opportunity driven entrepreneurs</i></li> <li>◦ risk venture capital for young enterprises, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>◦ fostering equity finance possibilities for youth, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>◦ angel investors and network, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> </ul> </li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>• Assist government in developing policy</li> <li>• Implement entrepreneurship surveys and share findings to inform policy development</li> </ul> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"> <li>• Offer on the job training and workshops</li> <li>• Facilitate apprenticeship schemes</li> </ul> <p><b>Local availability of research &amp; training services</b></p> <ul style="list-style-type: none"> <li>• Provide research and training services in underserved areas, or help to develop the market for these services, <i>especially for growth oriented entrepreneurs</i></li> </ul> <p><b>Technological readiness</b></p> <ul style="list-style-type: none"> <li>• Offer access to internet cafes, IT clinics and IT training courses</li> </ul>	<p>been broken down by conflict</p> <ul style="list-style-type: none"> <li>• Several market opportunities may temporarily stem from donor funded support but are likely to be unsustainable in the long term. Ensure these build skills necessary for longer term, sustainable employment or entrepreneurship</li> </ul> <p><b>Access to Finance</b></p> <ul style="list-style-type: none"> <li>• Avoid providing access to credit where market opportunities are limited</li> <li>• Non-financial support offered by the programme may be relatively more important than financial support as investment flows are likely to be relatively high in post conflict situations</li> </ul> <p><b>Training</b></p> <ul style="list-style-type: none"> <li>• Encourage realistic assessment by entrepreneurs of their perceived capabilities and identify specific areas of skills and enterprise development</li> <li>• Encourage cooperation between entrepreneurs in the absence of more formal cluster development policies and approaches</li> <li>• Focus initially on building confidence of young entrepreneurs, which may have been undermined as a result of the recent conflict</li> <li>• Facilitate peace-building by including previously opposed groups in the same training programme</li> <li>• Training courses should take into account relatively low levels of education as a result of having been disrupted by conflict</li> <li>• Encourage trading between previously opposed groups where possible</li> <li>• Ensure awareness raising of other youth entrepreneurship support initiatives and link entrepreneurs to these where appropriate, e.g. where other services might be more appropriate to meet needs of entrepreneurs than those provided by the programme</li> </ul> <p><b>Cooperation</b></p> <ul style="list-style-type: none"> <li>• Consider building cooperation with the local business community, government and private infrastructure developers and providers, government regulators, local banks and informal financial service providers, government entrepreneurship service providers, academic institutions and training colleges, private and public research and training institutions, IT service providers, larger local or international firms and local business administration and management schools</li> </ul>
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	<p><b>R&amp;D transfer</b></p> <ul style="list-style-type: none"><li>• Support development of R&amp;D networks, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li></ul> <p><b>Business sophistication</b></p> <ul style="list-style-type: none"><li>• Provision of business skills training, guidance and mentoring services, e.g.:<ul style="list-style-type: none"><li>○ One-stop-shops and youth enterprise centres</li><li>○ Youth entrepreneurship online portals and websites</li><li>○ Mentor support and business coaching</li></ul></li><li>• Business incubators</li></ul>	
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*The context specific analysis draws on data from the Global Entrepreneurship Monitor, the World Economic Forum's Global Competitiveness Report and the World Bank's Development Indicators. The recommendations are based on a review of the existing literature, consultations with experts and practitioners in the sector as well as the Overseas Development Institute's own economic analysis.*

Context 11: Efficiency driven, peaceful, rural economy		
e.g. Albania, Barbados, Bosnia and Herzegovina, China, Mauritius, Namibia, Swaziland, Thailand and Trinidad and Tobago		
Entrepreneurial profile	<p>In efficiency driven economies 30% of entrepreneurs are <b>necessity driven</b> on average, slightly higher than the overall average for all types of economies (where it is 27%). There are on average fewer entrepreneurs driven by necessity in peaceful economies compared to the overall average, but more in rural contexts.</p> <p>In efficiency driven economies an average of 42% of entrepreneurs are <b>opportunity driven</b> (compared with an average of 47% for all economies). More entrepreneurs are driven by opportunity in peaceful economies than the overall average, but fewer in rural economies.</p> <p>In efficiency driven economies, an average of 25% of entrepreneurs expect to <b>grow</b>, slightly lower than the overall average of 26% for all economies. Growth expectations are also lower than the overall average in peaceful and rural contexts.</p> <p>The <b>youth population</b> makes up around 33% of the total population on average in an efficiency driven economy, which is the same as the overall average. The size of the youth population tends to be smaller than the overall average in peaceful economies, but larger in rural contexts.</p>	
Drivers and enablers	<p>In efficiency driven contexts the <b>market size</b> is likely to be the same as the average size for all types of economies. It is larger in peaceful economies than the overall average but smaller in rural contexts. In terms of <b>market openness</b> to new entrants, efficiency driven economies are less open to new entrants than the overall average. Whilst the same holds for rural economies, peaceful contexts are on average marginally more open to new entrants.</p> <p>Efficiency driven, peaceful and rural economies tend to exhibit lower levels of <b>cultural support</b> for entrepreneurship than the overall average.</p> <p><b>Youth unemployment</b> also tends to be high in an efficiency driven economy, averaging 25% of the youth population, higher than average for all economies (21%). Compared to the overall average youth unemployment is lower in peaceful contexts, but higher in rural contexts.</p> <p>Generally the <b>enablers for entrepreneurship</b> tend to be moderate in these types of contexts.</p>	
Binding constraints	The main constraints are likely to be <b>market size, internal market openness, cultural support, infrastructure, finance, government programmes, higher education and training, local availability of research and training, technological readiness and R&amp;D transfer.</b>	
Recommendations for maximising impact of youth entrepreneurship support:		
Polymakers	Program decision makers	Implementers
<p>Priorities should include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"><li>Growth policies</li><li>Investment climate reforms</li><li>Trade promotion activities, e.g. trade fairs and exhibitions</li></ul> <p><b>Internal market openness</b></p> <ul style="list-style-type: none"><li>Develop and facilitate competition policy</li></ul> <p><b>Cultural support</b></p> <ul style="list-style-type: none"><li>Implement visible entrepreneurship policy and support programmes</li></ul> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"><li>Invest in infrastructure</li><li>Cluster development policy</li></ul>	<p>Priorities should include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"><li>Market analysis</li><li>Raising awareness of existing market opportunities, <i>especially for necessity driven entrepreneurs</i></li><li>Assistance in evaluating feasibility of business plans,</li><li>Promotion of business integration and business linkages including opportunities in international supply chains, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li><li>Trade fairs and exhibitions, <i>especially for opportunity driven</i></li></ul>	<p>Consideration for implementation should include:</p> <p><b>Market opportunities</b></p> <ul style="list-style-type: none"><li>Consider cooperating with local business councils to assess market opportunities and develop business linkages</li><li>Provide access to IT, e.g. IT labs where electrification is low</li></ul> <p><b>Access to Finance</b></p> <ul style="list-style-type: none"><li>Avoid providing access to credit where market opportunities are limited</li><li>Avoid building a parallel system to the existing financial sector and where possible cooperate with private banks and offer direct financial support as a last resort</li></ul>



<p><b>Finance</b></p> <ul style="list-style-type: none"> <li>Financial sector development reforms</li> <li>Policies to promote access to finance</li> <li>Improving the regulatory environment for start-up finance, e.g. <ul style="list-style-type: none"> <li>transparent rating procedures and risk assessment</li> <li>shortening and simplification of document procedures</li> <li>improved cooperation and code of conduct,</li> <li>verifying and differentiating of lending criteria</li> </ul> </li> <li>Develop public capital markets</li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>Introduce or improve entrepreneurship support initiatives, engaging local service providers or NGOs operating on the ground as appropriate.</li> </ul> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"> <li>Invest in higher education and training programmes</li> </ul> <p><b>Local availability of research &amp; training services</b></p> <ul style="list-style-type: none"> <li>Fund research and training services or promote market for these.</li> </ul> <p><b>Technological readiness</b></p> <ul style="list-style-type: none"> <li>Invest in internet infrastructure</li> </ul> <p><b>R&amp;D transfer</b></p> <ul style="list-style-type: none"> <li>Improve and facilitate R&amp;D policy, investment and networks</li> </ul>	<p><i>and growth oriented entrepreneurs</i></p> <p><b>Internal market openness</b></p> <ul style="list-style-type: none"> <li>Lobby for more open competition</li> </ul> <p><b>Cultural support</b></p> <ul style="list-style-type: none"> <li>Promote role models and visible success stories</li> <li>Implement PR-campaigns, competitions and wards</li> <li>Secure media support and coverage</li> <li>Develop entrepreneurs' networks</li> </ul> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"> <li>Cluster development programmes</li> <li>Shared workspaces and start-up factories</li> </ul> <p><b>Finance</b></p> <ul style="list-style-type: none"> <li>Provide start-up and business capital, e.g.: <ul style="list-style-type: none"> <li>provision of grants and 'free money', <i>especially for necessity driven entrepreneurs</i></li> <li>facilitating debt financing for young people, <i>especially opportunity driven and growth oriented entrepreneurs</i></li> <li>provision of soft-, micro and guaranteed loans, e.g. microfinance, <i>especially for necessity driven entrepreneurs</i></li> <li>loan guarantee schemes, <i>especially for opportunity driven entrepreneurs</i></li> <li>risk venture capital for young enterprises, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>fostering equity finance possibilities for youth, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>angel investors and network, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> </ul> </li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>Assist government in developing policy</li> <li>Implement entrepreneurship surveys and share findings to inform policy development</li> </ul> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"> <li>Offer on the job training and workshops</li> <li>Facilitate apprenticeship schemes</li> </ul> <p><b>Local availability of research &amp; training services</b></p> <ul style="list-style-type: none"> <li>Provide research and training services in underserved areas, or help to develop the market for these services, <i>especially for growth oriented entrepreneurs</i></li> </ul> <p><b>Technological readiness</b></p>	<ul style="list-style-type: none"> <li>Given relatively lower level of access to finance in rural areas consider offering more comprehensive finance or finance related services though only if these would not otherwise be available</li> <li>Develop new models of delivery to reach remote areas, e.g. linked to semi-formal service providers or mobile solutions</li> </ul> <p><b>Training</b></p> <ul style="list-style-type: none"> <li>Encourage realistic assessment by entrepreneurs of their perceived capabilities and identify specific areas of skills and enterprise development</li> <li>Encourage cooperation between entrepreneurs in the absence of more formal cluster development policies and approaches</li> <li>Beneficiaries may be prevented to travel long-distances to courses, so consider flexible curricula and offering training services in close proximity to beneficiaries.</li> <li>Address relatively high risk aversion to start a business in rural areas in programme curricula</li> <li>Offer courses timed appropriately around agricultural season, e.g. avoid harvest time</li> <li>Develop new models of delivery to reach remote areas</li> </ul> <p><b>Cooperation</b></p> <ul style="list-style-type: none"> <li>Consider building cooperation with the local business community, government market regulators, local media, government and private infrastructure developers and providers, local banks and informal financial service providers, government entrepreneurship service providers, academic institutions and training colleges, private and public research and training institutions, IT service providers and larger local or international firms.</li> </ul>
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	<ul style="list-style-type: none"> <li>• Offer access to internet cafes, IT clinics and IT training courses</li> </ul> <p><b>R&amp;D transfer</b></p> <ul style="list-style-type: none"> <li>• Support development of R&amp;D networks, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> </ul>	
<p><i>The context specific analysis draws on data from the Global Entrepreneurship Monitor, the World Economic Forum's Global Competitiveness Report and the World Bank's Development Indicators. The recommendations are based on a review of the existing literature, consultations with experts and practitioners in the sector as well as the Overseas Development Institute's own economic analysis.</i></p>		

## Context 12: Efficiency driven, peaceful, urban economy

*e.g. Argentina, Belize, Brazil, Bulgaria, Cape Verde, Chile, Costa Rica, Croatia, Dominican Republic, Ecuador, El Salvador, Estonia, Hungary, Indonesia, Jordan, Latvia, Lithuania, Macedonia, Malaysia, Mexico, Montenegro, Oman, Panama, Peru, Poland, Romania, Russian Federation, Serbia, Slovak Republic, South African, Suriname, Tunisia, Turkey and Uruguay*

<b>Entrepreneurial profile</b>	<p>In efficiency driven economies 30% of entrepreneurs are <b>necessity driven</b> on average, slightly higher than the overall average for all types of economies (where it is 27%). There are fewer entrepreneurs driven by necessity, however, in both peaceful and urban economies as compared to the overall average.</p> <p>In efficiency driven economies an average of 42% of entrepreneurs are <b>opportunity driven</b> (compared with an average of 47% for all economies). More entrepreneurs are driven by opportunity also in peaceful and urban economies, as compared to the overall average.</p> <p>In efficiency driven economies an average of 25% of entrepreneurs expect to <b>grow</b>, slightly lower than the overall average of 26% for all economies. Growth expectations are lower in peaceful contexts than the overall average, but higher in urban contexts.</p> <p>The <b>youth population</b> makes up around 33% of the total population in an efficiency driven economy, which is the same as the overall average for all economies. The size of the youth population is smaller in both peaceful and urban contexts, as compared to the overall average.</p>
<b>Drivers and enablers</b>	<p>In efficiency driven economies, the <b>market size</b> is the same as the overall average for all economies. It is, however, larger in peaceful and urban contexts compared to the overall average. In terms of <b>market openness</b> to new entrants, efficiency driven economies are less open than the overall average, but both peaceful and urban contexts are more open.</p> <p>Efficiency driven and peaceful economies exhibit lower levels of <b>cultural support</b> for entrepreneurship than the overall average, while urban contexts exhibit marginally higher levels than the overall average.</p> <p><b>Youth unemployment</b> tends to be high in an efficiency driven economy, averaging 25% of the youth population, higher than the average for all economies (which is 21%). It is marginally higher in peaceful contexts, but lower in urban economies, than the overall average.</p> <p>Generally the <b>enablers for entrepreneurship</b> tend to be fairly high in these types of contexts.</p>
<b>Binding constraints</b>	<p>The main constraints are likely to be <b>market size, internal market openness, cultural support, finance, government programmes, R&amp;D transfer</b>.</p>

