

Youth entrepreneurship

A contexts framework



*How to maximise
the impact of youth
entrepreneurship
support in different
contexts:
a consultation*

In partnership with:



Acknowledgements

This consultation paper is based on preparation work conducted by ODI, our research and delivery partner. Their research underpins the approach presented here. Some sections are lifted directly from the report they delivered to us at the start of this project, available on our dedicated website: www.yecontexts.org. We are grateful for their leadership and guidance in defining our approach, including in their role as secretariat in this consultation. We would like to thank the ODI team, in particular Karen Ellis for her leadership, and Carolin Williams and Claudia Pompa for their invaluable contribution.

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Front cover images show (from left to right):

Young Karimojong being interviewed as part of Restless Development's research into livelihoods in Uganda
22 year old Susan completed War Child's 3 year IT Vocational Programme and has now set up her own computer business in the Ugandan province of Acholi.

Fu Julu of Dezhou Xingong Lifting Equipment Co., Ltd. talks with an employee at his factory in China.
The business was set up with support from YBI member Youth Business China.

This paper was published at the launch of our consultation in July 2012

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Acronyms

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

Introduction



Operating context is critical to impact, yet there exists very little understanding or guidance about how context affects impact in practice, or how interventions should be adapted to maximise impact – especially in youth entrepreneurship and livelihoods. Our goal is to engage and review a broad range of sector evidence and experience in order to produce a user-friendly youth entrepreneurship contexts framework. The framework, which includes practical toolkits, is intended to guide key audiences as follows:

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.¹

UNCTAD



Policymakers and donors: to be informed how to allocate resources to support youth entrepreneurship most effectively in different contexts;

Programme decision makers: to understand how to design and prioritise youth entrepreneurship interventions most effectively in different contexts;

Programme implementers: to understand how to adapt delivery of interventions most effectively in different contexts;

Evaluation specialists: to be informed how to compare impact results from one context against another.

1. 'Key components of entrepreneurship and innovation policy frameworks', Note by the UNCTAD Secretariat, 2009 http://unctad.org/en/docs/ciimem1d6_en.pdf

Consultation process

The sector-wide consultation process will run from **July to November 2012**. The purpose is to enhance the framework and toolkit's design, credibility, applicability and uptake. The consultation is critical to ensure our approach to this fundamental challenge of contexts is addressed as inclusively and robustly as possible. The feedback will be the primary source of information to develop and share a new and improved version for all to use across the sector.

The consultation will focus on four key areas:

- Questions to improve the conceptual underpinning of the framework and toolkit
- Questions to test and validate the recommendations
- Questions to enhance accessibility, value and uptake of the toolkit across the youth entrepreneurship promotion sector
- Questions to facilitate collection and incorporation of impact data into the toolkit

The process has been designed to reach as wide an audience across the sector as possible, including policy makers, donors, practitioners, programme decision makers and young entrepreneurs. Guided by an advisory committee, we will engage through a number of platforms and activities:

Dedicated website: We have developed a dedicated online consultation website: www.yecontexts.org to raise awareness of the toolkit and update on progress in the consultation.

Roundtable webinars: We will coordinate a series of roundtable webinars to enable structured engagement, including through recognised sector platforms.

Interviews: We will conduct detailed interviews with experts, policy makers, programme decision makers, programme implementers and young entrepreneurs – some general, some topic specific.

Conferences: We will present at a selected number of international conferences and events, including hosting a session at Global Youth Economic Opportunities Conference in Washington D.C. in September 2012.

Drawing on the responses, we will publish the outcomes of the consultation with relevant revisions to the Framework and Toolkit in the first half of 2013.

We welcome all feedback.

For more information about our consultation or to contribute, please go to our website:

www.yecontexts.org

or contact consultation Chair, Helen Gale, YBI Research & Policy Director:

helen.gale@youthbusiness.org

We look forward to working with you.

Consultation questions

A

Questions to improve the conceptual underpinning of the framework and toolkit

Framework

How appropriate and relevant are the following, and how can they be improved?

- The underlying logic chain
- The definition of context: external environment + demographic profile of target beneficiary
- The application of drivers and constraints
- The categorisation of interventions

Are there other contexts that should be incorporated into the toolkit? If so, what should they be, e.g. gender, geographical region?

Data sources and indicators

Are we using the most appropriate and relevant data sources and indicators in our analysis for the determinants of entrepreneurship? If not, which others should be considered and why?

Are there any key determinants of entrepreneurship missing from the framework? If so, what are they and what data sources could be used to assess these?

Youth focus

How can the framework and toolkit be made more youth specific?

How can input directly from young people / entrepreneurs be better incorporated?

B

Questions to test and validate the recommendations in the toolkit

Logic

Are the recommendations in line with existing norms and best practice?

To what extent is there a strong enough evidence base on which interventions best tackle specific binding constraints?

Are there other experiences in the field that prove or disprove the recommendations?

What level of detail is required in the recommendations to ensure they are directly useful in practice?

Target audience of recommendations

Could a different breakdown by target audience make the framework more robust and the toolkit more useful? If so, how?



Questions to enhance accessibility, value and uptake of the toolkit across the youth entrepreneurship sector



Questions to facilitate collection and incorporation of impact data into the toolkit

Format

How can the toolkit be better structured to guide prioritisation of country engagement, adaptation of interventions to context, and contextualising impact evaluation results?

Comparative potential

What more do evaluation specialists need to know to be able to draw robust comparisons between studies from different contexts?

Outputs

What information is most relevant and practical to include in the toolkit to make it as user-friendly as possible?

Data availability

What is the best way to develop a more robust impact evidence base for the recommendations made in the toolkit? Is it for example through:

- The collection and pooling of impact data across entrepreneurship promoting organisations? If so, how can this be achieved?
- The development of a framework to compare results of existing evaluation studies taking account of context?

Outreach

What will be the best communication channels to raise awareness of the toolkit?

To what extent are context specific case studies useful, in the absence of impact data?

