

What can governments do?

Unlocking the youth entrepreneurship potential calls for a number of actions at the programme and policy levels:

At the programme level:

- Carefully target interventions and tailor them to the specific challenges and needs of young entrepreneurs, who constitute a highly heterogeneous group.
- Invest in comprehensive entrepreneurship programmes offering multiple services simultaneously.
- While designing youth entrepreneurship programmes, tap the lessons from impact evaluations.
- Reallocate resources away from ineffective programmes towards the most promising interventions.

At the policy level:

- Integrate entrepreneurship education in formal schooling to provide young people with different sets of competencies, including technical, non-cognitive and life skills as well as entrepreneurial acumen.
- Promote youth entrepreneurship spirit through success stories and role models, and the development of networks of young entrepreneurs, knowledge exchange and other communication tools and platforms such as the media.
- Simplify administrative procedures for business registration.
- Encourage formalisation through the right mix of incentives and sanctions in order to support business expansion.
- Develop a holistic and long-term vision to foster local and global value chain development in order to have a large impact on employment creation and job quality, especially in rural areas.

While a small portion of young entrepreneurs can benefit from specific policies and programmes to make profits and scale up their businesses, a majority of youth in subsistence activities will need to transition into the labour market with the support of policies that focus on improving skills and employability.

Youth Inclusion Project website: <http://oe.cd/1h0>

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Development Centre Studies

Unlocking the Potential of Youth Entrepreneurship in Developing Countries

The 60-second guide



This project is co-funded by the European Union

An unprecedented review

The report *Unlocking the Potential of Youth Entrepreneurship in Developing Countries* aims to contribute to the ongoing debate on the role of youth entrepreneurship in generating employment in developing countries. It is based on the analysis of mixed labour force and enterprise surveys conducted in **Côte d'Ivoire, Madagascar, Peru and Viet Nam**, as well as the gathering of evidence on the impact of entrepreneurship programmes in developing countries.

The report constitutes an unprecedented effort to capture the multiple realities faced by young entrepreneurs in selected developing countries. It provides new empirical evidence on the determinants of youth entrepreneurial performance and proposes a number of actions at programme and policy levels in order to unlock their potential.

A EU-OECD project on youth inclusion

The report is part of the Youth Inclusion Project, co-funded by the European Union and implemented by the OECD Development Centre.

Free download: <http://oe.cd/1h0>.

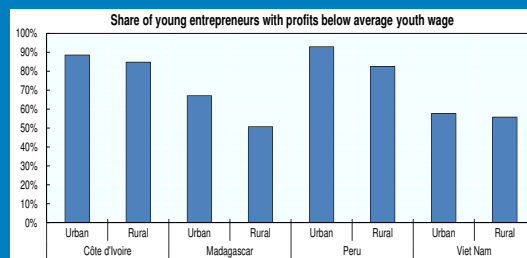


Who are young entrepreneurs in developing countries?

Over the past years, youth entrepreneurship has gained importance on the global and national policy agendas as a way to expand employment and earning opportunities. Yet only a tiny portion of young entrepreneurs prove to be successful in terms of profit and employment generation, while the majority are confined to subsistence activities.

Did you know...?

The profits generated by the majority of young entrepreneurs are often modest and below the level of income earned by youth in wage employment.



Many young people become entrepreneurs for lack of better job options. Indeed, underemployment and multiple job holding are more prevalent among young entrepreneurs than among young employees: youth entrepreneurship is thus most likely driven by necessity, notably due to the lack of wage employment opportunities.

Young entrepreneurs are numerous in rural areas, and they are less educated than young employees. Few of them possess basic business skills and competencies, which hampers their business performance.

Moreover, youth businesses are typically very small and operate primarily in petty trade and services. Few youth enterprises generate new jobs. In fact, young entrepreneurs almost exclusively recruit family members.

What makes young entrepreneurs successful?

Education, managerial capital and business skills are key factors contributing to youth entrepreneurial success. Likewise, favourable physical operating conditions – such as access to dedicated premises, basic infrastructure services and information and communication technology (ICT) – improve performance. Yet, very few young entrepreneurs possess basic business skills and many work on the streets or at home: only a few have dedicated premises.

Conversely, inadequate access to finance and markets, as well as informality weaken youth business performance. Being a woman or a rural dweller is also strongly associated with low entrepreneurial performance.

Did you know... ?

Informality is a common feature of youth entrepreneurship. Very few youth businesses are registered with the authorities. Depending on the country, reasons for operating in the informal sector range from tax avoidance to the high cost of registration or simply lack of information about the need to register. Unfortunately, this informality drives youth business performance down.