### Recommendations for maximising impact of youth entrepreneurship support:

Policy makers	Program decision makers	Implementers
<p>Priorities should include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"> <li>Growth policies</li> <li>Investment climate reforms</li> <li>Trade promotion activities, e.g. trade fairs and exhibitions</li> </ul> <p><b>Internal market openness</b></p> <ul style="list-style-type: none"> <li>Develop and facilitate competition policy</li> </ul> <p><b>Cultural support</b></p> <ul style="list-style-type: none"> <li>Implement visible entrepreneurship policy and support programmes</li> </ul> <p><b>Finance</b></p> <ul style="list-style-type: none"> <li>Financial sector development reforms</li> </ul>	<p>Priorities should include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"> <li>Market analysis</li> <li>Raising awareness of existing market opportunities, <i>especially for necessity driven entrepreneurs</i></li> <li>Assistance in evaluating feasibility of business plans,</li> <li>Promotion of business integration and business linkages including opportunities in international supply chains, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>Trade fairs and exhibitions, <i>especially for opportunity driven</i></li> </ul>	<p>Consideration for implementation should include:</p> <p><b>Market opportunities</b></p> <ul style="list-style-type: none"> <li>Consider cooperating with local business councils to assess market opportunities and develop business linkages</li> <li>Consider relatively low levels of infrastructure when assessing market opportunities if operating in slum areas of cities</li> </ul> <p><b>Access to Finance</b></p> <ul style="list-style-type: none"> <li>Avoid providing access to credit where market opportunities are limited</li> <li>Avoid building a parallel system to the existing financial sector and where possible cooperate with</li> </ul>

<ul style="list-style-type: none"> <li>• Policies to promote access to finance</li> <li>• Improving the regulatory environment for start-up finance, e.g.                         <ul style="list-style-type: none"> <li>◦ transparent rating procedures and risk assessment</li> <li>◦ shortening and simplification of document procedures</li> <li>◦ improved cooperation and code of conduct,</li> <li>◦ verifying and differentiating of lending criteria</li> </ul> </li> <li>• Develop public capital markets</li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>• Introduce or improve entrepreneurship support initiatives, engaging local service providers or NGOs operating on the ground as appropriate.</li> </ul> <p><b>R&amp;D transfer</b></p> <ul style="list-style-type: none"> <li>• Improve and facilitate R&amp;D policy, investment and networks</li> </ul>	<p><i>and growth oriented entrepreneurs</i></p> <p><b>Internal market openness</b></p> <ul style="list-style-type: none"> <li>• Lobby for more open competition</li> </ul> <p><b>Cultural support</b></p> <ul style="list-style-type: none"> <li>• Promote role models and visible success stories</li> <li>• Implement PR-campaigns, competitions and wards</li> <li>• Secure media support and coverage</li> <li>• Develop entrepreneurs' networks</li> </ul> <p><b>Finance</b></p> <ul style="list-style-type: none"> <li>• Provide start-up and business capital, e.g.:                         <ul style="list-style-type: none"> <li>◦ provision of grants and 'free money', <i>especially for necessity driven entrepreneurs</i></li> <li>◦ facilitating debt financing for young people, <i>especially opportunity driven and growth oriented entrepreneurs</i></li> <li>◦ provision of soft-, micro and guaranteed loans, e.g. microfinance, <i>especially for necessity driven entrepreneurs</i></li> <li>◦ loan guarantee schemes, <i>especially for opportunity driven entrepreneurs</i></li> <li>◦ risk venture capital for young enterprises, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>◦ fostering equity finance possibilities for youth, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>◦ angel investors and network, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> </ul> </li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>• Assist government in developing policy</li> <li>• Implement entrepreneurship surveys and share findings to inform policy development</li> </ul> <p><b>R&amp;D transfer</b></p> <p>Support development of R&amp;D networks, <i>especially for opportunity driven and growth oriented entrepreneurs</i></p>	<p>private banks and offer direct financial support as a last resort.</p> <p><b>Training</b></p> <ul style="list-style-type: none"> <li>• Encourage realistic assessment by entrepreneurs of their perceived capabilities and identify specific areas of skills and enterprise development</li> <li>• Encourage cooperation between entrepreneurs in the absence of more formal cluster development policies and approaches</li> <li>• Ensure awareness raising of other youth entrepreneurship support initiatives and link entrepreneurs to these where appropriate, e.g. where other services might be more appropriate to meet needs of entrepreneurs than those provided by the programme</li> </ul> <p><b>Cooperation</b></p> <ul style="list-style-type: none"> <li>• Consider building cooperation with the local business community, government market regulators, local media, local banks and informal financial service providers, government entrepreneurship service providers and larger local or international firms.</li> </ul>
<p><i>The context specific analysis draws on data from the Global Entrepreneurship Monitor, the World Economic Forum's Global Competitiveness Report and the World Bank's Development Indicators. The recommendations are based on a review of the existing literature, consultations with experts and practitioners in the sector as well as the Overseas Development Institute's own economic analysis.</i></p>		

Context 13: Innovation driven, conflict affected, rural economy		
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Entrepreneurial profile	<p>In innovation driven economies 20% of entrepreneurs are <b>necessity driven</b>, lower than the overall average for all types of economies (where it is 27%). However, conflict affected and rural economies exhibit higher than the overall average levels of necessity driven entrepreneurship.</p> <p>In innovation driven economies an average of 54% of entrepreneurs are <b>opportunity driven</b> (compared with an average of 47% for all economies), but conflict and rural affected economies have lower than the overall average proportion of opportunity driven entrepreneurs.</p> <p>In innovation driven economies an average of 28% of entrepreneurs expect to <b>grow</b>, (above the average of 26% for all economies). Conflict affected economies also exhibit above average growth expectations, but they are lower than average in rural contexts.</p> <p>The <b>youth population</b> makes up around 27% of the total population in innovation driven economies, below the overall average (which is 33%). However, the size of the youth population is larger than the overall average in both conflict and rural economies.</p>	
Drivers and enablers	<p>In innovation driven economies the <b>market size</b> is larger than the overall average for all types of economies. It is smaller, however, in both conflict and rural economies compared to the overall average. In terms of <b>market openness</b> to new entrants, innovation driven economies are more open than the overall average, but conflict and rural contexts are less open.</p> <p><b>Cultural support</b> for entrepreneurship is above average in innovation driven economies, but below the overall average in both conflict and rural contexts.</p> <p><b>Youth unemployment</b> also tends to be relatively low in an innovation driven economy, averaging 17% of the youth population, below the average for all economies (21%). Youth unemployment levels are also below the overall average in conflict affected economies but above in rural contexts.</p> <p>While the <b>enablers for entrepreneurship</b> are quite high in innovation economies, they are significantly lower in conflict affected and rural economies.</p>	
Binding constraints	<p>The main constraints are likely to be <b>market size, cultural support, infrastructure, investor protection, finance, professional and commercial infrastructure, government programmes, entrepreneurial education primary and secondary level, entrepreneurship education post-secondary level, higher education and training, local availability of research and training, technological readiness and R&amp;D transfer.</b></p>	
Recommendations for maximising impact of youth entrepreneurship support:		
Policymakers	Program decision makers	Implementers
<p>Capacity of policymakers is likely to be limited in this environment due to the on-going conflict, but priorities should include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"><li>• Growth policies</li><li>• Investment climate reforms</li><li>• Trade promotion activities, e.g. trade fairs and exhibitions</li></ul> <p><b>Cultural support</b></p> <ul style="list-style-type: none"><li>• Implement visible entrepreneurship policy and support programmes</li></ul> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"><li>• Invest in infrastructure</li><li>• Cluster development policy</li></ul> <p><b>Investor protection</b></p> <ul style="list-style-type: none"><li>• Build legal and regulatory</li></ul>	<p>Capacity to intervene is likely to be limited by the on-going conflict but priorities should include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"><li>• Market analysis</li><li>• Raising awareness of existing market opportunities, <i>especially for necessity driven entrepreneurs</i></li><li>• Assistance in evaluating feasibility of business plans,</li><li>• Promotion of business integration and business linkages including opportunities in international supply chains, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li><li>• Trade fairs and exhibitions,</li></ul>	<p>Capacity to intervene and beneficiaries to access support is likely to be limited by the on-going conflict but considerations for implementation should include:</p> <p><b>Market opportunities</b></p> <ul style="list-style-type: none"><li>• Include extensive market opportunity awareness raising activities in training programmes as perceptions of opportunities may be low, <i>especially for necessity driven entrepreneurs</i></li><li>• Technical requirements to be successful in an innovation driven economy tend to be relatively high, which should be reflected in the assessment of market opportunities, <i>especially for opportunity driven and growth</i></li></ul>

<p>framework to enhance investor protection</p> <p><b>Finance</b></p> <ul style="list-style-type: none"> <li>Financial sector development reforms</li> <li>Policies to promote access to finance</li> <li>Improving the regulatory environment for start-up finance, e.g.                             <ul style="list-style-type: none"> <li>transparent rating procedures and risk assessment</li> <li>shortening and simplification of document procedures</li> <li>improved cooperation and code of conduct,</li> <li>verifying and differentiating of lending criteria</li> </ul> </li> <li>Develop public capital markets</li> </ul> <p><b>Professional and commercial infrastructure</b></p> <ul style="list-style-type: none"> <li>Foster institutional development</li> <li>Develop legal and regulatory framework for professional and commercial services</li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>Introduce or improve entrepreneurship support initiatives, engaging local service providers or NGOs operating on the ground as appropriate.</li> </ul> <p><b>Entrepreneurship education primary and secondary level</b></p> <ul style="list-style-type: none"> <li>Introduce entrepreneurship education programmes into national curricula</li> </ul> <p><b>Entrepreneurship education post-secondary level</b></p> <ul style="list-style-type: none"> <li>Introduce entrepreneurship education programmes at colleges and universities</li> </ul> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"> <li>Invest in higher education and training programmes</li> </ul> <p><b>Local availability of research &amp; training services</b></p> <ul style="list-style-type: none"> <li>Fund research and training services or promote market for these.</li> </ul> <p><b>Technological readiness</b></p> <ul style="list-style-type: none"> <li>Invest in internet infrastructure</li> </ul> <p><b>R&amp;D transfer</b></p> <ul style="list-style-type: none"> <li>Improve and facilitate R&amp;D policy, investment and networks</li> </ul>	<p><i>especially for opportunity driven and growth oriented entrepreneurs</i></p> <p><b>Cultural support</b></p> <ul style="list-style-type: none"> <li>Promote role models and visible success stories</li> <li>Implement PR-campaigns, competitions and wards</li> <li>Secure media support and coverage</li> <li>Develop entrepreneur's networks</li> </ul> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"> <li>Cluster development programmes, unless precluded by widespread conflict</li> <li>Shared workspaces and start-up factories</li> </ul> <p><b>Investor protection</b></p> <ul style="list-style-type: none"> <li>Promote transparency and facilitate better investor protection by providing training on accountancy standards etc. <i>especially for growth oriented entrepreneurs.</i></li> </ul> <p><b>Finance</b></p> <ul style="list-style-type: none"> <li>Provide start-up and business capital, e.g.:                             <ul style="list-style-type: none"> <li>provision of grants and 'free money', <i>especially for necessity driven entrepreneurs</i></li> <li>facilitating debt financing for young people, <i>especially opportunity driven and growth oriented entrepreneurs</i></li> <li>provision of soft-, micro and guaranteed loans, e.g. microfinance, <i>especially for necessity driven entrepreneurs</i></li> <li>loan guarantee schemes, <i>especially for opportunity driven entrepreneurs</i></li> <li>risk venture capital for young enterprises, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>fostering equity finance possibilities for youth, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>angel investors and network, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> </ul> </li> </ul> <p><b>Professional and commercial infrastructure</b></p> <ul style="list-style-type: none"> <li>Support the development of the market for professional and commercial services and provide these in underserved areas</li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>Assist government in developing policy</li> <li>Implement entrepreneurship surveys and share findings to inform policy development</li> </ul> <p><b>Entrepreneurship education</b></p>	<p><i>oriented entrepreneurs</i></p> <ul style="list-style-type: none"> <li>Need to identify alternative lucrative war economy opportunities and livelihoods, other than for example armed combat, crime and poppy growing</li> <li>Need to place more emphasis on developing networks and institutions and trust, which have been broken down by conflict.</li> <li>Need to include security issues when assessing market opportunities and cost and options for insurance</li> </ul> <p><b>Access to Finance</b></p> <ul style="list-style-type: none"> <li>Non-financial support offered may be relatively more important than financial support</li> <li>Consider offering grant finance as a subsidy to support entrepreneurial livelihoods, <i>especially for necessity driven entrepreneurs</i></li> <li>Consider relatively short investment horizon of young entrepreneurs</li> <li>Given relatively low levels of access to finance in rural areas consider offering more comprehensive finance or finance related services though only if these would not otherwise be available</li> </ul> <p><b>Training</b></p> <ul style="list-style-type: none"> <li>Consider offering training through or in partnership with schools and post-secondary training institutions such as universities and colleges</li> <li>Develop training programmes with relatively high technical requirements of innovation driven economies in mind</li> <li>Develop support network of young entrepreneurs, which tends to be low</li> <li>Given relatively high skills level, consider extensive use of mentors rather than purely training curricula</li> <li>Focus initially on building confidence of young entrepreneurs, which may have been undermined as a result of the on-going conflict</li> <li>Ensure conflict induced tensions are not exacerbated by preferential treatment of some groups by the programme</li> <li>Factor in relatively high drop-out rates of beneficiaries</li> <li>Beneficiaries may be prevented to travel to courses so consider flexible curricula and offering training services in close proximity to beneficiaries</li> <li>Training courses need to take account of relatively lower levels of education in conflict situations</li> <li>Address relatively high risk</li> </ul>
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	<p><b>primary and secondary level</b></p> <ul style="list-style-type: none"> <li>• Raise awareness of entrepreneurship in schools through media and participatory approaches</li> </ul> <p><b>Entrepreneurship education post-secondary level</b></p> <ul style="list-style-type: none"> <li>• Collaborate with universities and colleges to introduce entrepreneurship training, mentoring support and business coaching</li> </ul> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"> <li>• Offer on the job training and workshops</li> <li>• Facilitate apprenticeship schemes</li> </ul> <p><b>Local availability of research &amp; training services</b></p> <ul style="list-style-type: none"> <li>• Provide research and training services in underserved areas, or help to develop the market for these services, <i>especially for growth oriented entrepreneurs</i></li> </ul> <p><b>Technological readiness</b></p> <ul style="list-style-type: none"> <li>• Offer access to internet cafes, IT clinics and IT training courses</li> </ul> <p><b>R&amp;D transfer</b></p> <ul style="list-style-type: none"> <li>• Support development of R&amp;D networks, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> </ul>	<p>aversion to start a business in rural areas in programme curricula</p> <ul style="list-style-type: none"> <li>• Offer courses timed appropriately around agricultural season, e.g. avoid harvest time</li> <li>• Develop new models of delivery to reach remote areas</li> </ul> <p><b>Cooperation</b></p> <ul style="list-style-type: none"> <li>• Consider building cooperation with the local business community, local media, government and private infrastructure developers and providers, government market regulators, local banks and informal financial service providers, local layers and accountants, government entrepreneurship service providers, ministry of education, colleges and universities, academic institutions and training colleges, private and public research and training institutions, IT service providers and larger local or international firms</li> </ul>
<p><i>The context specific analysis draws on data from the Global Entrepreneurship Monitor, the World Economic Forum's Global Competitiveness Report and the World Bank's Development Indicators. The recommendations are based on a review of the existing literature, consultations with experts and practitioners in the sector as well as the Overseas Development Institute's own economic analysis.</i></p>		

