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Entrepreneurship and productive capacity-building

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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.
Excellences,
Distinguished delegates,
Ladies and Gentlemen,

It is a great pleasure for me to address this High-Level Segment of the 6th Session of UNCTAD's Commission on Investment, Enterprise and Development on "Entrepreneurship and productive capacity-building: Creating jobs through enterprise development". As you know, UNCTAD has long advocated for the role of entrepreneurship and SME development as a means to create jobs and contribute to economic growth.

Many countries are experiencing an unprecedented level of unemployment and in particular youth unemployment, partly as a consequence of the financial and economic crisis of 2008. In many economies with large youth populations, the number of formal jobs available is often insufficient to employ all youth entering the labour market or offer a decent wage. Furthermore, according to the latest report released by the International Labour Organization (ILO, 2013), the youth employment crisis could potentially lead to negative long-term impacts that will be felt for decades to come. Current figures by the ILO indicate that, globally, 73.4 million young people are unemployed – 12.6 % of the total youth population, or 40% of all the world's unemployed. And every year, it is estimated that 121 million young people will turn 16 years old, of which 89% will be searching for work in developing regions (UNICEF 2012).

In recognition of these challenges and in response to the Doha mandate, UNCTAD has focused its analytical and technical assistance work in the areas of entrepreneurship and enterprise development on youth entrepreneurship, with a view to facilitating youth participation in private sector development in developing countries.
It should be recalled here that in 2012, the 67th Session of the United Nations General Assembly passed the resolution on “Entrepreneurship for Development” (A/RES/67/202/), which provides a broader context for UNCTAD’s and other agencies’ work on entrepreneurship. The resolution stresses the importance of giving appropriate consideration to the promotion of entrepreneurship in the context of discussions of the post-2015 development agenda. It stresses the positive role entrepreneurship plays in driving job creation, and expanding opportunities for all, including for women and youth. It emphasizes the importance of bringing informal workers into the formal economy and integrating them into social security systems. And lastly, it acknowledges the role of entrepreneurship in enabling youth to turn their ideas into business opportunities by helping to facilitate their entry into the formal labour market. UNCTAD is collaborating with the UN Secretariat in New York to prepare the report on the implementation of this important resolution.

This high level session today will focus on a specific aspect of entrepreneurship development: job creation for young people. It is dedicated to exploring how to enable young people to start their own business activity.

The issues note entitled "Entrepreneurship and productive capacity-building: Creating jobs through enterprise development", prepared by the Secretariat for this Segment of the Commission, (TD/B/C.II/24) highlights the importance of enhancing the entrepreneurship ecosystem for youth and of formulating a youth entrepreneurship strategy at national level. It is built on UNCTAD experience in this area, as well as on lessons learned from existing youth entrepreneurship programmes around the world.

UNCTAD believes that, in light of the grave situation in youth unemployment worldwide and the potential contributions of youth entrepreneurship to job creation and inclusive growth, a dedicated youth entrepreneurship policy framework is urgently needed.

(Slide 2)
In view of a burgeoning economically inactive global youth population, there is a need for focused strategies to promote youth entrepreneurship. Such strategies should clearly identify ways and means to develop youth entrepreneurship and to maximize its contribution to national goals such as job creation, innovation and economic growth. It is therefore important that it is aligned with national development policies.

Young entrepreneurs confront the same barriers as entrepreneurs in general. However, as a group with specific characteristics and profiles, they face particular obstacles. To overcome these obstacles, UNCTAD, in collaboration with the Commonwealth Secretariat, has developed a *Guiding Framework for Youth Entrepreneurship*. Its objective is to help countries respond to opportunities and challenges related to youth entrepreneurship through public policy. The Framework builds on the Commonwealth *Guiding Framework for Youth Enterprise* and UNCTAD’s *Entrepreneurship Policy Framework (EPF)*. The former is a resource tool designed to assist governments to implement youth enterprise development programmes; and the latter supports policymakers in developing countries to design initiatives and measures, as well as strengthen institutions to promote entrepreneurship.