Background

Context is increasingly being recognised as a significant determinant of the impact of an intervention:

“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.”²

“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 initiatives that correspond to the most important barriers and constraints that exist in their countries.”³

“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.”⁴

Yet there are substantial gaps in knowledge about which approaches are most effective, why, and in which contexts. With scarce resources and a growing emphasis on value for money, governments, donors and NGOs need to improve their understanding of

which youth entrepreneurship support interventions are likely to have the greatest impact. Then organisations will be equipped to prioritise, design and implement youth entrepreneurship support initiatives more effectively in different contexts.

There is established consensus that the youth entrepreneurship sector is held back by a lack of evaluation about what works, why and where:

“The youth livelihood field is characterized by a severe lack of sound evidence... The dearth of rigorous studies – despite huge demand – severely limits large scale investments in the sector. The lack of evidence is a constraint to winning public support for youth livelihoods interventions. Government officials typically want impact and cost-benefit estimates before investing in large programmes. As a result of the lack of such evidence in the youth livelihood field, it is often difficult to make a convincing case in comparison to other interventions, such as infrastructure development, where much more evidence is available. Improving the evidence base would therefore also facilitate scale up and replication.”⁵

In part we need more rigorous evaluation of interventions. However, an inherent constraint of impact studies is that they only tell us about what is working (or not) in a specific place and at a specific time. In order to maximise our learning, and indeed our impact, we need a better understanding of:

- how context determines impact;
- which interventions are most effective where and why;
- how interventions should be adapted to operating context to increase effectiveness;
- and how to interpret results of one evaluation study compared to another from a different context.

2. 'Key components of entrepreneurship and innovation policy frameworks', Note by the UNCTAD Secretariat, 2009 http://unctad.org/en/docs/ciimem1d6_en.pdf

3. 'Stimulating Youth Entrepreneurship: Barriers and incentives to enterprise start-ups by young people', SEED Working Paper No 76, Ulrich Schoof, 2006 http://www.ilo.org/empent/Publications/WCMS_094025/lang-en/index.htm

4. 'Dynamic benchmarking of entrepreneurship performance and policy in

select countries: Entrepreneurship index initiative discussion paper', Danish Agency for Business and Housing, Danish Ministry of Economic and Business Affairs, FOR A, ART and Monitor Company Group, 2004 http://www.compete.monitor.com/App_Themes/MRCCorpSite_v1/DownloadFiles/Discussion%20Paper%20on%20the%20Entrepreneurship%20Index%20Pro.pdf

5. 'Measuring Success of Youth Livelihood Interventions', Kevin Hempel and Nathan Fiala, World Bank, 2012, page 5 <http://www.iyfn.net/sites/default/files/gpye-m&e-report.pdf>

Our goal is to develop a framework for the sector with a practical toolkit that addresses these issues and provides guidance to key audiences:

Policymakers and donors: to be informed how to allocate resources to support youth entrepreneurship most effectively in different contexts;

Programme decision makers: to understand how to design and prioritise youth entrepreneurship interventions most effectively in different contexts;

Programme implementers: to understand how to adapt delivery of interventions most effectively in different contexts;

Evaluation specialists: to be informed how to compare impact results from one context against another.

To ensure these products are as relevant and useful as possible, we are collaborating: we are running a consultation that draws on a diversity of experiences and views across the sector. As far as possible, we will also seek to incorporate impact assessment data, as and when it becomes available, in order to test our findings empirically.

DEFINITION OF YOUTH ENTREPRENEURSHIP

We use a narrow definition of entrepreneurship which incorporates livelihoods interventions and 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.

Research focused on youth entrepreneurship specifically is limited. However, many of the conclusions with regard to context-related differences in impact of entrepreneurship promoting 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; in fact young entrepreneurs may encounter constraints to a greater degree or may face 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.

We do not specify a particular age range for youth entrepreneurship. However, we recognise that different age groups within a broadly defined youth category (e.g. 18-24 versus 31-35) are likely to experience different levels of constraint. Forthcoming data from the new GEM-YBI joint venture, the first ever study into global levels of youth entrepreneurship specifically, will help distinguish between these different age groups.

Who is leading this consultation?

This framework for consultation was funded by the consortium of Youth Business International (YBI), War Child UK and Restless Development through their Programme Partnership Agreement (PPA) with the UK Department for International Development (DFID). The consultation is chaired by YBI, and the consortium commissioned Overseas Development Institute (ODI) to conduct the research and to act as secretariat to the consultation. All three consortium partners engage to varying degrees and at different levels in supporting youth entrepreneurship or livelihoods across different contexts.

About Restless Development

Restless Development is the youth-led development agency. Restless Development works across three main areas: civic participation, sexual and reproductive health and livelihoods and employment. In this latter area, they are empowering young people with the skills, inspiration and resources to take up productive livelihoods and employment opportunities that contribute not only to their household income, but to the economies of their wider communities and countries.

<http://www.restlessdevelopment.org>

About War Child UK

War Child UK is an international NGO that provides life-changing support to children and families, whose lives have been torn apart by war. War Child's vision is "a world in which children's lives aren't torn apart by war". War Child works on the ground with local organisations in five countries to provide child protection, access to education, vocational and life-skills training and livelihood support to children and young people in conflict-affected communities.

<http://www.warchild.org.uk>

About YBI

Youth Business International is a global network of independent non-profit initiatives helping young people to start and grow their own business and create employment. HRH The Prince of Wales is President. YBI members assist under-served young entrepreneurs with a combination of training, access to capital, mentoring and other business development services. They adapt this common approach to their local context, working in partnership with governments, businesses and multilateral and civil society organisations.

<http://www.youthbusiness.org>

About ODI

ODI is Britain's leading independent think tank on international development and humanitarian issues. Their mission is to inspire and inform policy and practice which lead to the reduction of poverty, the alleviation of suffering and the achievement of sustainable livelihoods in developing countries.