Context 14: Innovation driven, conflict affected, urban economy		
e.g. Israel		
Entrepreneurial profile	<p>In innovation driven economies 20% of entrepreneurs are <b>necessity driven</b>, lower than the overall average for all types of economies (where it is 27%). Whilst conflict affected economies tend to also exhibit higher than overall average levels of necessity driven entrepreneurship, in urban contexts necessity driven entrepreneurship is below the overall average.</p> <p>In innovation driven economies an average of 54% of entrepreneurs are <b>opportunity driven</b> (compared with an average of 47% for all economies). The level of opportunity driven entrepreneurship is below the overall average in conflict affected economies but higher than the overall average in urban contexts.</p> <p>In innovation driven economies an average of 28% of entrepreneurs expect to <b>grow</b>, (above the average of 26% for all economies). Growth expectations are also higher than the overall average in both conflict and urban contexts.</p> <p>The <b>youth population</b> makes up around 27% of the total population on average in an innovation driven economy, below the overall average (which is 33%). The size of the youth population is, however, larger in conflict affected economies compared to the overall average, but lower in urban contexts.</p>	
Drivers and enablers	<p>In innovation driven economies the <b>market size</b> is larger than the overall average for all economies. Whilst it is also larger than the overall average in urban contexts, it is smaller in conflict affected economies. In terms of <b>market openness</b> to new entrants, innovation driven economies are more open than the overall average. The same holds for urban contexts, but conflict affected economies are less open than the overall average.</p> <p><b>Cultural support</b> for entrepreneurship is higher than the overall average in innovation driven economies. Whilst it is also marginally above the overall average in urban contexts, it is lower in conflict affected economies.</p> <p><b>Youth unemployment</b> also tends to be low in an innovation driven economy, averaging 17% of the youth population, below the average for all economies (21%). It is also lower in conflict affected and urban economies, than the overall average.</p> <p>Generally the <b>enablers for entrepreneurship</b> tend to be fairly high in these types of contexts despite being conflict affected.</p>	
Binding constraints	<p>The main constraints are likely to be <b>market size, cultural support, infrastructure, investor protection, finance, professional and commercial infrastructure, government programmes, entrepreneurial education primary and secondary level, entrepreneurship education post-secondary level, higher education and training, technological readiness and R&amp;D transfer.</b></p>	
Recommendations for maximising impact of youth entrepreneurship support:		
Policymakers	Program decision makers	Implementers
<p>Capacity of policymakers is likely to be limited in this environment due to the on-going conflict, but priorities should include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"><li>• Growth policies</li><li>• Investment climate reforms</li><li>• Trade promotion activities, e.g. trade fairs and exhibitions</li></ul> <p><b>Cultural support</b></p> <ul style="list-style-type: none"><li>• Implement visible entrepreneurship policy and support programmes</li></ul> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"><li>• Invest in infrastructure</li><li>• Cluster development policy</li></ul> <p><b>Investor protection</b></p>	<p>Capacity to intervene is likely to be limited by the on-going conflict but priorities should include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"><li>• Market analysis</li><li>• Raising awareness of existing market opportunities, <i>especially for necessity driven entrepreneurs</i></li><li>• Assistance in evaluating feasibility of business plans,</li><li>• Promotion of business integration and business linkages including opportunities in international supply chains, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li></ul>	<p>Capacity to intervene and beneficiaries to access support is likely to be limited by the on-going conflict but considerations for implementation should include:</p> <p><b>Market opportunities</b></p> <ul style="list-style-type: none"><li>• Include extensive market opportunity awareness raising activities in training programmes as perceptions of opportunities may be low, <i>especially for necessity driven entrepreneurs</i></li><li>• Technical requirements to be successful in an innovation driven economy tend to be relatively high, which should be reflected in the assessment of market opportunities, <i>especially for</i></li></ul>



<ul style="list-style-type: none"> <li>• Build legal and regulatory framework to enhance investor protection</li> </ul> <p><b>Finance</b></p> <ul style="list-style-type: none"> <li>• Financial sector development reforms</li> <li>• Policies to promote access to finance</li> <li>• Improving the regulatory environment for start-up finance, e.g. <ul style="list-style-type: none"> <li>◦ transparent rating procedures and risk assessment</li> <li>◦ shortening and simplification of document procedures</li> <li>◦ improved cooperation and code of conduct,</li> <li>◦ verifying and differentiating of lending criteria</li> </ul> </li> <li>• Develop public capital markets</li> </ul> <p><b>Professional and commercial infrastructure</b></p> <ul style="list-style-type: none"> <li>• Foster institutional development</li> <li>• Develop legal and regulatory framework for professional and commercial services</li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>• Introduce or improve entrepreneurship support initiatives, engaging local service providers or NGOs operating on the ground as appropriate.</li> </ul> <p><b>Entrepreneurship education primary and secondary level</b></p> <ul style="list-style-type: none"> <li>• Introduce entrepreneurship education programmes into national curricula</li> </ul> <p><b>Entrepreneurship education post-secondary level</b></p> <ul style="list-style-type: none"> <li>• Introduce entrepreneurship education programmes at colleges and universities</li> </ul> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"> <li>• Invest in higher education and training programmes</li> </ul> <p><b>Technological readiness</b></p> <ul style="list-style-type: none"> <li>• Invest in internet infrastructure</li> </ul> <p><b>R&amp;D transfer</b></p> <ul style="list-style-type: none"> <li>• Improve and facilitate R&amp;D policy, investment and networks</li> </ul>	<ul style="list-style-type: none"> <li>• Trade fairs and exhibitions, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> </ul> <p><b>Cultural support</b></p> <ul style="list-style-type: none"> <li>• Promote role models and visible success stories</li> <li>• Implement PR-campaigns, competitions and wards</li> <li>• Secure media support and coverage</li> <li>• Develop entrepreneurs' networks</li> </ul> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"> <li>• Cluster development programmes, unless precluded by widespread conflict</li> <li>• Shared workspaces and start-up factories</li> </ul> <p><b>Investor protection</b></p> <ul style="list-style-type: none"> <li>• Promote transparency and facilitate better investor protection by providing training on accountancy standards etc. <i>especially for growth oriented entrepreneurs.</i></li> </ul> <p><b>Finance</b></p> <ul style="list-style-type: none"> <li>• Provide start-up and business capital, e.g.: <ul style="list-style-type: none"> <li>◦ provision of grants and 'free money', <i>especially for necessity driven entrepreneurs</i></li> <li>◦ facilitating debt financing for young people, <i>especially opportunity driven and growth oriented entrepreneurs</i></li> <li>◦ provision of soft-, micro and guaranteed loans, e.g. microfinance, <i>especially for necessity driven entrepreneurs</i></li> <li>◦ loan guarantee schemes, <i>especially for opportunity driven entrepreneurs</i></li> <li>◦ risk venture capital for young enterprises, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>◦ fostering equity finance possibilities for youth, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>◦ angel investors and network, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> </ul> </li> </ul> <p><b>Professional and commercial infrastructure</b></p> <ul style="list-style-type: none"> <li>• Support the development of the market for professional and commercial services and provide these in underserved areas</li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>• Assist government in developing policy</li> <li>• Implement entrepreneurship surveys and share findings to inform policy development</li> </ul>	<p><i>opportunity driven and growth oriented entrepreneurs</i></p> <ul style="list-style-type: none"> <li>• Need to identify alternative lucrative war economy opportunities and livelihoods, other than for example armed combat, crime and poppy growing</li> <li>• Need to place more emphasis on developing networks and institutions and trust, which have been broken down by conflict.</li> <li>• Need to include security issues when assessing market opportunities and cost and options for insurance</li> </ul> <p><b>Access to Finance</b></p> <ul style="list-style-type: none"> <li>• Non-financial support offered may be relatively more important than financial support</li> <li>• Consider offering grant finance as a subsidy to support entrepreneurial livelihoods, <i>especially for necessity driven entrepreneurs</i></li> <li>• Consider relatively short investment horizon of young entrepreneurs</li> <li>• Ensure programme directly offers finance only if it fills gaps left by the market, given relatively high levels of access to finance in urban contexts</li> </ul> <p><b>Training</b></p> <ul style="list-style-type: none"> <li>• Consider offering training through or in partnership with schools and post-secondary training institutions such as universities and colleges</li> <li>• Develop training programmes with relatively high technical requirements of innovation driven economies in mind</li> <li>• Develop support network of young entrepreneurs, which tends to be low</li> <li>• Given relatively high skills level, consider extensive use of mentors rather than purely training curricula</li> <li>• Focus initially on building confidence of young entrepreneurs, which may have been undermined as a result of the on-going conflict</li> <li>• Ensure conflict induced tensions are not exacerbated by preferential treatment of some groups by the programme</li> <li>• Factor in relatively high drop-out rates of beneficiaries</li> <li>• Beneficiaries may be prevented to travel to courses so consider flexible curricula and offering training services in close proximity to beneficiaries</li> <li>• Training courses need to take account of relatively lower levels of education in conflict situations</li> <li>• Ensure awareness raising of other youth entrepreneurship support</li> </ul>
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	<p><b>Entrepreneurship education primary and secondary level</b></p> <ul style="list-style-type: none"> <li>• Raise awareness of entrepreneurship in schools through media and participatory approaches</li> </ul> <p><b>Entrepreneurship education post-secondary level</b></p> <ul style="list-style-type: none"> <li>• Collaborate with universities and colleges to introduce entrepreneurship training, mentoring support and business coaching</li> </ul> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"> <li>• Offer on the job training and workshops</li> <li>• Facilitate apprenticeship schemes</li> </ul> <p><b>Technological readiness</b></p> <ul style="list-style-type: none"> <li>• Offer access to internet cafes, IT clinics and IT training courses</li> </ul> <p><b>R&amp;D transfer</b></p> <ul style="list-style-type: none"> <li>• Support development of R&amp;D networks, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> </ul>	<p>initiatives and link entrepreneurs to these where appropriate, e.g. where other services might be more appropriate to meet needs of entrepreneurs than those provided by the programme</p> <p><b>Cooperation</b></p> <ul style="list-style-type: none"> <li>• Consider building cooperation with the local business community, local media, government and private infrastructure developers and providers, government market regulators, local banks and informal financial service providers, local layers and accountants, government entrepreneurship service providers, ministry of education, colleges and universities, academic institutions and training colleges, IT service providers and larger local or international firms</li> </ul>
<p><i>The context specific analysis draws on data from the Global Entrepreneurship Monitor, the World Economic Forum's Global Competitiveness Report and the World Bank's Development Indicators. The recommendations are based on a review of the existing literature, consultations with experts and practitioners in the sector as well as the Overseas Development Institute's own economic analysis.</i></p>		

