

# **Investing in Youth: Unleashing the Potential of Young Entrepreneurs**

## **Conference Minutes**

**September 10<sup>th</sup> 2007**

### **1) Opening Ceremony**

#### **Deputy Secretary-General Mrs Florence Mugasha**

Mrs Mugasha welcomed everybody and drew their attention to figures that demonstrate a growing youth employment crisis: 1.1 billion 15 – 24 year olds are seeking work or are very low paid at less than \$2 a day. 18% of 15-24 year olds worldwide are living below \$1 a day (ILO).

For the Commonwealth sustainable livelihoods means jobs that will not threaten or endanger the lives of young people, to this end the Commonwealth have supported and created a number of projects to help realise sustainable livelihoods:

- Young Ambassadors for Positive Living. This anti-HIV initiative started in Africa and has been rolled out in Asia and the Caribbean.
- Northern Ugandan Youth Development Centre (NUYDC) – a Government of Uganda project in Gulu district supported by Commonwealth Secretariat.
- The CYP's flagship programme for sustainable livelihoods is the Commonwealth Youth Credit Initiative (CYCI), an integrated package of micro-credit, enterprise training and business mentorship targeted at young people with the potential for self-employment.
- The Commonwealth's biggest youth project since 1974 has been the Diploma in Youth Development Work. This is delivered in 46 countries, last year 1800 youth workers received this training.

#### **Video message by HRH The Prince of Wales**

The address began by acknowledging that young people are key to social change and through Youth Enterprise we can build employment in sustainable ways. Someone who is unable to access the employment sector could suffer from the effects of this exclusion through feeling isolated and alienated. Between 2000 and 2015 1 billion people will enter the labour force. At the moment there will not be places of employment to accommodate them, therefore there is the risk that we will have an increasing number of young people who feel marginalised, powerless and excluded. HRH has long believed in supporting youth enterprise and entrepreneurship, and 31 years ago created the Prince's Trust. This is a trust that gives support to young people to help them pursue their own creative business ideas. To date the Trust has helped 550,000 young people. Developing from the Prince's Trust success, Youth Business International was developed. The challenge put to the Conference participants is to look at policy and how public and private sectors can help to increase youth enterprise and employment.

HRH was happy to support the launch of the Commonwealth Youth Programme's Plan of Action for Youth Empowerment (PAYE).

#### **Lord Swaraj Paul (founder of Caparo steel)**

Lord Paul himself had been an entrepreneur all his life. He began as a young person in his family manufacturing business. His father gave him some words of wisdom which he shared with us: 'In every kind of work there is a dignity attached to it' and

'There is no substitute for hard work'. Lord Paul outlined how he secured financial backing and turned a small manufacturing business with three workers into a thriving company employing more than 6,000 workers.

Lord Paul provided some tips for young entrepreneurs to take into consideration:

Focus on the core business; Involve all members of your business for input and improvement; Always get the best equipment that you CAN AFFORD; Aim for the highest productivity; Make workforce as flexible as possible; Keep an eye on overheads; Enjoy your job – you must constantly enjoy what you do; Keep the spirit of enterprise alive in you; You have to be motivated beyond monetary ends; Do work you don't like as well as that which you do; Embrace globalisation; You must be ready to work with different cultures – be prepared to learn something new; Much work, little sleep or holidays; Don't worry about a pension; Don't be afraid to drop standards of living

### **Ravi Gehlot (CEO, OneOffice)**

Ravi is 24 years old and the Chief Executive Officer of OneOffice. Remarkably Ravi was a self made millionaire at 18. He started his first business at 15 organising parties for charities when he was a scout. He utilised his skills and contacts in this area to start organising parties for young people under 18 as there was nothing in place for that age group. At 16 Ravi had a mind shift; he wanted to make money rather than be in education, this caused some tension with his mother but eventually he left education and went to Cyprus. Once there he wanted to use his event organising skills so he approached a new venue and took a chance by signing a season contract to promote nights in a new club. Fortunately this coincided with the resort taking off as a young person's holiday destination. Ravi believes he succeeded because he had belief in himself and pushed through all adversity. This experience brought him to the attention of MTV. Ravi now wishes to help others in a similar position to where he started. He has created OneOffice, which offers office space, an address, call service and equipment to alleviate the problems and difficulties faced by first time business start-ups. The services offered are based on the lessons learned by Ravi when he started his own initiatives and aims to help young entrepreneurs start their own business.

