

Youth entrepreneurship and the World Bank

- Why does it matter?
- What is the Bank doing?
- What should we be doing?
(What can we learn from evidence and experience?)



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September 2007

Youth employment is essential; entrepreneurship is a possibility

- **1.5 billion young people between 12 and 24**
 - the MENA region must create 30 million new jobs to maintain current levels of unemployment.
- **Youth more likely to be unemployed**
 - a quarter of labor force, half of unemployed.
 - 2-3 times higher than adult unemployment.
- **Access to employment more limited for youth**
 - labor market restrictions, custom, patronage.

But entrepreneurship is not a panacea

- **Few young people become entrepreneurs.**
- **Very few enterprises succeed**
 - fewer than 1/3 of young employers in Peru and Nicaragua are still employers after three years.
- **Age and experience matter to enterprise success.**
- **Entrepreneurial experience *may* improve future employment prospects.**

Some examples of public and private investment in youth entrepreneurship

- **Umsobomvu Youth Fund (South Africa)** – information, skills development, and finance for people under age 35.
- **Softex (Brazil)** – for computer students, providing training courses, technical assistance, and networking support.
- **CORFO (Corporación de Fomento de la Producción) (Chile)** – finance and technical assistance, identifies most promising ventures and finds seed capital.
- **Commonwealth Youth Credit Initiative** – initially only credit, expanded to include technical assistance and training.
- **Shell LiveWire** – information, business planning assistance.
- **and hundreds of others**

World Bank activities for youth entrepreneurship

- **Small grants, e.g. ‘Development Marketplace’**
 - E.g. West Balkans, Africa, Mexico, ECA Youth Innovation Grants
- **Loans and grants for youth training and enterprise services**
 - E.g. Uganda, Kosovo, Indonesia, China, Sri Lanka
- **Microfinance programs (CGAP)**
 - E.g. Armenia, Jordan, Peru, Sri Lanka, South Africa, Tanzania
- **General employment programs affecting youth**
- **Post-conflict reconstruction and reintegration**
 - E.g. Cote d’Ivoire, Great Lakes Region, Sierra Leone, Colombia
- **Youth Employment Network**
 - Active in 45 countries
- **IFC / Grassroots Business Initiative**

Some general lessons from experience

- **Policies should complement broader youth employment strategies**
 - labor market regulations, skills development
- **Programs must be multifaceted and long-run**
 - credit, technical and business training, mentoring, etc.
- **Involve the private sector**
 - labor demand, investment climate
- **Focus on education**

Some general lessons from experience

- **Those with “high-growth” potential more likely to succeed** (“entrepreneurs by choice”)
 - often university graduates, they require networks, mentoring, high-quality services.
- **And what about poor / disadvantaged youth?** (“entrepreneurs by necessity”)
 - require basic education as well as technical and business training.

But there's much we don't know, e.g.,

- **What's the best use of public money?**
 - Should we be doing this at all? (rather than)
- **What is the best way to assist all young entrepreneurs?**
 - What do they need to succeed, and what's cost-effective?
- **What are the barriers to entry?**
 - Must be asked of current entrepreneurs and non-entrepreneurs; do they differ across youth?
- **Who becomes an entrepreneur?**
 - How are they different from other youth?

New directions

- **Products**

- deposit and savings opportunities
- mobile services
- microinsurance (health, life, social protection)

- **Policies**

- institutions for markets (trust, civil law, regulations)

- **Evaluation**

- experiments / operations research for solid evidence

- **Partnerships**

- engaging young people in research / program design