Context 15: Innovation driven, post-conflict affected, rural economy		
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Entrepreneurial profile	<p>In innovation driven economies 20% of entrepreneurs are <b>necessity driven</b> on average, lower than the overall average for all types of economies (where it is 27%). Both post-conflict affected and rural contexts exhibit higher levels of necessity driven entrepreneurship than the overall average, however.</p> <p>In innovation driven economies an average of 54% of entrepreneurs are <b>opportunity driven</b> (compared with an average of 47% for all economies). It is lower, however, in both post-conflict and rural contexts, compared to the overall average.</p> <p>In innovation driven economies an average of 28% of entrepreneurs expect to <b>grow</b>, (above the average of 26% for all economies). Their are below average growth expectations however, in both post-conflict affected and rural economies.</p> <p>The <b>youth population</b> makes up around 27% of the total population on average in an innovation driven economy, below the overall average (which is 33%). The size of the youth population is larger than the overall average, however, in both post-conflict and rural contexts.</p>	
Drivers and enablers	<p>In innovation driven economies the <b>market size</b> is larger than the overall average for all economies. However, it is smaller in both post-conflict and rural contexts compared to the overall average. In terms of <b>market openness</b> to new entrants, innovation driven economies are more open to new entrants than the overall average. Whilst post-conflict affected economies are also more open to new entrants, rural economies are less open than the overall average.</p> <p>Innovation driven economies exhibit above overall average levels of <b>cultural support</b> for entrepreneurship. The same holds for post-conflict affected economies, but rural contexts exhibit lower levels of cultural support for entrepreneurship than the overall average.</p> <p><b>Youth unemployment</b> also tends to be low in an innovation driven economy, averaging 17% of the youth population, below the average for all economies (21%). Youth unemployment is, however, above the overall average in both post-conflict affected and rural contexts.</p> <p>Generally the <b>enablers for entrepreneurship</b> tend to be fairly high in these types of contexts despite being post-conflict affected.</p>	
Binding constraints	<p>The main constraints are likely to be <b>market size, infrastructure, investor protection, finance, professional and commercial infrastructure, government programmes, entrepreneurial education primary and secondary level, entrepreneurship education post-secondary level, higher education and training, local availability of research and training services, technological readiness and business sophistication.</b></p>	
Recommendations for maximising impact of youth entrepreneurship support:		
Policymakers	Program decision makers	Implementers
<p>Capacity of policymakers is likely to still be limited in this environment due to the recent conflict, but priorities should include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"><li>• Growth policies</li><li>• Investment climate reforms</li><li>• Trade promotion activities, e.g. trade fairs and exhibitions</li></ul> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"><li>• Invest in infrastructure</li><li>• Cluster development policy</li></ul> <p><b>Investor protection</b></p> <ul style="list-style-type: none"><li>• Build legal and regulatory framework to enhance investor protection</li></ul>	<p>Capacity to intervene is likely to be limited by the recent conflict but priorities might include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"><li>• Market analysis</li><li>• Raising awareness of existing market opportunities, <i>especially for necessity driven entrepreneurs</i></li><li>• Assistance in evaluating feasibility of business plans,</li><li>• Promotion of business integration and business linkages including opportunities in international supply chains, <i>especially for opportunity driven and growth oriented</i></li></ul>	<p>Capacity to intervene and beneficiaries to access support is likely to be limited by the recent conflict but considerations for implementation should include:</p> <p><b>Market opportunities</b></p> <ul style="list-style-type: none"><li>• Include extensive market opportunity awareness raising activities in training programmes as perceptions of opportunities may be low, <i>especially for necessity driven entrepreneurs</i></li><li>• Technical requirements to be successful in an innovation driven economy tend to be relatively high, which should be reflected in the assessment of market</li></ul>

<p><b>Finance</b></p> <ul style="list-style-type: none"> <li>Financial sector development reforms</li> <li>Policies to promote access to finance</li> <li>Improving the regulatory environment for start-up finance, e.g.                         <ul style="list-style-type: none"> <li>transparent rating procedures and risk assessment</li> <li>shortening and simplification of document procedures</li> <li>improved cooperation and code of conduct,</li> <li>verifying and differentiating of lending criteria</li> </ul> </li> <li>Develop public capital markets</li> </ul> <p><b>Professional and commercial infrastructure</b></p> <ul style="list-style-type: none"> <li>Foster institutional development</li> <li>Develop legal and regulatory framework for professional and commercial services</li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>Introduce or improve entrepreneurship support initiatives, engaging local service providers or NGOs operating on the ground as appropriate</li> </ul> <p><b>Entrepreneurship education primary and secondary level</b></p> <ul style="list-style-type: none"> <li>Introduce entrepreneurship education programmes into national curricula</li> </ul> <p><b>Entrepreneurship education post-secondary level</b></p> <ul style="list-style-type: none"> <li>Introduce entrepreneurship education programmes at colleges and universities</li> </ul> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"> <li>Invest in higher education and training programmes</li> </ul> <p><b>Local availability of research &amp; training services</b></p> <ul style="list-style-type: none"> <li>Fund research and training services or promote market for these.</li> </ul> <p><b>Technological readiness</b></p> <ul style="list-style-type: none"> <li>Invest in internet infrastructure</li> </ul> <p><b>Business sophistication</b></p> <ul style="list-style-type: none"> <li>Provide finance for business skills training, guidance and mentoring services provided by local service providers or NGOs operating on the ground as appropriate</li> </ul>	<p><i>entrepreneurs</i></p> <ul style="list-style-type: none"> <li>Trade fairs and exhibitions, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> </ul> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"> <li>Cluster development programmes</li> <li>Shared workspaces and start-up factories</li> </ul> <p><b>Investor protection</b></p> <ul style="list-style-type: none"> <li>Promote transparency and facilitate better investor protection by providing training on accountancy standards etc. <i>especially for growth oriented entrepreneurs.</i></li> </ul> <p><b>Finance</b></p> <ul style="list-style-type: none"> <li>Provide start-up and business capital, e.g.:                         <ul style="list-style-type: none"> <li>provision of grants and 'free money', <i>especially for necessity driven entrepreneurs</i></li> <li>facilitating debt financing for young people, <i>especially opportunity driven and growth oriented entrepreneurs</i></li> <li>provision of soft-, micro and guaranteed loans, e.g. microfinance, <i>especially for necessity driven entrepreneurs</i></li> <li>loan guarantee schemes, <i>especially for opportunity driven entrepreneurs</i></li> <li>risk venture capital for young enterprises, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>fostering equity finance possibilities for youth, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>angel investors and network, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> </ul> </li> </ul> <p><b>Professional and commercial infrastructure</b></p> <ul style="list-style-type: none"> <li>Support the development of the market for professional and commercial services and provide these in underserved areas</li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>Assist government in developing policy</li> <li>Implement entrepreneurship surveys and share findings to inform policy development</li> </ul> <p><b>Entrepreneurship education primary and secondary level</b></p> <ul style="list-style-type: none"> <li>Raise awareness of entrepreneurship in schools through media and participatory approaches</li> </ul> <p><b>Entrepreneurship education post-secondary level</b></p> <ul style="list-style-type: none"> <li>Collaborate with universities and</li> </ul>	<p><i>opportunities, especially for opportunity driven and growth oriented entrepreneurs</i></p> <ul style="list-style-type: none"> <li>Consider a programme focus on ex-combatants to reduce incentives for a return to conflict</li> <li>Undertake political economy analysis to avoid undermining peace building process</li> <li>Need to place more emphasis on developing networks and institutions and trust, which have been broken down by conflict</li> <li>Several market opportunities may temporarily stem from donor funded support but are likely to be unsustainable in the long term. Ensure these build skills necessary for longer term, sustainable employment or entrepreneurship</li> </ul> <p><b>Access to Finance</b></p> <ul style="list-style-type: none"> <li>Non-financial support offered by the programme may be relatively more important than financial support as investment flows are likely to be relatively high in post conflict situations</li> <li>Given relatively low levels of access to finance in rural areas consider offering more comprehensive finance or finance related services though only if these would not otherwise be available</li> </ul> <p><b>Training</b></p> <ul style="list-style-type: none"> <li>Consider offering training through or in partnership with schools and post-secondary training institutions such as universities and colleges</li> <li>Develop training programmes with relatively high technical requirements of innovation driven economies in mind</li> <li>Develop support network of young entrepreneurs, which tends to be low</li> <li>Given relatively high skills level, consider extensive use of mentors rather than purely training curricula</li> <li>Focus initially on building confidence of young entrepreneurs, which may have been undermined as a result of the recent conflict</li> <li>Facilitate peace-building by including previously opposed groups in the same training programme</li> <li>Training courses should take into account relatively low levels of education as a result of having been disrupted by conflict</li> <li>Encourage trading between previously opposed groups where possible</li> <li>Beneficiaries may prevented to travel long-distances to courses,</li> </ul>
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	<p>colleges to introduce entrepreneurship training, mentoring support and business coaching</p> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"> <li>• Offer on the job training and workshops</li> <li>• Facilitate apprenticeship schemes</li> </ul> <p><b>Local availability of research &amp; training services</b></p> <ul style="list-style-type: none"> <li>• Provide research and training services in underserved areas, or help to develop the market for these services, <i>especially for growth oriented entrepreneurs</i></li> </ul> <p><b>Technological readiness</b></p> <ul style="list-style-type: none"> <li>• Offer access to internet cafes, IT clinics and IT training courses</li> </ul> <p><b>Business sophistication</b></p> <ul style="list-style-type: none"> <li>• Provision of business skills training, guidance and mentoring services, e.g.: <ul style="list-style-type: none"> <li>○ One-stop-shops and youth enterprise centres</li> <li>○ Youth entrepreneurship online portals and websites</li> <li>○ Mentor support and business coaching</li> </ul> </li> <li>• Business incubators</li> </ul>	<p>so consider flexible curricula and offering training services in close proximity to beneficiaries.</p> <ul style="list-style-type: none"> <li>• Address relatively high risk aversion to start a business in rural areas in programme curricula</li> <li>• Offer courses timed appropriately around agricultural season, e.g. avoid harvest time</li> <li>• Develop new models of delivery to reach remote areas</li> </ul> <p><b>Cooperation</b></p> <ul style="list-style-type: none"> <li>• Consider building cooperation with the local business community, government and private infrastructure developers and providers, government regulators, local banks and informal financial service providers, local layers and accountants, government entrepreneurship service providers, ministry of education, colleges and universities, academic institutions and training colleges, private and public research and training institutions, IT service providers and local business administration and management schools</li> </ul>
<p><i>The context specific analysis draws on data from the Global Entrepreneurship Monitor, the World Economic Forum's Global Competitiveness Report and the World Bank's Development Indicators. The recommendations are based on a review of the existing literature, consultations with experts and practitioners in the sector as well as the Overseas Development Institute's own economic analysis.</i></p>		

Context 16: Innovation driven, post-conflict affected, urban economy		
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Entrepreneurial profile	<p>In innovation driven economies 20% of entrepreneurs are <b>necessity driven</b>, lower than the overall average for all types of economies (where it is 27%). Whilst post-conflict affected contexts exhibit higher levels of necessity driven entrepreneurship compared to the overall average, it is lower than the overall average in urban economies.</p> <p>In innovation driven economies an average of 54% of entrepreneurs are <b>opportunity driven</b> (compared with an average of 47% for all economies), but this is slightly lower in post-conflict affected economies, though higher in urban contexts, as compared to the overall average.</p> <p>In innovation driven economies an average of 28% of entrepreneurs expect to <b>grow</b>, (above the average of 26% for all economies), though it is lower than the overall average in post-conflict affected economies, and higher than the overall average in urban economies.</p> <p>The <b>youth population</b> makes up around 27% of the total population on average in an innovation driven economy, below the overall average (which is 33%). The size of the youth population tends to larger than the overall average in post-conflict affected economies but smaller in urban contexts.</p>	
Drivers and enablers	<p>In innovation driven economies the <b>market size</b> is larger than the overall average for all economies. That also holds for urban economies, but not for post-conflict affected contexts where market size tends to be smaller than average. In terms of <b>market openness</b> to new entrants, innovation driven, post-conflict affected and urban contexts are all more open than the overall average.</p> <p>Levels of <b>cultural support</b> for entrepreneurship tend to be above the overall average in innovation driven, post-conflict affected and urban contexts.</p> <p><b>Youth unemployment</b> also tends to be low in an innovation driven economy, averaging 17% of the youth population, below the average for all economies (21%). It is also below the overall average in urban contexts but above average in conflict affected economies.</p> <p>Generally the <b>enablers for entrepreneurship</b> tend to be fairly high in these types of contexts despite being post-conflict affected.</p>	
Binding constraints	<p>The main constraints are likely to be <b>market size, infrastructure, investor protection, finance, professional and commercial infrastructure, entrepreneurial education primary and secondary level, entrepreneurship education post-secondary level, higher education and training, local availability of research and training services, technological readiness and business sophistication.</b></p>	
Recommendations for maximising impact of youth entrepreneurship support:		
Policymakers	Program decision makers	Implementers
<p>Capacity of policymakers is likely to still be limited in this environment due to the recent conflict, but priorities should include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"><li>• Growth policies</li><li>• Investment climate reforms</li><li>• Trade promotion activities, e.g. trade fairs and exhibitions</li></ul> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"><li>• Invest in infrastructure</li><li>• Cluster development policy</li></ul> <p><b>Investor protection</b></p> <ul style="list-style-type: none"><li>• Build legal and regulatory framework to enhance investor protection</li></ul> <p><b>Finance</b></p> <ul style="list-style-type: none"><li>• Financial sector development</li></ul>	<p>Capacity to intervene is likely to be limited by the recent conflict but priorities might include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"><li>• Market analysis</li><li>• Raising awareness of existing market opportunities, <i>especially for necessity driven entrepreneurs</i></li><li>• Assistance in evaluating feasibility of business plans,</li><li>• Promotion of business integration and business linkages including opportunities in international supply chains, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li><li>• Trade fairs and exhibitions,</li></ul>	<p>Capacity to intervene and beneficiaries to access support is likely to be limited by the recent conflict but considerations for implementation should include:</p> <p><b>Market opportunities</b></p> <ul style="list-style-type: none"><li>• Include extensive market opportunity awareness raising activities in training programmes as perceptions of opportunities may be low, <i>especially for necessity driven entrepreneurs</i></li><li>• Technical requirements to be successful in an innovation driven economy tend to be relatively high, which should be reflected in the assessment of market opportunities, <i>especially for opportunity driven and growth</i></li></ul>