The turnover at the end of the year was more than 1 million pounds highlighting the numbers of young entrepreneurs needing this help and service. Ravi hopes his experience will help others and is setting up a charity called Bedroom Entrepreneurs which will provide £100,000 in grants for under 30 year olds.

## **2) Keynote Introduction by Rajkumar Bidla (Commonwealth Youth Programme)**

The Commonwealth Youth Credit Initiative (CYCI) confirmed that with sufficient support, young people are "bankable". Highest repayment rates (over 80%) were in India. CYCI in India and Guyana is self-sustaining. CYCI is currently being replicated in Malawi, Mozambique, Namibia, Sierra Leone, Maldives, Sri Lanka, Dominica, Grenada, St. Kitts and St. Lucia. Lessons Learned:

- Young people are 'bankable' if given the proper training and skills.
- Training capacity of the implementing partner is essential. Where the capacity to train is not available the programme should consider partnering with an agency that possess the capacity to do so.
- Regular mentoring while setting up the enterprise

- Continuous monitoring is critical to the success of the program – managing for results
- The main objective of CYCI – the socio-economic development and empowerment of young people must be paramount
- Formal and informal institutional linkages must be consolidated at all levels.

### 3) Panel 1 - Youth and Sustainable Livelihoods

#### Points raised in discussion:

- Businesses could give 3% of every employee time to do voluntary work. Taking into consideration different cultures is paramount.
- IT literacy is growing very fast and underutilised – young people are online minimum of 45 mins a day.
- Young people naturally enterprising, innovative and creative – need to look at how this is utilised in schools – schools need to find a way to harness the natural enterprising spirit in young people.
- The issue cannot be solved by any one agency alone. Need to adopt a multi-agency approach. Engaging employers in developing countries is very difficult – YEN tries to engage multinationals and nationals – bringing governments, business and young people closer is the way to make real progress.
- When engaging new countries in a project we should be conscious of the culture and context of the programme and must really listen. Involvement of business – need to move on from working only with governments – impossible to move forward without working with other stakeholders.
- Micro credit institutions have a problem when it comes to young people given age and lack of business track record and they do not have minimum collateral or experience required by micro credit agencies. Instead we have to focus on grants and loans.
- Global Entrepreneurship Monitor have a massive database and have done research which showed 85% of start ups get funding from family and friends, 15% receive from banks and other financial institutions. These statistics cover developed and developing countries, 50 countries took part in research. There is a place for micro credit but it is to assist these businesses to grow.

*Q. How do we classify poor?*

*Q. How do developing countries which do not have a strong technology base cope?*

*Q. How do you deal with inflation rates?*

- As we organise Global Entrepreneurship Week we have to recognise enterprise means different things in different areas. Yes it is to reduce poverty but we must be mindful of a value system that promotes sharing and looking out for each other.
- When thinking about what is 'poor' a distinction between minimum wage and living wage must be taken into consideration. Depending on country will decide on what definition is used.
- UN official definition; absolute poverty is \$1 a day and relative poverty is \$2 a day. Youth unemployment is high but youth underemployment is far more of a problem. There are 209 million young people working all hours of the day but not getting enough to survive. We have to look at these forms of 'hustling' (street hawking, other informal jobs) as entrepreneurs and help get them off the street.

- Biggest barriers some practitioners have found in their work is working with middle educators (schools/colleges/universities) the information of enterprise needs to get into schools and pass it on to young people.
- We need to look at how we train families to support entrepreneurs.

#### **4) Panel 2 – Skills Building**

##### **Points raised in discussion:**

*Q. What do we think youth skills really are?*

- Look at what is already there and assist rather than coming in with new ideas – in other words an NGO should not go in with new ideas and trampling over what is there in developing countries. These organisations need to take into consideration cultural identities.
- Business plans can be quite daunting for young people – it can help to make it a competition with competitors making presentations to judges.