<http://www.odi.org.uk>

Our approach

The approach presented in this consultation document draws on four months of research and preparation work led by ODI. Their original submission to us is available on our dedicated website: www.yecontexts.org

Originally we wanted to base our framework on the result of rigorous studies of the impact of youth entrepreneurship initiatives across different contexts. However, as in the Introduction, sufficient evidence does not exist. Instead the analysis underpinning this toolkit focuses on assessing how the determinants of and constraints to entrepreneurship (for which cross-country comparable data is available) vary in different contexts, in order to propose some conclusions about which entrepreneurship-promoting interventions are likely to be most effective in these different contexts. In other words, by identifying the most binding constraints in a particular context, (i.e. those factors which are the most likely to hamper

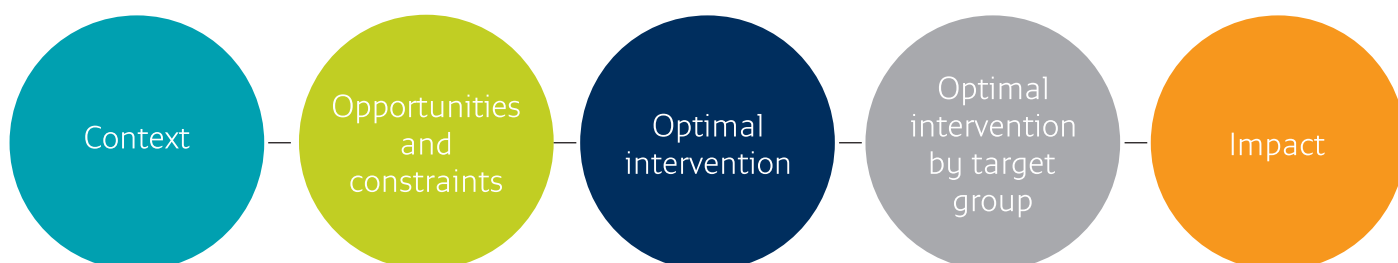
entrepreneurship), and then identifying the types of interventions which will tackle those specific binding constraints, the toolkit will point to those interventions which are likely to have the biggest impact in that context.

This approach has three core components:

1. the definition of contexts, including the profile of potential beneficiaries
2. the identification of drivers and constraints of youth entrepreneurship
3. the categorisation of different youth entrepreneurship interventions

The logic chain underpinning this approach is illustrated in Figure 1 below.

Figure 1: Logic chain for maximising impact of youth entrepreneurship interventions by context



Defining contexts

The definition of context combines the **external environment** and the **demographic profile of target beneficiaries**.

For the external environment, three different context types have been identified as key for understanding appropriate prioritisation and adaptation of youth entrepreneurship support:

- factor, efficiency and innovation driven
- conflict-affected, post-conflict and peaceful
- rural and urban

Factor, efficiency and innovation driven contexts: we use the categorisation adopted by the World Economic Forum (WEF)'s Global Competitiveness Report (GCR)⁶ and the Global Entrepreneurship Monitor (GEM)⁷, 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.

Conflict affected, post-conflict affected and peaceful contexts: we use War Child's definition of 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 conflict⁸."

We note, however, that in many cases active conflict is restricted to particular parts of a country. Thus a sub-national 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.

Urban and rural contexts: we use the World Bank's World Development Indicators for rural and urban development⁹, 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. The indicator 'urban population as a percentage of total population' is available from Trading Economics¹⁰. However, whether an area is primarily urban or rural might be best defined at the local level, rather than the national level. This information can sometimes be obtained from the national statistical office of the country concerned.

For the **demographic profile of target beneficiaries**, our approach is common in the literature. Of course, in any particular place (country / district / village level etc), there will be young people with different backgrounds, competencies and attitudes, who will benefit from different interventions on the scale of livelihoods and entrepreneurship. Thus context cannot be defined purely by external environment. It becomes necessary to profile target beneficiaries. Our solution is to distinguish between three different entrepreneurial profiles as is commonly done in the entrepreneurship literature and existing datasets, such as GEM: necessity driven entrepreneurs, opportunity driven entrepreneurs, and growth oriented entrepreneurs:

Assessing drivers and constraints by context

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 aim or plan to grow, and thus 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). This is expected to be largely a subset of the opportunity driven category.

We note, however, that the boundaries between these entrepreneurial profiles are not easily established. As a result our analysis suggests that most recommended interventions apply to all three target groups. Furthermore, 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 economies¹¹. Our analysis therefore provides insights into the relative proportions of a particular entrepreneurial profile that is most likely to be found in a particular context. We note also that the target group chosen as a focus for a particular intervention, will depend on the objective of the organisation, e.g. whether it is to help poor people make a living or to promote growth through job creation, and that this varies widely across organisations promoting youth entrepreneurship.

As a next step, we assessed which drivers and constraints are most prevalent in which context.

Our analysis (based to a large extent on the existing literature) distinguishes between **drivers** of entrepreneurship (e.g. market opportunities, alternative livelihood opportunities, and cultural support for entrepreneurship), and **enablers** of entrepreneurship (recognising that the drivers and enablers are highly related to each other). As suggested by the World Economic Forum (WEF)'s Global Competitiveness Report and the Global Entrepreneurship Monitor (GEM), enablers include:

- the basic requirements for entrepreneurship (e.g. infrastructure, health and primary education, access to finance and the macro-economic environment);
- enablers that facilitate efficiency of entrepreneurship (e.g. higher education and training and technological readiness);
- those facilitating innovation among entrepreneurs (e.g. business sophistication and R&D transfer).