<p>reforms</p> <ul style="list-style-type: none"> <li>• Policies to promote access to finance</li> <li>• Improving the regulatory environment for start-up finance, e.g. <ul style="list-style-type: none"> <li>◦ transparent rating procedures and risk assessment</li> <li>◦ shortening and simplification of document procedures</li> <li>◦ improved cooperation and code of conduct,</li> <li>◦ verifying and differentiating of lending criteria</li> </ul> </li> <li>• Develop public capital markets</li> </ul> <p><b>Professional and commercial infrastructure</b></p> <ul style="list-style-type: none"> <li>• Foster institutional development</li> <li>• Develop legal and regulatory framework for professional and commercial services</li> </ul> <p><b>Entrepreneurship education primary and secondary level</b></p> <ul style="list-style-type: none"> <li>• Introduce entrepreneurship education programmes into national curricula</li> </ul> <p><b>Entrepreneurship education post-secondary level</b></p> <ul style="list-style-type: none"> <li>• Introduce entrepreneurship education programmes at colleges and universities</li> </ul> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"> <li>• Invest in higher education and training programmes</li> </ul> <p><b>Local availability of research &amp; training services</b></p> <ul style="list-style-type: none"> <li>• Fund research and training services or promote market for these.</li> </ul> <p><b>Technological readiness</b></p> <ul style="list-style-type: none"> <li>• Invest in internet infrastructure</li> </ul> <p><b>Business sophistication</b></p> <ul style="list-style-type: none"> <li>• Provide finance for business skills training, guidance and mentoring services provided by local service providers or NGOs operating on the ground as appropriate</li> </ul>	<p><i>especially for opportunity driven and growth oriented entrepreneurs</i></p> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"> <li>• Cluster development programmes</li> <li>• Shared workspaces and start-up factories</li> </ul> <p><b>Investor protection</b></p> <ul style="list-style-type: none"> <li>• Promote transparency and facilitate better investor protection by providing training on accountancy standards etc. <i>especially for growth oriented entrepreneurs.</i></li> </ul> <p><b>Finance</b></p> <ul style="list-style-type: none"> <li>• Provide start-up and business capital, e.g.: <ul style="list-style-type: none"> <li>◦ provision of grants and 'free money', <i>especially for necessity driven entrepreneurs</i></li> <li>◦ facilitating debt financing for young people, <i>especially opportunity driven and growth oriented entrepreneurs</i></li> <li>◦ provision of soft-, micro and guaranteed loans, e.g. microfinance, <i>especially for necessity driven entrepreneurs</i></li> <li>◦ loan guarantee schemes, <i>especially for opportunity driven entrepreneurs</i></li> <li>◦ risk venture capital for young enterprises, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>◦ fostering equity finance possibilities for youth, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>◦ angel investors and network, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> </ul> </li> </ul> <p><b>Professional and commercial infrastructure</b></p> <ul style="list-style-type: none"> <li>• Support the development of the market for professional and commercial services and provide these in underserved areas</li> </ul> <p><b>Entrepreneurship education primary and secondary level</b></p> <ul style="list-style-type: none"> <li>• Raise awareness of entrepreneurship in schools through media and participatory approaches</li> </ul> <p><b>Entrepreneurship education post-secondary level</b></p> <ul style="list-style-type: none"> <li>• Collaborate with universities and colleges to introduce entrepreneurship training, mentoring support and business coaching</li> </ul> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"> <li>• Offer on the job training and workshops</li> <li>• Facilitate apprenticeship</li> </ul>	<p><i>oriented entrepreneurs</i></p> <ul style="list-style-type: none"> <li>• Consider a programme focus on ex-combatants to reduce incentives for a return to conflict</li> <li>• Undertake political economy analysis to avoid undermining peace building process</li> <li>• Need to place more emphasis on developing networks and institutions and trust, which have been broken down by conflict</li> <li>• Several market opportunities may temporarily stem from donor funded support but are likely to be unsustainable in the long term. Ensure these build skills necessary for longer term, sustainable employment or entrepreneurship</li> </ul> <p><b>Access to Finance</b></p> <ul style="list-style-type: none"> <li>• Non-financial support offered by the programme may be relatively more important than financial support as investment flows are likely to be relatively high in post conflict situations</li> <li>• Ensure programme directly offers finance only if it fills gaps left by the market, given relatively high levels of access to finance in urban contexts</li> </ul> <p><b>Training</b></p> <ul style="list-style-type: none"> <li>• Consider offering training through or in partnership with schools and post-secondary training institutions such as universities and colleges</li> <li>• Develop training programmes with relatively high technical requirements of innovation driven economies in mind</li> <li>• Develop support network of young entrepreneurs, which tends to be low</li> <li>• Given relatively high skills level, consider extensive use of mentors rather than purely training curricula</li> <li>• Focus initially on building confidence of young entrepreneurs, which may have been undermined as a result of the recent conflict</li> <li>• Facilitate peace-building by including previously opposed groups in the same training programme</li> <li>• Training courses should take into account relatively low levels of education as a result of having been disrupted by conflict</li> <li>• Encourage trading between previously opposed groups where possible</li> <li>• Ensure awareness raising of other youth entrepreneurship support initiatives and link entrepreneurs to these where appropriate, e.g. where other services might be more appropriate to meet needs</li> </ul>
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	<p>schemes</p> <p><b>Local availability of research &amp; training services</b></p> <ul style="list-style-type: none"> <li>• Provide research and training services in underserved areas, or help to develop the market for these services, <i>especially for growth oriented entrepreneurs</i></li> </ul> <p><b>Technological readiness</b></p> <ul style="list-style-type: none"> <li>• Offer access to internet cafes, IT clinics and IT training courses</li> </ul> <p><b>Business sophistication</b></p> <ul style="list-style-type: none"> <li>• Provision of business skills training, guidance and mentoring services, e.g.: <ul style="list-style-type: none"> <li>○ One-stop-shops and youth enterprise centres</li> <li>○ Youth entrepreneurship online portals and websites</li> <li>○ Mentor support and business coaching</li> </ul> </li> <li>• Business incubators</li> </ul>	<p>of entrepreneurs than those provided by the programme</p> <p><b>Cooperation</b></p> <ul style="list-style-type: none"> <li>• Consider building cooperation with the local business community, government and private infrastructure developers and providers, government regulators, local banks and informal financial service providers, local layers and accountants, ministry of education, colleges and universities, academic institutions and training colleges, private and public research and training institutions, IT service providers and local business administration and management schools</li> </ul>
<p><i>The context specific analysis draws on data from the Global Entrepreneurship Monitor, the World Economic Forum's Global Competitiveness Report and the World Bank's Development Indicators. The recommendations are based on a review of the existing literature, consultations with experts and practitioners in the sector as well as the Overseas Development Institute's own economic analysis.</i></p>		

Context 17: Innovation driven, peaceful, rural economy		
e.g. Slovenia		
Entrepreneurial profile	<p>In innovation driven economies 20% of entrepreneurs are <b>necessity driven</b>, lower than the overall average for all types of economies (where it is 27%). Whilst peaceful economies also exhibit below overall average levels of necessity driven entrepreneurship, rural economies have an above average number.</p> <p>In innovation driven economies an average of 54% of entrepreneurs are <b>opportunity driven</b> (compared with an average of 47% for all economies). Peaceful economies also exhibit above average rates of opportunity driven entrepreneurship, as compared to the overall average, but rural economies are below average.</p> <p>In innovation driven economies an average of 28% of entrepreneurs expect to <b>grow</b>, (above the average of 26% for all economies). Growth expectations are below the overall average, however, in both peaceful and rural economies.</p> <p>The <b>youth population</b> makes up around 27% of the total population on average in an innovation driven economy, below the overall average (which is 33%). The size of the youth population is also below the overall average in peaceful economies, though above in rural contexts.</p>	
Drivers and enablers	<p>In innovation driven economies the <b>market size</b> is larger than the overall average. The same holds for peaceful contexts. It is, however, smaller than the overall average in rural economies. In terms of <b>market openness</b> to new entrants, both innovation driven and peaceful economies are more open than the overall average. However, rural contexts are less open than the overall average.</p> <p><b>Cultural support</b> for entrepreneurship is above average in innovation driven economies, but below the overall average in both peaceful and rural contexts.</p> <p><b>Youth unemployment</b> tends to be relatively low in an innovation driven economy, averaging 17% of the youth population, below the average for all economies (21%). In peaceful economies youth unemployment is also below the overall average, but it is above average in rural contexts.</p> <p>Generally the <b>enablers for entrepreneurship</b> tend to be fairly high in these types of contexts despite being conflict affected.</p>	
Binding constraints	<p>The main constraints are likely to be <b>market size, cultural support, infrastructure, finance, professional and commercial infrastructure, government programmes, entrepreneurial education primary and secondary level, entrepreneurship education post-secondary level, higher education and training, local availability of research and training services and technological readiness.</b></p>	
Recommendations for maximising impact of youth entrepreneurship support:		
Polymakers	Program decision makers	Implementers
<p>Priorities should include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"><li>Growth policies</li><li>Investment climate reforms</li><li>Trade promotion activities, e.g. trade fairs and exhibitions</li></ul> <p><b>Cultural support</b></p> <ul style="list-style-type: none"><li>Implement visible entrepreneurship policy and support programmes</li></ul> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"><li>Invest in infrastructure</li><li>Cluster development policy</li></ul> <p><b>Finance</b></p> <ul style="list-style-type: none"><li>Financial sector development reforms</li><li>Policies to promote access to finance</li></ul>	<p>Priorities should include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"><li>Market analysis</li><li>Raising awareness of existing market opportunities, <i>especially for necessity driven entrepreneurs</i></li><li>Assistance in evaluating feasibility of business plans,</li><li>Promotion of business integration and business linkages including opportunities in international supply chains, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li><li>Trade fairs and exhibitions, <i>especially for opportunity driven and growth oriented</i></li></ul>	<p>Priorities should include:</p> <p><b>Market opportunities</b></p> <ul style="list-style-type: none"><li>Include extensive market opportunity awareness raising activities in training programmes as perceptions of opportunities may be low, <i>especially for necessity driven entrepreneurs</i></li><li>Technical requirements to be successful in an innovation driven economy tend to be relatively high, which should be reflected in the assessment of market opportunities, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li></ul> <p><b>Access to Finance</b></p> <ul style="list-style-type: none"><li>Non-financial support offered may be relatively more important than</li></ul>

<ul style="list-style-type: none"> <li>Improving the regulatory environment for start-up finance, e.g.                             <ul style="list-style-type: none"> <li>transparent rating procedures and risk assessment</li> <li>shortening and simplification of document procedures</li> <li>improved cooperation and code of conduct,</li> <li>verifying and differentiating of lending criteria</li> </ul> </li> <li>Develop public capital markets</li> </ul> <p><b>Professional and commercial infrastructure</b></p> <ul style="list-style-type: none"> <li>Foster institutional development</li> <li>Develop legal and regulatory framework for professional and commercial services</li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>Introduce or improve entrepreneurship support initiatives, engaging local service providers or NGOs operating on the ground as appropriate</li> </ul> <p><b>Entrepreneurship education primary and secondary level</b></p> <ul style="list-style-type: none"> <li>Introduce entrepreneurship education programmes into national curricula</li> </ul> <p><b>Entrepreneurship education post-secondary level</b></p> <ul style="list-style-type: none"> <li>Introduce entrepreneurship education programmes at colleges and universities</li> </ul> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"> <li>Invest in higher education and training programmes</li> </ul> <p><b>Local availability of research &amp; training services</b></p> <ul style="list-style-type: none"> <li>Fund research and training services or promote market for these.</li> </ul> <p><b>Technological readiness</b></p> <ul style="list-style-type: none"> <li>Invest in internet infrastructure</li> <li></li> </ul>	<p><i>entrepreneurs</i></p> <p><b>Cultural support</b></p> <ul style="list-style-type: none"> <li>Promote role models and visible success stories</li> <li>Implement PR-campaigns, competitions and wards</li> <li>Secure media support and coverage</li> <li>Develop entrepreneurs' networks</li> </ul> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"> <li>Cluster development programmes</li> <li>Shared workspaces and start-up factories</li> </ul> <p><b>Finance</b></p> <ul style="list-style-type: none"> <li>Provide start-up and business capital, e.g.:                             <ul style="list-style-type: none"> <li>provision of grants and 'free money', <i>especially for necessity driven entrepreneurs</i></li> <li>facilitating debt financing for young people, <i>especially opportunity driven and growth oriented entrepreneurs</i></li> <li>provision of soft-, micro and guaranteed loans, e.g. microfinance, <i>especially for necessity driven entrepreneurs</i></li> <li><i>loan guarantee schemes, especially for opportunity driven entrepreneurs</i></li> <li>risk venture capital for young enterprises, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>fostering equity finance possibilities for youth, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>angel investors and network, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> </ul> </li> </ul> <p><b>Professional and commercial infrastructure</b></p> <ul style="list-style-type: none"> <li>Support the development of the market for professional and commercial services and provide these in underserved areas</li> </ul> <p><b>Government programmes</b></p> <ul style="list-style-type: none"> <li>Assist government in developing policy</li> <li>Implement entrepreneurship surveys and share findings to inform policy development</li> </ul> <p><b>Entrepreneurship education primary and secondary level</b></p> <ul style="list-style-type: none"> <li>Raise awareness of entrepreneurship in schools though media and participatory approaches</li> </ul> <p><b>Entrepreneurship education post-secondary level</b></p> <ul style="list-style-type: none"> <li>Collaborate with universities and colleges to introduce entrepreneurship training, mentoring support and business</li> </ul>	<p>financial support</p> <ul style="list-style-type: none"> <li>Avoid building a parallel system to the existing financial sector and where possible cooperate with private banks and offer direct financial support as a last resort</li> <li>Given relatively low levels of access to finance in rural areas consider offering more comprehensive finance or finance related services though only if these would not otherwise be available</li> </ul> <p><b>Training</b></p> <ul style="list-style-type: none"> <li>Consider offering training through or in partnership with schools and post-secondary training institutions such as universities and colleges</li> <li>Develop training programmes with relatively high technical requirements of innovation driven economies in mind</li> <li>Develop support network of young entrepreneurs, which tends to be low</li> <li>Given relatively high skills level, consider extensive use of mentors rather than purely training curricula</li> <li>Beneficiaries may prevented to travel long-distances to courses, so consider flexible curricula and offering training services in close proximity to beneficiaries.</li> <li>Address relatively high risk aversion to start a business in rural areas in programme curricula</li> <li>Offer courses timed appropriately around agricultural season, e.g. avoid harvest time</li> <li>Develop new models of delivery to reach remote areas</li> </ul> <p><b>Cooperation</b></p> <ul style="list-style-type: none"> <li>Consider building cooperation with the local business community, local media, government and private infrastructure developers and providers, local banks and informal financial service providers, local layers and accountants, government entrepreneurship service providers, ministry of education, colleges and universities, academic institutions and training colleges, private and public research and training institutions and IT service providers</li> </ul>
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	<p>coaching</p> <p><b>Higher education and training</b></p> <ul style="list-style-type: none"><li>• Offer on the job training and workshops</li><li>• Facilitate apprenticeship schemes</li></ul> <p><b>Local availability of research &amp; training services</b></p> <ul style="list-style-type: none"><li>• Provide research and training services in underserved areas, or help to develop the market for these services, <i>especially for growth oriented entrepreneurs</i></li></ul> <p><b>Technological readiness</b></p> <ul style="list-style-type: none"><li>• Offer access to internet cafes, IT clinics and IT training courses</li></ul>	
<p><i>The context specific analysis draws on data from the Global Entrepreneurship Monitor, the World Economic Forum’s Global Competitiveness Report and the World Bank’s Development Indicators. The recommendations are based on a review of the existing literature, consultations with experts and practitioners in the sector as well as the Overseas Development Institute’s own economic analysis.</i></p>		