*Q. How do you adapt youth business ideas in different countries to respond to market demands?*

- By training the youth in their context so they can deal with any issues that are particular to that experience keeping in mind the transferable aspects e.g. competition.
- Vicky Reeves received help and information from business networks, friends, friend's mums and dads and just asking lots of questions and advice. As long as you know your product and you know your customers you can find sources to help you learn the other functional needs (accountancy and so on).
- Young people can be trained to look at credit unions and agencies that can help set up credit initiatives.
- With tourism there is a demand for customer service training.
- Employers need staff who have risk managing skills and know how to take up responsibility. Schools are not preparing young people for the world of work and they need to look at the 'school to work' transition perhaps in the form of apprenticeships.
- There is too much attention given to going to university, there should be more notice given to providing more vocational opportunities for young people.
- 80% of trainers say that what they do is get young people to believe in themselves 'holding their hands'.
- One thing to teach young people is not to be afraid of failure
- We need to keep a focus on the difficult situations some of the young people in the Commonwealth are dealing with.

#### **5) Presentation by David Ssegawa (young entrepreneur)**

David's story began in Uganda, when he heard a programme on BBC Swahili calling young aspiring entrepreneurs to submit a business plan, with a chance to win \$2000 cash prize to help start their business and a personal computer. He was one of 10,000 people who entered the competition. Having submitted his business plan, David waited for a month, until he received a call notifying him that he had been one of four competitors short listed to attend a live Q&A in Tanzania. It seemed like his plan to help support his family and community of setting up his own candle business in Uganda really struck a chord with the judges. The aim was to manufacture candles in Uganda to avoid having to import them from China at a higher price, and seeing as electricity is still not available in most regions, it was a viable plan. David's plan was

so well received that he won the Faidika Na BBC (Prosper with the BBC) competition.

## **6) Panel 3 – Financing Youth Enterprise: Access to & sustainability of finance**

### **Points raised in discussion:**

*Q: How does a young person who has a good idea but no collateral access finance, given in developing countries people are risk averse to young people especially?*

- People do not necessarily understand creative ideas therefore they want you to fit into the usual funding boxes.
- In many countries governments do not want to look at creative aspects but they need to have a wider dialogue.
- There are huge amounts of money in credit unions that are based in developing countries but they are not available to young people because of negative stereotypes that are associated with young people. Senior people should take the responsibility for standing as collateral for young people.
- How do we distinguish “kosher” intermediaries from the fly-by-nights? Is there scope for the Commonwealth to run an accreditation scheme?
- Often an established network in the sector trading not only in the developed world but trading amongst each other.

*Q. What about those in remote areas where they are language barriers and lack of internet access? The vast majority of people who source this information already come from privileged backgrounds and speak English.*

- There is need for interlocutors such as David to be role models. Creative economy works differently to mainstream economy.
- Through small mechanisms, we cannot change the world but we can lay the foundations to do so. A great majority which are the poor are unaware of these initiatives.
- A number of organisations have excellent projects/programmes, but not enough money to market themselves. Look at the national focal points and send out the information to a network of people and facilitators who would then be able to spread the word of what you do.

## **7) Launch of the Plan of Action for Youth Empowerment (PAYE) – Commonwealth Secretary-General the Rt. Hon. Don McKinnon**

We are a young Commonwealth – half of us, a billion people, are under 25, and nearly half of those are under 5. 70 million of our Commonwealth children are out of school – 30 million from primary school, 40 million from secondary. 200 million youths worldwide live on less than a dollar day, 130 million are illiterate, 90 million are unemployed. And for those who *are* healthy and who *are* schooled – then the ‘second grade’ challenges set in: those of sexual health, of making a living, and of taking an active part in a society that embraces them whatever their fortune, their colour or their creed.

The Commonwealth sees the youth of today as a solution and not a problem and more importantly the thing that most youths want in life is the opportunity to help themselves. We take an *asset*-based approach to youth issues. Because young people are assets not liabilities, and because in the years leading up to 2015 they constitute a new generation of unprecedented size. Our prosperity, and the stability of our societies, depends on the life-chances of these young people.