6. <http://www.weforum.org/issues/global-competitiveness>

7. <http://www.gemconsortium.org/>

8. 'WPA country portfolio, selection criteria and intervention models', War Child Holland, internal document, 2011

9. <http://data.worldbank.org/indicator> 2011

10. <http://www.tradingeconomics.com/>

11. 'Institutional context and the allocation of entrepreneurial effort', Bowen, H.P. and D. De Clerq (2008), *Journal of International Business Studies*, 39, pages 747-767

Figure 2: Rating of drivers and enablers of entrepreneurship in factor, efficiency and innovation driven economies
Source: ODI analysis based on GEM and WEF data (2011)

■ Factor Driven ▲ Efficiency Driven ● Innovation Driven



Factor, efficiency and innovation driven contexts

Figure 2 shows the ratings of the various drivers and enablers of entrepreneurship for factor, efficiency and innovation driven contexts.

In the 'spider web' diagram, indicators capturing the drivers and enablers are shown around the edge, and the average score of the relevant countries (those which are categorised in that context) are shown on a scale from 0 in the centre to 7 at the outer edge. A low score indicates that factor does operate as a significant constraint to entrepreneurship in that particular context; a high number means that factor does not present a serious constraint in that context.

Drivers of entrepreneurship are listed first e.g. market size, market openness and cultural support, starting at '12 o'clock'. Basic enablers starting with infrastructure are then listed, moving around the top right quadrant. Then continuing clockwise around the spider web the efficiency enablers are listed, and then the innovation enablers, in the top left quadrant.

Average scores against each indicator are given for factor, efficiency and innovation driven economies separately, *shown in different shades of blue*, to facilitate comparison. Overall the diagram 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.

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 (a WEF measure capturing the quality of a country's overall business networks and the quality of individual firm's operations and strategies). 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.

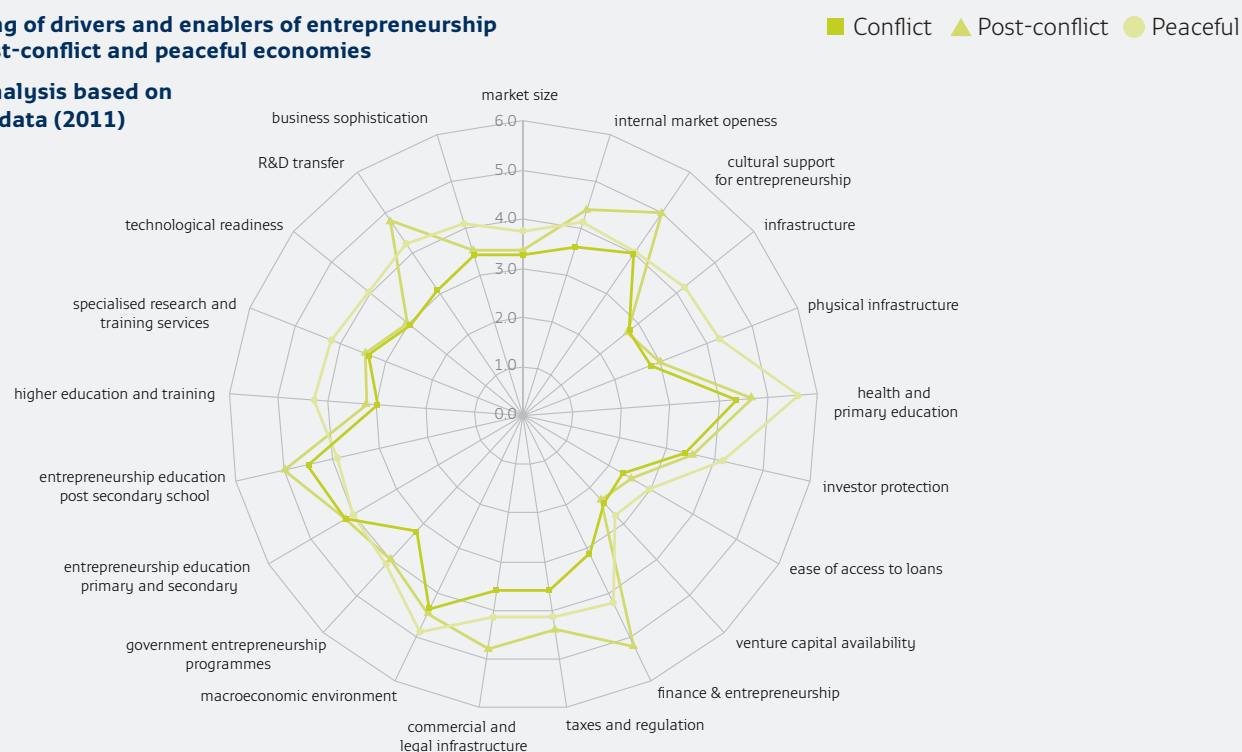
Based on our analysis of the data underlying the spider web in figure 2, literature review and consultations with experts and practitioners, we identify the likely top six binding constraints (those closest to the centre of the spider diagram) for factor, innovation and efficiency driven economies as follows:

- In **factor driven economies**, market size, infrastructure, finance (incorporating both access to loans and venture capital), government programmes (a GEM measure of the presence and quality of programmes directly assisting SMEs), higher education and training, and technological readiness (a WEF measure based on internet usage and bandwidth) are most likely the binding constraints.
- In **efficiency driven economies**, market size, internal market openness (a GEM measure of the extent to which new firms are free to enter existing markets), cultural support, finance, government programmes, and R&D transfer are most likely the binding constraints.
- In **innovation driven economies** market size, cultural support, finance, commercial and legal infrastructure, entrepreneurship education at primary and secondary level, and entrepreneurship education post-secondary level are most likely the binding constraints.

These binding constraints are used to guide the recommendations set out in the toolkit, to aid programme designers in prioritising different types of interventions in different contexts, as discussed further below.

Figure 3: Rating of drivers and enablers of entrepreneurship in conflict, post-conflict and peaceful economies

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



Conflict, post-conflict and peaceful contexts

Our analysis of GEM and WEF's GCR data by conflict, post-conflict and peaceful economies shows considerable variation in terms of the extent to which the drivers and enablers of entrepreneurship create an opportunity or constraint.