Context 18: Innovation driven, peaceful, urban economy		
e.g. Australia, Austria, Bahrain, Belgium, Canada, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Greece, Hong Kong SAR, Iceland, Ireland, Italy, Japan, Korea, Luxembourg , Malta, Netherlands, New Zealand, Norway, Palestine, Portugal, Puerto Rico, Singapore, Spain, Sweden, Switzerland, Taiwan, China, United Arab Emirates, United Kingdom and the United States		
Entrepreneurial profile	<p>In innovation driven economies 20% of entrepreneurs are <b>necessity driven</b>, lower than the overall average for all types of economies (where it is 27%). Both peaceful and urban contexts also exhibit lower levels of necessity driven entrepreneurship compared to the overall average.</p> <p>In innovation driven economies an average of 54% of entrepreneurs are <b>opportunity driven</b> (compared with an average of 47% for all economies). Both peaceful and urban contexts also exhibit above overall average levels of opportunity driven entrepreneurship.</p> <p>In innovation driven economies an average of 28% of entrepreneurs expect to <b>grow</b>, (above the average of 26% for all economies). Growth expectations are lower than the overall average in peaceful economies but higher in urban contexts.</p> <p>The <b>youth population</b> makes up around 27% of the total population in an innovation driven economy, below the overall average (which is 33%). The size of the youth population is also below the overall average in peaceful and urban contexts.</p>	
Drivers and enablers	<p>In innovation driven economies, the <b>market size</b> is larger than the overall average for all economies. The same holds for peaceful and urban contexts. In terms of <b>market openness</b> to new entrants, innovation driven, peaceful and urban economies all exhibit above overall average levels of openness.</p> <p><b>Cultural support</b> for entrepreneurship is higher in innovation driven economies than the overall average for all economies. Urban contexts are also marginally above the overall average in terms of cultural support for entrepreneurship. However, peaceful economies have lower levels compared to the overall average.</p> <p><b>Youth unemployment</b> tends to be low in an innovation driven economy, averaging 17% of the youth population, below the average for all economies (21%). Urban contexts also have below average levels of youth unemployment. It is marginally higher, however, in peaceful contexts.</p> <p>Generally the <b>enablers for entrepreneurship</b> are high in these types of contexts.</p>	
Binding constraints	The main constraints are likely to be <b>market size, cultural support, finance, professional and commercial infrastructure, entrepreneurial education primary and secondary level and entrepreneurship education post-secondary level.</b>	
Recommendations for maximising impact of youth entrepreneurship support:		
Policymakers	Program decision makers	Implementers
<p>Priorities should include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"><li>• Growth policies</li><li>• Investment climate reforms</li><li>• Trade promotion activities, e.g. trade fairs and exhibitions</li></ul> <p><b>Cultural support</b></p> <ul style="list-style-type: none"><li>• Implement visible entrepreneurship policy and support programmes</li></ul> <p><b>Finance</b></p> <ul style="list-style-type: none"><li>• Financial sector development reforms</li><li>• Policies to promote access to finance</li><li>• Improving the regulatory environment for start-up finance, e.g.</li><li>◦ transparent rating procedures</li></ul>	<p>Priorities should include:</p> <p><b>Market size</b></p> <ul style="list-style-type: none"><li>• Market analysis</li><li>• Raising awareness of existing market opportunities, <i>especially for necessity driven entrepreneurs</i></li><li>• Assistance in evaluating feasibility of business plans,</li><li>• Promotion of business integration and business linkages including opportunities in international supply chains, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li><li>• Trade fairs and exhibitions, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li></ul>	<p>Priorities should include:</p> <p><b>Market opportunities</b></p> <ul style="list-style-type: none"><li>• Include extensive market opportunity awareness raising activities in training programmes as perceptions of opportunities may be low, <i>especially for necessity driven entrepreneurs</i></li><li>• Technical requirements to be successful in an innovation driven economy tend to be relatively high, which should be reflected in the assessment of market opportunities, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li></ul> <p><b>Access to Finance</b></p> <ul style="list-style-type: none"><li>• Non-financial support offered may be relatively more important than financial support</li></ul>

<ul style="list-style-type: none"> <li>and risk assessment</li> <li>shortening and simplification of document procedures</li> <li>improved cooperation and code of conduct,</li> <li>verifying and differentiating of lending criteria</li> <li>Develop public capital markets</li> </ul> <p><b>Professional and commercial infrastructure</b></p> <ul style="list-style-type: none"> <li>Foster institutional development</li> <li>Develop legal and regulatory framework for professional and commercial services</li> </ul> <p><b>Entrepreneurship education primary and secondary level</b></p> <ul style="list-style-type: none"> <li>Introduce entrepreneurship education programmes into national curricula</li> </ul> <p><b>Entrepreneurship education post-secondary level</b></p> <ul style="list-style-type: none"> <li>Introduce entrepreneurship education programmes at colleges and universities</li> </ul>	<p><b>Cultural support</b></p> <ul style="list-style-type: none"> <li>Promote role models and visible success stories</li> <li>Implement PR-campaigns, competitions and awards</li> <li>Secure media support and coverage</li> <li>Develop entrepreneurs' networks</li> </ul> <p><b>Finance</b></p> <ul style="list-style-type: none"> <li>Provide start-up and business capital, e.g.: <ul style="list-style-type: none"> <li>provision of grants and 'free money', <i>especially for necessity driven entrepreneurs</i></li> <li>facilitating debt financing for young people, <i>especially opportunity driven and growth oriented entrepreneurs</i></li> <li>provision of soft-, micro and guaranteed loans, e.g. microfinance, <i>especially for necessity driven entrepreneurs</i></li> <li>loan guarantee schemes, <i>especially for opportunity driven entrepreneurs</i></li> <li>risk venture capital for young enterprises, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>fostering equity finance possibilities for youth, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> <li>angel investors and network, <i>especially for opportunity driven and growth oriented entrepreneurs</i></li> </ul> </li> </ul> <p><b>Professional and commercial infrastructure</b></p> <ul style="list-style-type: none"> <li>Support the development of the market for professional and commercial services and provide these in underserved areas</li> </ul> <p><b>Entrepreneurship education primary and secondary level</b></p> <ul style="list-style-type: none"> <li>Raise awareness of entrepreneurship in schools through media and participatory approaches</li> </ul> <p><b>Entrepreneurship education post-secondary level</b></p> <ul style="list-style-type: none"> <li>Collaborate with universities and colleges to introduce entrepreneurship training, mentoring support and business coaching</li> </ul>	<ul style="list-style-type: none"> <li>Avoid building a parallel system to the existing financial sector and where possible cooperate with private banks and offer direct financial support as a last resort</li> <li>Ensure programme directly offers finance only if it fills gaps left by the market, given relatively high levels of access to finance in urban contexts</li> </ul> <p><b>Training</b></p> <ul style="list-style-type: none"> <li>Consider offering training through or in partnership with schools and post-secondary training institutions such as universities and colleges</li> <li>Develop training programmes with relatively high technical requirements of innovation driven economies in mind</li> <li>Develop support network of young entrepreneurs, which tends to be low</li> <li>Given relatively high skills level, consider extensive use of mentors rather than purely training curricula</li> <li>Ensure awareness raising of other youth entrepreneurship support initiatives and link entrepreneurs to these where appropriate, e.g. where other services might be more appropriate to meet needs of entrepreneurs than those provided by the programme</li> </ul> <p><b>Cooperation</b></p> <ul style="list-style-type: none"> <li>Consider building cooperation with the local business community, local media, local banks and informal financial service providers, local layers and accountants, ministry of education, colleges and universities</li> </ul>
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The context specific analysis draws on data from the Global Entrepreneurship Monitor, the World Economic Forum's Global Competitiveness Report and the World Bank's Development Indicators. The recommendations are based on a review of the existing literature, consultations with experts and practitioners in the sector as well as the Overseas Development Institute's own economic analysis.





## 7 Addressing the gaps in impact assessment of youth entrepreneurship support in context and proposed next steps

The main constraint we face in our analysis on how to maximise impact of youth entrepreneurship support in different contexts is the lack of comparable evidence on impact, which severely constrains the evidence base upon which the toolkit can be built. However, with the increased emphasis on impact assessment several organisations are already taking important steps to improve the type of indicators being collected and their comparability across organisations. However, as outlined below, a lot more could be done to improve collaboration across organisations and initiatives in order to develop a better evidence base upon which to assess impact of youth entrepreneurship initiatives in different contexts.

### 7.1 Availability of cross-context impact assessment for specific interventions

Due to a lack of any standardised - and hence comparable - cross-context impact data and assessment for entrepreneurship support interventions, it is not possible to undertake a statistical analysis to assess how impact varies across different contexts. Our own literature review and consultations with experts and practitioners as well as the literature review on "What capacity development services are most effective in improving young entrepreneurs' business performance and building their human capital" conducted by GEM in parallel to this study confirms this.

Based on our review, there are two broad types of impact assessment literature:

- Those that focus on specific, usually fairly localised interventions, often implemented by donors or NGOs, and which require local data collection efforts in order to assess impact.
- Those that focus on macro-level policies which affect entrepreneurship in a country or area, and thus whose impact can often be assessed at the national level, using national level datasets on the extent of entrepreneurship in a country and change over time. However, these are unlikely to yield any insights into which particular youth entrepreneurship interventions can be attributed to the impact achieved.

The assessment methodologies vary enormously both between and within these two types of literature and truly robust impact assessment is relatively rare. Impact assessment of youth focused entrepreneurship interventions seems particularly limited as confirmed by the above parallel literature review. Further, because the main focus of our analysis is on how different contexts determine impact we would rely on meta-analyses that would bring together and facilitate comparison of impact studies from different countries and context, rather than individual country studies, which cannot be directly compared due to differences in methodology, nature of the intervention, time period etc.. Such meta-analyses - to the best of our knowledge - do not exist.

The evidence base upon which the framework for maximising impact of youth entrepreneurship support in different context can be built is therefore severely limited beyond being able to identify the key opportunities and constraints to youth entrepreneurship in a particular context and, on the basis of that, an identification of the areas of intervention youth entrepreneurship support initiatives should focus on in order to improve impact. As a result, our analysis is based primarily on a quantitative analysis of the determinants of entrepreneurship, a review of the literature, consultations with experts and practitioners, and our own economic analysis of what are likely to be the most important factors which affect impact differentially depending on context and not on any strong quantitative evidence base of impact.

## 7.2 Opportunities for data collection and proposed way forward

One way to address this would be to develop a monitoring and evaluation (M&E) framework that facilitates collection of data that will allow for the testing and adaptation of this framework in response to real data. As a result this project would benefit from ensuring that M&E frameworks which are being developed facilitate the comparability of data as well as the testing of impact taking context into consideration.

Further collaboration may be possible with organisations such as ANDE, as well as GEM, Endeavor, OECD and other donors, to explore the extent to which data could be pooled across organisations in a way that facilitates standardised cross context and cross-organisation analysis of impact.

Developing such an approach would require categorisation of similar initiatives being implemented by different organisations in order to ensure that when comparing the impact of particular types of entrepreneurship initiatives across contexts, we are comparing like with like. Ways would also need to be found to take into account adaptations in implementation, implementation capacity, and target group, all of which may vary significantly across organisations, and which are also likely to be important in determining impact.

It would also require the development and collection of standardised indicators, which may not be straightforward as organisations use a variety of different indicators, often reflecting different objectives and mandates. The Aspen Network of Development Entrepreneurs (ANDE) in collaboration with Impact Reporting and Investment Standards (IRIS) has developed a common set of metrics for assessing the impact of entrepreneurship interventions across countries, which include:

- Revenue: Both total revenue and earned revenue (which subtracts revenue from grants and donations). This metric is an indicator of a growing or catalytic business.
- Employees: Full-time (similarly indicates growth or catalysis)
- Wages: Value of wages (including bonuses) paid to full time employees during the reporting period. This is an indicator of the benefits passed onto the community
- Additional finance mobilised: New investment capital – value of flows from the organisation's financial activities (both loans and investments) during the reporting period. This indicates the leverage generated by initial investment.

Plus a number of metrics designed to capture the wider economic spill-over effects of the supported enterprise's activities:

- Clients: number of individual consumers (not individual transactions). This indicates reach or scale.
- Products: units/volume sold, reported in conjunction with 'unit of measure'. Again, indicates the reach or scale of a product. This indicates the impact of the organisation on the communities it reaches.
- Total suppliers: the number of individuals who sold to an organisation/business over the reporting period.

Though such a standardised dataset could be enormously helpful in exploring impacts across contexts, context itself is not explicitly addressed in the framework, so a methodology for reconstructing the context in which the initiatives under assessment was implemented would have to be developed to allow for cross-context comparison. This illustrates the potential challenges associated with agreeing on a set of indicators across organisations. Different types of indicators are also likely to be relevant for different types of interventions, as some

interventions are more suited to achieving poverty reduction, while others are aimed at promoting growth and job creation.

A more qualitative approach might also be possible, for example by conducting a series of meta-analyses based on impact assessments of individual initiatives of a particular type which are considered to be sufficiently similar in nature to yield a valid comparison. However, the success of this will depend on the existing evidence base on impact assessment of individual initiatives, which is itself limited, as previously noted. Nonetheless, further discussion with stakeholders across the industry would be valuable, to explore possible solutions and ideally develop a common approach.