The only way governments can achieve the action points called for in the PAYE is through “youth mainstreaming”. This means *all* government ministries recognising how their own work – whether their legislation, their policies or their programmes – affects youth development. Our Youth Programme is a source of research and policy. It’s developing a Youth Development Index, a measuring tool for youth empowerment.

## **8) ILO’s strategy for youth employment and youth entrepreneurship: presentation by Klaus Haftendorn**

The mandate for ILO is to create decent and productive work for youth in line with Millennium Goal 8 which is ‘Develop a global Partnership for Development’. The Youth Employment Network (YEN) grew out of a partnership between the World Bank, ILO and UN Secretariat. YEN has four global priorities known as “the four E s” Employment creation; Employability; Equal opportunities; Entrepreneurship.

### **Employability**

- Quality and relevance of education and training are key to making young people employable
- Make vocational education and training (VET) responsive to labour market requirements
- Strengthen links between education and training and the world of work
- Involve the social partners in design and implementation of VET policies and programmes

### **Enterprise Development**

- Improve business environment and enterprise development policies as a way to expand job opportunities for youth
- Include entrepreneurship training in youth employment strategy
- Ensure that entrepreneurship initiatives for youth are part of a broader strategy for business development
- Improve the targeting of youth entrepreneurship initiatives, including micro-credit programmes

Studies show:

- 20% of youth can become entrepreneurs
- Entrepreneurship is the combination of initiative, innovation and calculated risk-taking associated with identifying market opportunities, mobilizing resources, and managing them efficiently in the operation of productive, viable, and socially responsible enterprises.

### **Objectives of Know About Business (KAB)**

- Create awareness about entrepreneurial competencies; enterprise creation and self-employment as a career option for trainees in vocational and technical training institutions
- Develop positive attitudes towards the role of enterprises in the society and self-employment
- Provide knowledge and practice of the required attributes and challenges for starting and operating a successful enterprise, particularly a small business
- Prepare trainees to work productively in small and medium-sized enterprises and more generally for an environment in which formal, full-time wage employment may be scarce or unavailable.

### **Beneficiaries**

- Students in secondary education
- Trainees/students in vocational and technical training institutions;
- Age groups from 15 to 19 years
- University students

### **KAB country experiences**

- Introduced in the national curriculum: Kenya, Kazakhstan, Kyrgyzstan, PDR Lao, Timor Leste, Bolivia, Peru, Sri Lanka.
- In process of introduction in the national curriculum: Indonesia, Philippines, China, Syria, Uzbekistan.
- Under pilot testing: Azerbaijan, Mongolia, Viet Nam, PNG, Senegal, Oman, Mauritius, South Africa.
- 1,100 teachers and lecturers trained;
- 40,000 students educated with KAB during the pilot testing.

### **9) What do we commit to? Stakeholders' official response & future steps**

We the young entrepreneurs, business leaders and policy-makers participating in the conference on "Investing in Youth" resolve to use our networks, knowledge and resources to spur youth enterprise and employment in the Commonwealth. At this our first conference, young women and men reasserted the need for a multi-faceted view of sustainable livelihoods, calling for:

- investment in enterprise skills in addition to formal education, with a view to prepare school students for the world of work;
- investment in basic needs such as healthcare, alongside greater access to credit; as health status and livelihoods are interrelated;
- agreement on fair trade and debt relief to enable serious inroads into unemployment in the developing world.

We welcome today's launch of the Commonwealth Plan of Action for Youth Empowerment 2007-2015, agreeing that young people have the right to participate in the decision-making that affects their lives.

We also welcome the Plan of Action's focus on youth mainstreaming - which is a strategy for making youth concerns and experiences an integral dimension of the design, implementation, monitoring and evaluation of policies and programmes, in all political, economic and social spheres so that youth benefit equally and inequality is not perpetuated. Best practices in youth mainstreaming should be widely shared, including with young people.

We call on all stakeholders to fight against convenient, stereotyped and prejudiced perceptions of young people and to instead demonstrate political will and support to young people as:

- bankable and credit worthy entrepreneurs
- equal partners in policy and programme development.

We affirm that to invest in young people is to invest in political stability, peace and democracy, and resolve to set such investment on a sustainable footing.