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 3). 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 (which is a GEM measure of the availability of financial resources inducing equity and debt for SMEs, including grants and subsidies, thus perhaps reflecting increased donor engagement in post conflict countries), 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 diagram in figure 3, literature review and consultations with experts and practitioners, we identify the likely top six binding constraints (in addition to finance and market size, which have already been identified as binding constraints across all three types of context - efficiency, innovation and factor driven economies - as discussed above) as follows:

- **In conflict affected** contexts, 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** contexts, 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.

Figure 4 Rating of drivers and enablers of entrepreneurship in urban and peaceful economies

■ Rural ■ Urban

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



Urban and rural contexts

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 4). 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 diagram in figure 4, literature review and consultations with experts and practitioners, we identify the likely main binding constraints (in addition to finance and market size), as follows:

- In **rural** contexts 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** 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.

Mapping drivers and constraints to youth entrepreneurship support initiatives

Having identified the main drivers and constraints in each type of context, we developed a list of potential interventions and programme adaptations which would address each of the determinants. Primarily this draws on ODI's literature review, economic analysis and consultations with experts and practitioners in the field. Given the sheer volume and variety of potential youth entrepreneurship support mechanisms, the list developed is intended to be indicative only, rather than comprehensive.

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

CONSTRAINT	POLICY MAKER
Market size	<ul style="list-style-type: none"> • Growth policies • Investment climate reforms • Trade promotion activities, e.g. trade fairs and exhibitions
Internal market openness	<ul style="list-style-type: none"> • Develop and facilitate competition policy
Cultural support	<ul style="list-style-type: none"> • Implement visible entrepreneurship policy and support programmes
Infrastructure	<ul style="list-style-type: none"> • Invest in infrastructure • Cluster development policy
Investor protection	<ul style="list-style-type: none"> • Build legal and regulatory framework to enhance investor protection
Finance	<ul style="list-style-type: none"> • Financial sector development reforms • Policies to promote access to finance • Improving the regulatory environment for start-up finance, e.g. <ul style="list-style-type: none"> * transparent rating procedures and risk assessment * shortening and simplification of document procedures * improved cooperation and code of conduct, * verifying and differentiating of lending criteria * Develop public capital markets
Government programmes	<ul style="list-style-type: none"> • Introduce or improve entrepreneurship support initiatives, engaging local service providers or NGOs operating on the ground as appropriate
Professional and commercial infrastructure	<ul style="list-style-type: none"> • Foster institutional development • Develop legal and regulatory framework for professional and commercial services
Higher education and training	<ul style="list-style-type: none"> • Invest in higher education and training programmes
Local availability of research and training services	<ul style="list-style-type: none"> • Fund research and training services or promote market for these.
Entrepreneurship education and primary and secondary level	<ul style="list-style-type: none"> • Introduce entrepreneurship education programmes into national curricula
Entrepreneurship education at post-secondary level	<ul style="list-style-type: none"> • Introduce entrepreneurship education programmes at colleges and universities
Technological readiness	<ul style="list-style-type: none"> • Invest in internet infrastructure
R&D transfer	<ul style="list-style-type: none"> • Improve and facilitate R&D policy, investment and networks
Business sophistication	<ul style="list-style-type: none"> • Provide finance for business skills training, guidance and mentoring services provided by local service providers or NGOs operating on the ground as appropriate

Polycymakers and programme decision makers

Table 1 sets out examples of potential interventions to address each of the binding constraints identified in the analysis discussed above. 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 binding in that particular context.

PROGRAMME DECISION MAKER

- Market analysis
- Raising awareness of existing market opportunities, **especially for necessity driven entrepreneurs**
- Assistance in evaluating feasibility of business plans,
- Promotion of business integration and business linkages including opportunities in international supply chains, **especially for opportunity driven and growth oriented entrepreneurs**
- Trade fairs and exhibitions, **especially for opportunity driven and growth oriented entrepreneurs**
- Lobby for more open competition
- Promote role models and visible success stories
- Implement PR-campaigns, competitions and awards
- Secure media support and coverage
- Develop entrepreneurs' networks
- Cluster development programmes
- Shared workspaces and start-up factories
- Promote transparency and facilitate better investor protection by providing training on accountancy standards etc. **especially for growth oriented entrepreneurs.**
- Provide start-up and business capital, e.g.:
 - * provision of grants and 'free money', **especially for necessity driven entrepreneurs**
 - * facilitating debt financing for young people, **especially opportunity driven and growth oriented entrepreneurs**
 - * provision of soft-, micro and guaranteed loans, e.g. microfinance, **especially for necessity driven entrepreneurs**
 - * loan guarantee schemes, **especially for opportunity driven entrepreneurs**
 - * risk venture capital for young enterprises, **especially for opportunity driven and growth oriented entrepreneurs**
 - * fostering equity finance possibilities for youth, **especially for opportunity driven and growth oriented entrepreneurs**
 - * angel investors and network, **especially for opportunity driven and growth oriented entrepreneurs**
 - * Developing new financial products that are friendly to young entrepreneurs (e.g. longer repayment terms)
- Assist government in developing policy
- Implement entrepreneurship surveys and share findings to inform policy development
- Support the development of the market for professional and commercial services and provide these in underserved areas
- Offer on the job training and workshops
- Facilitate apprenticeship schemes
- Provide research and training services in underserved areas, or help to develop the market for these services, **especially for growth oriented entrepreneurs**
- Raise awareness of entrepreneurship in schools through media and participatory approaches
- Collaborate with universities and colleges to introduce entrepreneurship training, mentoring support and business coaching
- Offer access to internet cafes, IT clinics and IT training courses
- Support development of R&D networks, **especially for opportunity driven and growth oriented entrepreneurs**
- Provision of business skills training, guidance and mentoring services, e.g.:
 - * One-stop-shops and youth enterprise centres
 - * Youth entrepreneurship online portals and websites
 - * Mentor support and business coaching
 - * Business incubators

Programme implementers

Similarly we developed recommendations for programme implementers. These recommendations focus on how the particular types of interventions identified as priorities in a particular context may need to be adapted in their implementation, given the particular issues arising in the context in question. We focus mainly on three categories