Finally, recommendations that could be backed up by evidence may turn out to reflect well established practice and as a result may not include new and innovative approaches to youth entrepreneurship support in different contexts. Another important task for phase 2 would therefore be to undertake wide consultations with experts and practitioners to identify emerging best practice based on more qualitative and anecdotal evidence.

### 7.3 Proposed next steps

The toolkit presented in this report represents a first attempt to develop a framework for prioritising and adapting interventions by context. As discussed, this is based on analysis of the binding constraints in different contexts, and assessment of how best to tackle those binding constraints, in order to derive conclusions by context. However, because of the lack of an empirical evidence base for the conclusions reached, the toolkit requires further validation and testing by experts and practitioners in the field, both in terms of the analysis of the binding constraints by context, and in relation to the interventions and adaptations that are recommended. A wider consultation would also help to maximise uptake and impact of the toolkit.

It is therefore recommended that a consultation exercise is undertaken in phase 2, to test and validate the approach, and to facilitate further refinement. Questions to tackle would include:

1. Is the framework useful for the various audiences it targets?
2. Does the structure of the framework make sense, or how could it be improved?
3. Are there other contexts that should be incorporated into the toolkit e.g. gender, geographical region?
4. Are the recommendations in line with existing norms and best practice? How can more granular recommendations be developed?
5. Is the format for the outputs accessible, how could it be improved?
6. How could recommendations by different target groups or overall objectives be further elucidated?
7. Can the toolkit be made more youth specific in its recommendations? In particular can it incorporate new data on constraints facing youth in particular, that is currently being compiled by GEM in collaboration with YBI?
8. How can new or emerging impact data and evidence be incorporated into the toolkit?
9. What is the best way to develop a more robust evidence base for the recommendations made in the toolkit? Is it through the collection and pooling of impact data across entrepreneurship promoting organisations? If so, how can this be achieved?

Thus it is recommended that a platform is established to undertake the consultation, with a secretariat from ODI, a steering committee consisting of the three consortium members and perhaps DFID or other interested parties, and a set of workstreams exploring these different issues, working with appropriate parties in each case e.g. GEM, Ande on data and impact, practitioner organisations on context based recommendations etc.

It is envisaged that through much wider consultation, collaboration and refinement, the toolkit will be significantly improved in value and impact, and can make an important contribution to developing greater understanding of how best to promote youth entrepreneurship in different contexts, filling a significant gap and providing a much stronger foundation to underpin action in this sector going forward.

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# Appendices

## Annex A: Available datasets on the determinants of entrepreneurship

In our analysis of the determinants of entrepreneurship we primarily refer to two existing datasets, the Global Entrepreneurship Monitor (GEM) and the World Economic Forum's Global Competitiveness Report (GCR). We provide further detail on the type of data collected by both of these and the methodologies applied.

### Global Entrepreneurship Monitor

The GEM project is an annual assessment of the entrepreneurial activity, aspirations and attitudes of individuals across a wide range of countries. It also includes an assessment of the Entrepreneurial Framework Conditions (EFC) for each of these countries. Since 1999 GEM's global secretariat has conducted 13 annual surveys in collaboration with national teams, which conduct the surveys in each country being assessed. The data is then collected and harmonised by a central team of experts to guarantee its quality and facilitate cross-country comparison.

The program has three main objectives:

- To measure differences in the level of entrepreneurial activity between countries;
- To uncover factors leading to appropriate levels of entrepreneurship; and
- To suggest policies that may enhance the national level of entrepreneurial activity.

Importantly GEM is not restricted to newly registered businesses, unlike many official records of new business activity (notably the World Bank's Entrepreneurship Snapshot).

### Data collection

GEM's data collection is composed of two complementary tools:

- an Adult Population Survey (APS), which tracks the entrepreneurial attitudes, activities and aspirations of individuals.
- a National Expert Survey (NES), which monitors Entrepreneurial Framework Conditions (EFCs) believed to have a significant impact on national entrepreneurship based on expert opinion.

The APS is a comprehensive questionnaire, administered to a minimum of 2000 adults in each GEM country being assessed, designed to collect detailed information on entrepreneurial attitudes, activities and aspirations of respondents. The individual national surveys are collected in the same way and at the same time for each year to facilitate reliable cross-national and longitudinal comparison. We draw on APS data for our analysis of the likely entrepreneurial profile in a country.

The NES is a survey administered to a minimum of 36 experts in each country being assessed by GEM and measures nine determinants considered part of the EFCs: finance, government policies, government programs, entrepreneurship enabling education and training, R&D transfer, commercial and professional infrastructure, internal market openness, physical infrastructure and services as well as cultural and social norms. The NES is inherently different from the APS as its objective is to capture qualified opinions rather than that of a large pool of individuals in a country. We draw on NES data for our analysis of the likely level of the drivers and enablers of entrepreneurship in a country.

### World Economic Forum's Global Competitiveness Report

WEF's Centre for Global Competitiveness and Performance publishes the GCR on an annual basis. The report assesses the operating environment and competitiveness of over 140 economies worldwide. The report series identifies advantages as well as impediments to national growth allowing for cross-country comparison. The Centre works with a network of

Partner Institutes as well as leading academics worldwide to ensure the latest thinking and research on global competitiveness are incorporated into its reports.

Specifically the report focuses on assessing 12 pillars of competitiveness: institutions, infrastructure, macro-economic environment, health and primary education, higher education and training, goods market efficiency, labour market efficiency, financial market development, technological readiness, market size, business sophistication and innovation.

#### *Data collection*

WEF's Global Competitiveness report draws on two complementary sources of data for its assessment of the above 12 indicators:

- **data** available from **international organisations** as well as **national sources**; and
- its own **Executive Opinion Survey** (EOS).

For its 2011-1012 report WEF conducted over 15,000 EOSs across 132 countries, representing an average of 98 respondents per country. WEF works closely with a network of over 150 partner institutions, which administer the survey in each country being assessed. WEF and its partner organisations adhere to strict sampling guidelines thereby facilitating data accuracy and robust comparison across countries. Details on the data used from international organisations as well as national sources is set out in further detail in Annex B. We draw on WEF's data for our analysis of the likely level of the drivers and enablers of entrepreneurship in a country.

## Annex B: Definition and source for entrepreneurial profile as well as drivers and enablers of entrepreneurship

### Indicators for entrepreneurial profile

Indicator	Definition	Source
<b>Youth population</b>	Estimate percentage total population 15-34 age cohort for 2010.	UN, Department for Economic and Social Affairs, Population Division (2011), World Population Prospects, the 2010 revision
<b>Youth unemployment</b>	Estimate percentage youth unemployment 15-24 age cohort for 2009.  Youth unemployment refers to the share of the labour force ages 15-24 without work but available for and seeking employment. Definitions of labor force and unemployment differ by country.	World Bank, World Development Indicators (International Labour Organisation, Key indicators of labour market database)
<b>Necessity driven entrepreneurship</b>	Percentage of those involved in total early-stage entrepreneurial activity (TEA = percentage of 18-64 population who are either a nascent entrepreneur (entrepreneurs who are actively involved in setting up a business they will own or co-own; this business has not paid salaries wages, or any other payments to the owners for more than three months) or owner-manager of a new business (entrepreneurs who own or manage a running business that has paid salaries, wages, or any other payments to the owners for more than three months, but not more than 42 months)) who are involved in entrepreneurship because they had no other option for work.	GEM APS
<b>Opportunity driven entrepreneurship</b>	Percentage of those involved in TEA, who (i) claim to be driven by opportunity as opposed to finding no other option for work; and (ii) who indicate the main driver for being involved in this opportunity is being independent or increasing their income, rather than just maintaining their income.	GEM APS
<b>Growth potential of entrepreneurs</b>	Percentage of TEA who expect to employ at least five employees five years from now.	GEM APS

### Indicators for drivers of entrepreneurship

Indicator	Definition	Source
<b>Market size</b>	The extent to which market size, including both national and access to international markets, allows for economies of scale  <ul style="list-style-type: none"> <li><b>Domestic market size index:</b> Sum of gross domestic product plus value of imports of goods and services, minus value of exports of goods and services, normalized on a 1-7 (best) scale   2010. The size of the domestic market is calculated as the natural log of the sum of the gross domestic product valued at PPP plus the total value (PPP estimates) of imports of goods and services, minus the total value (PPP estimates) of exports of goods and services. Data are then normalized on a 1-7 scale. PPP estimates of imports and exports are obtained by</li> </ul>	WEF (2011)

taking the product of exports as a percentage of GDP and GDP valued at PPP.

- (Source: WEF's own calculation)
- **Foreign market size index:** Value of exports of goods and services, normalized on a 1–7 (best) scale | 2010. The size of the foreign market is estimated as the natural log of the total value (PPP estimates) of exports of goods and services, normalized on a 1–7 scale. PPP estimates of exports are obtained by taking the product of exports as a percentage of GDP and GDP valued at PPP.
- (Source: WEF's own calculation)
- **GDP (PPP):** Gross domestic product valued at purchasing power parity in billions of international dollars | 2010.
- (Sources: International Monetary Fund, World Economic Outlook Database (April 2011 edition); national sources)
- **Exports as a percentage of GDP:** Exports of goods and services as a percentage of gross domestic product | 2010  
(Sources: World Trade Organization, Statistics Database: Time Series on International Trade (accessed July 4, 2011); Economist Intelligence)

<b>(Internal) market Openness</b>	The extent to which new firms are free to enter existing markets	GEM NES
<b>Cultural support for entrepreneurship</b>	The extent to which social and cultural norms encourage or allow actions leading to new business methods or activities that can potentially increase personal wealth and income.	GEM NES

## Indicators for enablers of entrepreneurship

Indicator	Definition	Source
<b>Infrastructure (1)</b>	<p><b>Available airline seat kilometres:</b> <i>Scheduled available airline seat kilometres per week originating in country (in millions)   201.</i> This variable measures the total passenger-carrying capacity of all scheduled flights, including domestic flights, originating from a country. It is computed by taking the number of seats available on each flight multiplied by the flight distance in kilometres, summing the result across all scheduled flights in a week during January (winter schedule) and July (summer schedule) 2011, and taking the average capacity of the two weeks.</p> <p>(Source: International Air Transport Association, SRS Analyser)</p> <ul style="list-style-type: none"> <li>• <b>Fixed telephone lines:</b> <i>Number of active fixed telephone lines per 100 population   2010.</i> A fixed telephone line is an active line connecting the subscriber's terminal equipment to the public switched telephone network (PSTN) and that has a dedicated port in the telephone exchange equipment. Active lines are those that have registered an activity in the past three months. (Source: International Telecommunication Union, <i>World Telecommunication/ICT Indicators 2011 (June 2011 edition)</i>)</li> <li>• <b>Mobile telephone subscriptions:</b> <i>Number of mobile cellular telephone subscriptions per 100 population   2010.</i> This measure refers to the subscriptions to a public mobile telephone service and provides access to public switched telephone network (PSTN) using cellular technology, including the number of pre-paid SIM cards active during the past three months. This includes both analogue and digital cellular systems and 4G subscriptions, but excludes mobile broadband subscriptions via data cards or USB modems. (Source: International Telecommunication Union, <i>World Telecommunication/ICT Indicators 2011 (June 2011 edition)</i>)</li> </ul>	WEF
<b>Infrastructure</b>	Ease of access to physical resources such as communication, utilities,	GEM NES

(2)	transportation and land or space, at a price that does not discriminate against SMEs.	
<b>Health and primary education</b>	<p><b>Malaria incidence:</b> <i>Number of malaria cases per 100,000 population   2006.</i> Country data are provided only for economies in which malaria is considered to be endemic. In the data table, "(NE)" denotes an economy where malaria is not endemic. Incidence rates in Cape Verde and Jamaica are calculated based on reported cases, as countrywide estimates are not available. Incidence rates in these two countries are likely to be underestimated.</p> <p>(Sources: World Health Organization, <i>World Malaria Report 2008</i>; national sources)</p> <ul style="list-style-type: none"> <li>• <b>Tuberculosis incidence:</b> <i>Number of tuberculosis cases per 100,000 population   2009.</i> (Sources: The World Bank, <i>World Development Indicators &amp; Global Development Finance Catalogue (April 2011 edition)</i>; national sources)</li> <li>• <b>HIV prevalence:</b> <i>HIV prevalence as a percentage of adults aged 15–49 years   2009.</i></li> <li>• (Sources: UNAIDS, <i>Global Report on the Global AIDS Epidemic (2008 and 2010 editions)</i>; <i>United Nations Development Programme, Human Development Report 2007/2008</i>; national sources)</li> <li>• <b>Infant mortality:</b> <i>Infant (children aged 0–12 months) mortality per 1,000 live births   2009.</i></li> <li>• (Sources: The World Bank, <i>World Development Indicators &amp; Global Development Finance Catalogue (April 2011 edition)</i>; national sources)</li> <li>• <b>Life expectancy:</b> <i>Life expectancy at birth (years)   2009.</i></li> <li>• (Sources: The World Bank, <i>World Development Indicators &amp; Global Development Finance Catalogue (April 2011 edition)</i>; national sources)</li> <li>• <b>Primary education enrolment rate:</b> <i>Net primary education enrolment rate   2008.</i> The reported value corresponds to the ratio of children of official school age (as defined by the national education system) who are enrolled in school to the population of the corresponding official school age. Primary education (ISCED level 1) provides children with basic reading, writing, and mathematics skills along with an elementary understanding of such subjects as history, geography, natural science, social science, art, and music.</li> </ul> <p>(Sources: UNESCO Institute for Statistics (accessed May 4, 2011); UNICEF ChildInfo.org Country Profiles; UN Millennium Development Indicators; The World Bank, <i>EdStats Database (accessed July 8, 2011)</i>; national sources)</p>	WEF
<b>Investor protection</b>	<ul style="list-style-type: none"> <li>• <b>Strength of investor protection:</b> <i>Strength of Investor Protection Index on a 0–10 (best) scale   2010.</i> This variable is a combination of the Extent of disclosure index (transparency of transactions), the Extent of director liability index (liability for self-dealing), and the Ease of shareholder suit index (shareholders' ability to sue officers and directors for misconduct).</li> <li>• (Source: World Bank/<i>International Finance Corporation, Doing Business 2011: Making a difference for Entrepreneurs</i>)</li> </ul>	WEF
<b>Access to finance - Ease of access to loans (1)</b>	<ul style="list-style-type: none"> <li>• Executive opinion survey question: "How easy is it to obtain a bank loan in your country with only a good business plan and no other collateral?"</li> </ul>	WEF EOS
<b>Access to finance - Venture capital availability (2)</b>	<ul style="list-style-type: none"> <li>• Executive opinion survey question: "In your country, how easy is it for entrepreneurs with innovative but risky projects to find venture capital?"</li> </ul>	WEF EOS

<b>Access to finance - Entrepreneurial finance (3)</b>	<ul style="list-style-type: none"> <li>• Availability of financial resources inducing equity and debt for SMEs including grants and subsidies.</li> </ul>	GEM NES
<b>Taxes and regulation</b>	<p>The extent to which taxes and regulation are either size neutral or encourage the formation of new small to medium sized enterprises under government policy.</p> <ul style="list-style-type: none"> <li>•</li> </ul>	GEM NES
<b>Professional and commercial infrastructure</b>	<p>The presence of property rights, commercial, accounting and other legal and assessment services and institutions that support or promote SMEs.</p>	GEM NES
<b>Macro-economic environment</b>	<ul style="list-style-type: none"> <li>• <b>Government budget balance:</b> <i>General government budget balance as a percentage of GDP   2010.</i> Net lending (+)/ borrowing (-) is calculated as general government revenue minus total expenditure. This is a core Government Finance Statistics (GFS) balance that measures the extent to which general government is either putting financial resources at the disposal of other sectors in the economy and non-residents (net lending), or utilizing the financial resources generated by other sectors and non-residents (net borrowing). This balance may be viewed as an indicator of the financial impact of general government activity on the rest of the economy and non-residents. Revenue consists of taxes, social contributions, grants receivable, and other revenue. Revenue increases the government's net worth, which is the difference between its assets and liabilities. General government total expenditure consists of total expenses and the net acquisition of nonfinancial assets.</li> <li>• <i>(Sources: International Monetary Fund, World Economic Outlook Database (April 2011 edition); African Development Bank, African Statistical Yearbook 2011; AfricanEconomicOutlook.org (accessed July 1, 2011); national sources)</i></li> <li>• <b>Gross national savings:</b> <i>Gross national savings as a percentage of GDP   2010.</i> Aggregate national savings is defined as public- and private sector savings as a percentage of nominal GDP. National savings equals gross domestic investment plus the current-account balance.</li> <li>• <i>(Sources: International Monetary Fund, World Economic Outlook Database (April 2011 edition) and Public Information Notices (various issues); national sources)</i></li> <li>• <b>Inflation:</b> <i>Annual percentage change in consumer price index (year average)   2010.</i> Annual percentage change in year average consumer price index.</li> <li>• <i>(Sources: International Monetary Fund, World Economic Outlook Database (April 2011 edition); national sources)</i></li> <li>• <b>Interest rate spread:</b> <i>Average interest rate spread between typical lending and deposit rates   2010.</i> This measures the difference between the typical short-term lending and deposit rates.</li> <li>• <i>(Sources: International Monetary Fund, International Financial Statistics' database (accessed July 17, 2011) and country tables (July 2011); Economist Intelligence Unit, Country Data Database (accessed July 17, 2011))</i></li> <li>• <b>Government debt:</b> <i>Gross general government debt as a percentage of GDP   2010.</i> Gross debt consists of all liabilities that require payment or payments of interest and/or principal by the debtor to the creditor at a date or dates in the future. This includes debt liabilities in the form of special drawing rights, currency and deposits, debt securities, loans, insurance, pensions and standardized guarantee schemes, and other accounts payable. Thus, all liabilities in the Government</li> </ul>	WEF

	<p>Finance Statistics Manual 2001 system are debt, except for equity and investment fund shares and financial derivatives and employee stock options.</p> <ul style="list-style-type: none"> <li>• (Sources: International Monetary Fund, World Economic Outlook Database (April 2011 edition) and Public Information Notices (various issues); Asian Development Bank, Asian Development Outlook 2011; Economist Intelligence Unit, Country Data Database (accessed July 17, 2011); national sources)</li> <li>• <b>Country credit rating:</b> Expert assessment of the probability of sovereign debt default on a 0–100 (lowest probability) scale   March 2011. Institutional Investor's Country Credit ratings developed by Institutional Investor are based on information provided by senior economists and sovereign-debt analysts at leading global banks and money management and security firms. Twice a year, the respondents grade each country on a scale of 0 to 100, with 100 representing the least chance of default.</li> <li>• (Source: © Institutional Investor, 2011. No further copying or transmission of this material is allowed without the express permission of Institutional Investor (publisher@institutionalinvestor.com))</li> </ul>	
<b>Government entrepreneurship programmes</b>	The presence and quality of programs directly assisting SMEs at all levels of government including national, regional and municipal levels	GEM NES
<b>Entrepreneurship education at primary and secondary level</b>	The extent to which entrepreneurship education is incorporated at primary and secondary school level	GEM NES
<b>Entrepreneurship education at post-secondary level</b>	The extent to which entrepreneurship education is incorporated at higher education such as vocational, college and business schools, etc.	GEM NES
<b>Higher Education and training</b>	<ul style="list-style-type: none"> <li>• <b>Secondary education enrolment rate:</b> Gross secondary education enrolment rate   2008. The reported value corresponds to the ratio of total secondary enrolment, regardless of age, to the population of the age group that officially corresponds to the secondary education level. Secondary education (ISCED levels 2 and 3) completes the provision of basic education that began at the primary level, and aims to lay the foundations for lifelong learning and human development, by offering more subject- or skills-oriented instruction using more specialized teachers.</li> <li>• (Sources: UNESCO Institute for Statistics (accessed May 4, 2011); UNICEF ChildInfo.org Country Profiles; The World Bank, EdStats Database (accessed July 8, 2011); national sources and The World Development Indicators 2009 (CD-Rom edition))</li> <li>• <b>Tertiary education enrolment rate:</b> Gross tertiary education enrolment rate   2008. The reported value corresponds to the ratio of total tertiary enrolment, regardless of age, to the population of the age group that officially corresponds to the tertiary education level. Tertiary education (ISCED levels 5 and 6), whether or not leading to an advanced research qualification, normally requires, as a minimum condition of admission, the successful completion of education at the secondary level.</li> </ul> <p>(Sources: UNESCO Institute for Statistics (accessed May 4, 2011);</p>	WEF



UNICEF ChildInfo.org Country Profiles; The World Bank, EdStats Database (accessed July 8, 2011); national sources and The World Development Indicators 2009 (CD-Rom edition)

**Specialised research and training services**

Executive opinion survey question: "In your country to what extent are high-quality specialised research and training services available?"

WEF EOS

**Technological readiness**

- **Internet users:** *Percentage of individuals using the Internet | 2010.* Internet users refers to people using the Internet from any device (including mobile phones) in the last 12 months.  
(Source: International Telecommunication Union, World Telecommunication/ICT Indicators 2011 (June 2011 edition))
- **Broadband Internet subscriptions:** *Number of fixed broadband Internet subscriptions per 100 population | 2010.* Fixed (wired) broadband Internet subscriptions refers to subscriptions to high-speed access to the public Internet (a TCP/IP connection), at downstream speeds equal to, or greater than, 256 kb/s. This can include, for example, cable modem, DSL, fiber-to-the-home/building, and other fixed (wired) broadband subscriptions. This total is measured irrespective of the method of payment. It excludes subscriptions that have access to data communications (including the Internet) via mobile cellular networks.  
(Source: International Telecommunication Union, World Telecommunication/ICT Indicators 2011 (June 2011 edition))
- **Internet bandwidth:** *International Internet bandwidth (kb/s)/capita | 2010.* Internet bandwidth is measured as the sum of the capacity of all Internet exchanges offering international bandwidth. The data were rescaled for the sake of readability. The capacity is measured in kilobits per second (kb/s) per capita.  
(Source: International Telecommunication Union, World Telecommunication/ICT Indicators 2011 (June 2011 edition))

WEF

**R&D transfer**

The extent to which R&D transfer will lead to new commercial opportunities and is available to SMEs.

GEM NES

**Business sophistication**

Quality of a country's overall business networks and the quality of individual firm's operations and strategies.

WEF

## Annex C: Categorisation of countries into factor, efficiency and innovation driven context

### Factor driven countries

Algeria, Angola, Armenia, Azerbaijan, Bangladesh, Benin, Bolivia, Botswana, Brunei Darussalam, Burkina Faso, Burundi, Cambodia, Cameroon, Chad, Côte d'Ivoire, Egypt, Ethiopia, The Gambia, Georgia, Ghana, Guatemala, Guyana, Haiti, Honduras, India, Iran, Jamaica, Kazakhstan, Kenya, Kuwait, Kyrgyz Republic, Lesotho, Madagascar, Malawi, Mali, Mauritania, Moldova, Mongolia, Mozambique, Nepal, Nicaragua, Nigeria, Pakistan, Paraguay, Philippines, Qatar, Rwanda, Saudi Arabia, Senegal, Sri Lanka, Syria, Tajikistan, Tanzania, Timor-Leste, Uganda, Ukraine, Venezuela, Vietnam, Yemen, Zambia and Zimbabwe.

### Efficiency driven countries

Albania, Argentina, Barbados, Belize, Bosnia and Herzegovina, Brazil, Bulgaria, Cape Verde, Chile, China, Colombia, Costa Rica, Croatia, Dominican Republic, Ecuador, El Salvador, Estonia, Hungary, Indonesia, Jordan, Latvia, Lebanon, Lithuania, Macedonia, Malaysia, Mauritius, Mexico, Montenegro, Morocco, Namibia, Oman, Panama, Peru, Poland, Romania, Russian Federation, Serbia, Slovak Republic, South Africa, Suriname, Swaziland, Thailand, Trinidad and Tobago, Tunisia, Turkey and Uruguay.

### Innovation driven countries

Australia, Austria, Bahrain, Belgium, Canada, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Greece, Hong Kong, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Malta, Netherlands, New Zealand, Norway, Portugal, Puerto Rico, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, United Arab Emirates, United Kingdom and United States.

## Annex D: Categorisation of countries into conflict and post-conflict affected and peaceful economies

### Conflict affected

Colombia, Burundi, Cameroon, Chad, Ethiopia, Haiti, Israel, Mauritania, Morocco, Nigeria, Pakistan, Syria, Uganda, Yemen and Zimbabwe.

### Post-conflict affected

Angola, Bangladesh, Côte d'Ivoire, Lebanon, Nepal, Rwanda and Sri Lanka.

### Peaceful

Albania, Algeria, Argentina, Armenia, Australia, Austria, Azerbaijan, Bahrain, Barbados, Belize, Belgium, Benin, Bolivia, Botswana, Bosnia and Herzegovina, Brazil, Brunei Darussalam, Bulgaria, Burkina Faso, Canada, Cambodia, Cape Verde, Chile, China, Costa Rica, Croatia, Cyprus, Czech Republic, Denmark, Dominican Republic, Ecuador, Egypt, El Salvador, Estonia, Finland, France, The Gambia, Georgia, Germany, Ghana, Greece, Guatemala, Guyana, Honduras, Hong Kong, Hungary, Iceland, India, Indonesia, Iran, Ireland, Italy, Jamaica, Japan, Jordan, Kazakhstan, Kenya, Korea, Kuwait, Kyrgyz Republic, Lesotho, Lithuania, Luxembourg, Macedonia, Madagascar, Malawi, Malaysia, Mali, Malta, Mauritius, Mexico, Moldova, Mongolia, Montenegro, Mozambique, Namibia, Netherlands, New Zealand, Nicaragua, Oman, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Puerto Rico, Qatar, Romania, Russian Federation, Saudi Arabia, Senegal, Serbia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Suriname, Swaziland, Sweden, Switzerland, Tajikistan, Tanzania, Taiwan, Thailand, Timor-Leste, Trinidad and Tobago, Tunisia, Turkey, Ukraine, Uruguay, United Arab Emirates, United Kingdom, United States, Venezuela, Vietnam and Zambia.

## Annex F: Categorisation of countries into urban and rural context

### Urban

Algeria, Angola, Argentina, Armenia, Australia, Azerbaijan, Bahrain, Belgium, Belize, Bolivia, Botswana, Brazil, Bulgaria, Brunei Darussalam, Canada, Cameroon, Cape Verde, Chile, Colombia, Costa Rica, Croatia, Cyprus, Czech Republic, Denmark, Dominican Republic,

Ecuador, El Salvador, Estonia, Finland, France, The Gambia, Georgia, Germany, Ghana, Greece, Hong Kong, Hungary, Iceland, Indonesia, Iran, Ireland, Israel, Italy, Jamaica, Japan, Jordan, Kazakhstan, Korea, Kuwait, Latvia, Lebanon, Lithuania, Luxembourg, Macedonia, Malaysia, Malta, Morocco, Mexico, Mongolia, Montenegro, Netherlands, New Zealand, Nicaragua, Norway, Oman, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Puerto Rico, Qatar, Romania, Russian Federation, Saudi Arabia, Singapore, Spain, Sweden, Switzerland, Serbia, Slovak Republic, South Africa, Suriname, Syria Taiwan, Tunisia, Turkey, Ukraine, United Arab Emirates, United Kingdom, United States, Uruguay and Venezuela.

#### **Rural**

Albania, Bangladesh, Barbados, Benin, Bosnia and Herzegovina, Burkina Faso, Burundi, Cambodia, Chad, China, Côte d'Ivoire, Egypt, Ethiopia, Guatemala, Guyana, Haiti, Honduras, India, Kenya, Kyrgyz Republic, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mauritius, Moldova, Mozambique, Namibia, Nepal, Nigeria, Pakistan, Rwanda, Senegal, Slovenia, Sri Lanka, Swaziland, Tajikistan, Tanzania, Thailand, Timor-Leste, Trinidad and Tobago, Uganda, Vietnam, Yemen, Zambia and Zimbabwe.