The UNCTAD-Commonwealth Secretariat *Guiding Framework for Youth Entrepreneurship* consists of 6 priority areas for policy focus. These are:

- Formulating a national youth entrepreneurship strategy
- Creating an enabling regulatory environment for young people
- Embedding youth entrepreneurship in education;
- Enhancing technology and innovation for and among youth
- Ensuring youth financial inclusion
- Promoting networks for and among youth

(Slide 3)
For each area, the framework is adapted to youth-specific needs. Governments need to develop comprehensive strategies, including policies, programmes and institutions, to ensure that young people can exploit their talents. In doing so, Governments also need to fit their overall approach into their respective national socio-economic context and specific development challenges.

(Slide 4)

The Guiding Framework for Youth Entrepreneurship offers guidance on the examination and assessment of the issues under each area. It recommends actions for policymakers to consider when developing a strategy for youth entrepreneurship. The Framework aims to generate results and impact by:

- Strengthening institutions for entrepreneurship
- Identifying ways and means to maximize youth entrepreneurship’s contribution to national development goals
- Engaging all key public and private institutions
Designing effective policy measures for different sub-groups among young entrepreneurs.

The entrepreneurial ecosystem should encourage and support young people to start and grow their businesses and address the economic challenges specifically facing youth. For the development of a youth entrepreneurship strategy, the following steps should be considered:

- Assessing the existing entrepreneurial ecosystem
- Organizing national consultations on youth entrepreneurship
- Formulating a national plan for youth entrepreneurship
- Designing an implementation strategy for youth entrepreneurship
- Establishing monitoring and evaluation mechanisms

For youth in particular, entrepreneurship education is essential. Integrating entrepreneurship in formal and informal education systems is a necessary step to ensure that young people acquire the appropriate competencies to become entrepreneurs. Despite its importance, entrepreneurship education is not readily available in most education systems. Many schools lack the tools, resources and materials to support entrepreneurship development and are inadequately equipped to introduce youth entrepreneurship and self-employment as a career option. Furthermore, for entrepreneurship education to be effective, entrepreneurial activities should be an integral part of students’ experience. In addition, soft skills need to be developed through training, such as UNCTAD's Empretec programme.

UNCTAD's flagship capacity building programme, Empretec, develops key entrepreneurial competencies to achieve success in business. To date, more than 340,000 'Empretecos' have been trained in 35 countries around the world with about 30 more country requests for Empretec installations, pending the availability of funding.
UNCTAD impact assessments from the Empretec Programme confirms the fact that investing in entrepreneurship development leads to job creation. In Brazil, for example, 62% of entrepreneurs who benefitted from the Empretec workshop generated an average employment growth of 16% per annum. Likewise, in businesses surveyed, employment grew by 14% in the United Republic of Tanzania and 38% in Zambia following attendance at an Empretec workshop.

Another example comes from Uganda, where our EMPRETEC centre there has developed a successful youth empowerment programme to provide entrepreneurship and business skills to young people to enable them to start their own businesses. Since the programme kicked off, it has trained nearly 10,000 young people in Uganda's capital and rural provinces and impact assessments indicate that over 50% of young people trained started a business within 3 months. The programme is now being further scaled up in partnership with DFID and the leading NGO Youth Business International.

To develop youth entrepreneurship effectively, different stakeholders should be involved. In addition to relevant Government agencies, the private sector, NGOs, international organizations, universities, and other relevant entities should be engaged in the process.
(Slide 6)

UNCTAD has been engaged in entrepreneurship and improving awareness in developing countries in partnership with other international actors. The slide lists some of the most relevant examples.
(Slide 7)
Today, we are honoured to have several high-level policymakers and practitioners to share their views with us. In particular, we look forward to hearing their insights on the following key issues which we shall consider this afternoon:

- What are the main challenges and specific needs for formulating a youth entrepreneurship policy framework at the national level?
- What are the best practices in addressing the youth entrepreneurship agenda?
- How to make existing support programmes more effective in helping young people overcome barriers in the entrepreneurial process?
- How to mobilize the contribution of civil society and foundations in the public and private sector in this context?
- What can international agencies like UNCTAD do to facilitate youth entrepreneurship?

Thank you.