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

MARKET OPPORTUNITIES	
Factor driven	<ul style="list-style-type: none"> 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, especially for necessity driven entrepreneurs Avoid supporting too many micro-entrepreneurs in the same sector to avoid risk of saturating the market
Efficiency driven	<ul style="list-style-type: none"> Consider cooperating with local business councils to assess market opportunities and develop business linkages
Innovation driven	<ul style="list-style-type: none"> 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
Conflict affected	<ul style="list-style-type: none"> Need to place more emphasis on developing networks and institutions and trust, (e.g. consultative groups, networking opportunities) which have been broken down by conflict. Need to include security issues when assessing market opportunities and cost and options for insurance
Post-conflict affected	<ul style="list-style-type: none"> Consider a programme focus on ex-combatants to reduce incentives for a return to conflict Undertake political economy analysis to avoid undermining peace building process (e.g. analysis of ethnic make-up of likely beneficiaries, distribution of benefits across different areas etc. drawing on existing tools (e.g. GIZ 'Do No Harm' approach to designing interventions in fragile states) Need to place more emphasis on developing networks and institutions and trust, which have been broken down by conflict (e.g. organising consultative groups and networking opportunities) 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
Peaceful	
Rural	<ul style="list-style-type: none"> Provide access to IT, e.g. IT labs where electrification is low (exclude in innovation driven)
Urban	<ul style="list-style-type: none"> Consider relatively low levels of infrastructure when assessing market opportunities if operating in slum areas of cities (include only if peaceful and not factor or innovation driven)

of youth entrepreneurship support that implementers are likely to focus on: **development and assessment of market opportunities, access to finance and entrepreneurship training.** Table 2 provides a summary of these suggested adaptations. Where appropriate we again highlight which interventions are particularly important to either **necessity or opportunity driven entrepreneurs or those with growth potential.**

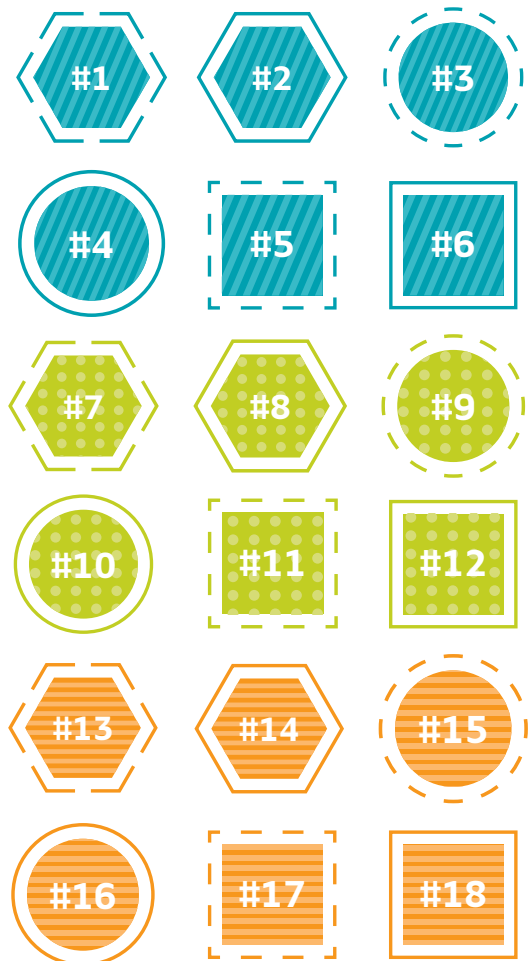
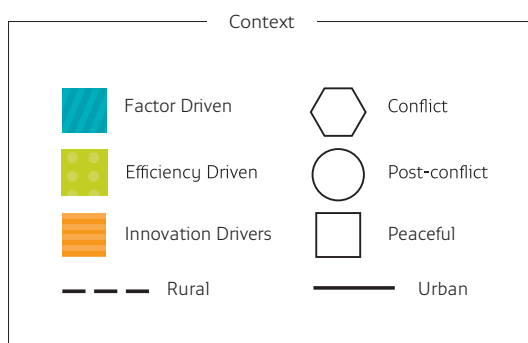
ACCESS TO FINANCE	TRAINING
<ul style="list-style-type: none"> • Avoid providing access to credit where market opportunities are limited • Avoid getting entrepreneurs into unserviceable debt by ensuring realistic assessments of viability of proposed businesses and associated risks, especially for necessity driven entrepreneurs • Consider offering grant finance as a subsidy to support entrepreneurial livelihoods, especially for necessity driven entrepreneurs • 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. • Consider collaborating with banks to provide guarantees based on programme driven assessment of entrepreneur's credit worthiness, especially for opportunity driven and growth oriented entrepreneurs. 	<ul style="list-style-type: none"> • Encourage realistic assessment by entrepreneurs of their perceived capabilities and identify specific areas of skills and enterprise development • Invest in basic training, e.g. literacy and financial literacy, especially for necessity driven entrepreneurs • Tailor training to relatively lower levels of education, especially for opportunity driven and growth oriented entrepreneurs • Encourage cooperation between entrepreneurs in the absence of more formal cluster development policies and programmes
<ul style="list-style-type: none"> • Avoid providing access to credit where market opportunities are limited 	<ul style="list-style-type: none"> • 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
<ul style="list-style-type: none"> • Non-financial support offered may be relatively more important than financial support (exclude if innovation driven and post-conflict affected simultaneously) 	<ul style="list-style-type: none"> • 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.
<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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)
<ul style="list-style-type: none"> • 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 (exclude if factor driven) 	<ul style="list-style-type: none"> • Focus initially on building confidence of young entrepreneurs, which may have been undermined as a result of the recent conflict • Facilitate peace-building by including previously opposed groups in the same training programme • Training courses should take into account relatively low levels of education as a result of having been disrupted by conflict. • Encourage trading between previously opposed groups where possible to rebuild trust and a common agenda.
<ul style="list-style-type: none"> • 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 	
<ul style="list-style-type: none"> • 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 • Develop new models of delivery to reach remote areas, e.g. linked to semi-formal service providers or mobile solutions (exclude in innovation driven) 	<ul style="list-style-type: none"> • Beneficiaries may prevented to travel long-distances to courses, so consider flexible curricula and offering training services in close proximity to beneficiaries • Address relatively high risk aversion to starting a business in rural areas in programme curricula • Offer courses timed appropriately around agricultural season, e.g. avoid harvest time • Develop new models of delivery to reach remote areas
<ul style="list-style-type: none"> • 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 (include only in innovation driven) 	<ul style="list-style-type: none"> • 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



The toolkit

The definitions, classifications and indicators set out in the sections above – the Framework – provide the basis for building a practical toolkit for our different audiences for each context scenario. There are 18 possible combinations of contexts based on the external environment definitions; within each the three different profiles of young entrepreneurs might operate:

Figure 5: Context scenarios



We have built 18 context scenarios into the toolkit that include analysis and recommendations for that particular context. The user may, for example, 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.

The guidance sets out:

- An overview of the 'entrepreneurial profile' of the context – how many entrepreneurs by type (see above) plus the size of the youth population
- Drivers and enablers
- Binding constraints
- Recommendations for maximising impact of youth entrepreneurship support for policymakers, programme decision-makers and implementers

Examples for two contrasting context scenarios from the toolkit are included below. All or any of the 18 scenarios are available on request.

Table 3: Context scenario example 1

#1

CONTEXT 1: FACTOR DRIVEN, CONFLICT AFFECTED, RURAL ECONOMY



Entrepreneurial Profile

In factor driven economies 31% of entrepreneurs are **necessity driven** 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.

In factor driven economies an average of 41% of entrepreneurs are **opportunity driven** (compared with an average of 47% for all economies). The average for rural and conflict affected economies is also lower than the overall average.

In factor driven economies an average of 22% of entrepreneurs expect to **grow**, (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.

The **youth population** 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.



Drivers and Enablers

In factor driven economy the **market size** 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 **market openness** 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.

Whilst factor driven contexts exhibit **cultural support** for entrepreneurship above the overall average for all economies, the average for conflict affected and rural contexts is below the overall average.

Youth unemployment 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.

Generally the **enablers for entrepreneurship** tend to be extremely low in these types of contexts.



Binding Constraints

The main constraints are likely to be **market size, infrastructure, investor protection, finance, government programmes, higher education and training, local availability of research and training services, technological readiness and R&D transfer**.

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.

POLICYMAKERS

Capacity of policymakers is likely to be limited in this environment due to the on-going conflict, but priorities should include:

Market size

- Growth policies
- Investment climate reforms
- Trade promotion activities, e.g. trade fairs and exhibitions

Infrastructure

- Invest in infrastructure
- Cluster development policy

Investor protection

- Build legal and regulatory framework to enhance investor protection

Finance

- Financial sector development reforms
- Policies to promote access to finance
- Improving the regulatory environment for start-up finance, e.g.
 - * transparent rating procedures and risk assessment
 - * shortening and simplification of document procedures
 - * improved cooperation and code of conduct,
 - * verifying and differentiating of lending criteria
- Develop public capital markets

Government programmes

- Introduce or improve entrepreneurship support initiatives, engaging local service providers or NGOs operating on the ground as appropriate.

Higher education and training

- Invest in higher education and training programmes

Local availability of research & training services

- Fund research and training services or promote market for these.

Technological readiness

- Invest in internet infrastructure
- R&D transfer
- Improve and facilitate R&D policy, investment and networks

PROGRAMME DECISION MAKERS

Capacity to intervene is likely to be limited by the on-going conflict but priorities should include:

Market size

- Market analysis
- Raising awareness of existing market opportunities, **especially for necessity driven entrepreneurs**
- Assistance in evaluating feasibility of business plans,
- Promotion of business integration and business linkages including opportunities in international supply chains, **especially for opportunity driven and growth oriented entrepreneurs**
- Trade fairs and exhibitions, **especially for opportunity driven and growth oriented entrepreneurs**

Infrastructure

- Cluster development programmes, unless precluded by widespread conflict
- Shared workspaces and start-up factories
- Investor protection
- Promote transparency and facilitate better investor protection by providing training on accountancy standards etc. **especially for growth oriented entrepreneurs.**

Finance

- Provide start-up and business capital, e.g.:
 - * provision of grants and 'free money', **especially for necessity driven entrepreneurs**
 - * facilitating debt financing for young people, **especially opportunity driven and growth oriented entrepreneurs**
 - * provision of soft-, micro and guaranteed loans, e.g. microfinance, **especially for necessity driven entrepreneurs**
 - * loan guarantee schemes, **especially for opportunity driven entrepreneurs**
 - * risk venture capital for young enterprises, **especially for opportunity driven and growth oriented entrepreneurs**
 - * fostering equity finance possibilities for youth, **especially for opportunity driven and growth oriented entrepreneurs**
 - * angel investors and network, **especially for opportunity driven and growth oriented entrepreneurs**

Government programmes

- Assist government in developing policy
- Implement entrepreneurship surveys and share findings to inform policy development

Higher education and training

- Offer on the job training and workshops
- Facilitate apprenticeship schemes

Local availability of research & training services

- Provide research and training services in underserved areas, or help to develop the market for these services, **especially for growth oriented entrepreneurs**

Technological readiness

- Offer access to internet cafes, IT clinics and IT training courses
- R&D transfer
- Support development of R&D networks, **especially for opportunity driven and growth oriented entrepreneurs.**

IMPLEMENTERS

Capacity to intervene and beneficiaries to access support is likely to be limited by the on-going conflict but considerations for implementation should include:

Market opportunities

- 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, **especially for necessity driven entrepreneurs**
- Avoid supporting too many micro-entrepreneurs in the same sector to avoid risk of saturating the market
- Need to identify alternative lucrative war economy opportunities and livelihoods, other than for example armed combat, crime and poppy growing
- 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
- Provide access to IT, e.g. IT labs where electrification is low

Access to Finance

- Avoid providing access to credit where market opportunities are limited
- Avoid getting entrepreneurs into unserviceable debt by ensuring realistic assessments of viability of proposed businesses and associated risks, **especially for necessity driven entrepreneurs**
- Consider offering grant finance as a subsidy to support entrepreneurial livelihoods, **especially for necessity driven entrepreneurs**
- 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.
- Consider collaborating with banks to provide guarantees based on programme driven assessment of entrepreneur's credit worthiness, **especially for opportunity driven and growth oriented entrepreneurs**
- Consider relatively short investment horizon of young entrepreneurs
- 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 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
- Develop new models of delivery to reach remote areas, e.g. linked to semi-formal service providers or mobile solutions

Training

- Encourage realistic assessment by entrepreneurs of their perceived capabilities and identify specific areas of skills and enterprise development
- Invest in basic training, e.g. literacy and financial literacy, **especially for necessity driven entrepreneurs**
- Tailor training to relatively lower levels of education, **especially for opportunity driven and growth oriented entrepreneurs**
- Encourage cooperation between entrepreneurs in the absence of more formal cluster development policies and programmes
- 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
- Address relatively high risk aversion to start a business in rural areas in programme curricula
- Offer courses timed appropriately around agricultural season, e.g. avoid harvest time
- Develop new models of delivery to reach remote areas

Cooperation

- 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.

Table 4: Context scenario example 2

#18

CONTEXT 18: INNOVATION DRIVEN, PEACEFUL, URBAN ECONOMY



Entrepreneurial
Profile

In innovation driven economies 20% of entrepreneurs are **necessity driven**, 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.

In innovation driven economies an average of 54% of entrepreneurs are **opportunity driven** (compared with an average of 47% for all economies). Both peaceful and urban contexts also exhibit above overall average levels of opportunity driven entrepreneurship.

In innovation driven economies an average of 28% of entrepreneurs expect to grow, (above the average of 26% for all economies). Growth expectations are lower than the overall average in peaceful economies but higher in urban contexts.

The **youth population** 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.



Drivers and
Enablers

In innovation driven economies, the **market size** is larger than the overall average for all economies. The same holds for peaceful and urban contexts. In terms of **market openness** to new entrants, innovation driven, peaceful and urban economies all exhibit above overall average levels of openness.

Cultural support 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.

Youth unemployment 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.

Generally the **enablers for entrepreneurship** are high in these types of contexts.



Binding
Constraints

The main constraints are likely to be **market size, cultural support, finance, professional and commercial infrastructure, entrepreneurial education primary and secondary level and entrepreneurship education post-secondary level.**

POLICYMAKERS

Priorities should include:

Market size

- Growth policies
- Investment climate reforms
- Trade promotion activities, e.g. trade fairs and exhibitions

Cultural support

- Implement visible entrepreneurship policy and support programmes

Finance

- Financial sector development reforms
- Policies to promote access to finance
- Improving the regulatory Environment for start-up finance, e.g.
 - * transparent rating procedures
 - * and risk assessment
 - * shortening and simplification of document procedures
 - * improved cooperation and code of conduct,
 - * verifying and differentiating of lending criteria
- Develop public capital markets

Professional and commercial infrastructure

- Foster institutional development
- Develop legal and regulatory framework for professional and commercial services

Entrepreneurship education primary and secondary level

- Introduce entrepreneurship education programmes into national curricula

Entrepreneurship education post-secondary level

- Introduce entrepreneurship education programmes at colleges and universities

PROGRAMME DECISION MAKERS

Priorities should include:

Market size

- Market analysis
- Raising awareness of existing market opportunities, **especially for necessity driven entrepreneurs**
- Assistance in evaluating feasibility of business plans,
- Promotion of business integration and business linkages including opportunities in international supply chains, **especially for opportunity driven and growth oriented entrepreneurs**
- Trade fairs and exhibitions, **especially for opportunity driven and growth oriented entrepreneurs**

Cultural support

- Promote role models and visible success stories
- Implement PR-campaigns, competitions and awards
- Secure media support and coverage
- Develop entrepreneurs' networks

Finance

- Provide start-up and business capital, e.g.:
 - * provision of grants and 'free money', **especially for necessity driven entrepreneurs**
 - * facilitating debt financing for young people, **especially opportunity driven and growth oriented entrepreneurs**
 - * provision of soft-, micro and guaranteed loans, e.g. microfinance, **especially for necessity driven entrepreneurs**
 - * loan guarantee schemes, **especially for opportunity driven entrepreneurs**
 - * risk venture capital for young enterprises, **especially for opportunity driven and growth oriented entrepreneurs**
 - * fostering equity finance possibilities for youth, **especially for opportunity driven and growth oriented entrepreneurs**
 - * angel investors and network, **especially for opportunity driven and growth oriented entrepreneurs**

Professional and commercial infrastructure

- Support the development of the market for professional and commercial services and provide these in underserved areas

Entrepreneurship education primary and secondary level

- Raise awareness of entrepreneurship in schools through media and participatory approaches

Entrepreneurship education post-secondary level

- Collaborate with universities and colleges to introduce entrepreneurship training, mentoring support and business coaching

IMPLEMENTERS

Priorities should include:

Market opportunities

- 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**

Access to Finance

- Non-financial support offered may be relatively more important than financial support
- 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
- 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

Training

- 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
- 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

Cooperation

- 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



The sector-wide consultation process will run from **July to November 2012**.

We welcome all feedback.

For more information about our consultation or to contribute, please go to our website:

www.yecontexts.org

or contact consultation Chair,
Helen Gale, YBI Research & Policy Director:

helen.gale@youthbusiness.org

We look forward to working with you.

In partnership with:



