GLOBAL PARTNERSHIP FOR YOUTH EMPLOYMENT

SUPPORTING YOUNG ENTREPRENEURS

A Practical Guide to Quality Programming

THE WORLD BANK

international youth foundation®

ABOUT GPYE

With support from the World Bank Development Grant Facility, in 2008 the International Youth Foundation, the Youth Employment Network, the Arab Urban Development Institute, and the Understanding Children's Work Project joined together to form the **Global Partnership for Youth Employment (GPYE)**. Its goal: to build and disseminate evidence on youth employment outcomes and effective programs to help address the challenges facing young people in their transition to work. The GPYE leverages the technical and regional experience of its five partner organizations in youth employment research, programming, evaluation, and policy dialogue. The partnership's work focuses on Africa and the Middle East, regions in need of better evidence on effective approaches to youth employment. This report is one in a series of assessments, research studies, technical guides, and learning papers produced by the GPYE to build the evidence base for improving policies, program design, and practices related to youth employability in the region. These resources can be accessed at ***www.gpye.org***.

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Abbreviations and Acronyms

ASED	Agriculture Supply Chain Entrepreneurship Development
BYB	Build Your Business
ICT	Information and communications technology
ILO	International Labor Organization
IYF	International Youth Foundation
M&E	Monitoring and evaluation
MFI	Microfinance institution
NBF	NEPAD Business Foundation
NGO	Non-governmental organization
PTS	Passport to Success (an IYF program)
RCA	Rapid community appraisal
SMART	Specific, Measurable, Attributable, Realistic, Targeted
Y2Y	Youth to Youth Fund
Y4F	Youth for the Future (formerly Youth:Work Jordan)
YEF	Youth Entrepreneurship Facility
YEN	Youth Employment Network

Chapter 1: Introduction to Youth Entrepreneurship

Approximately 290 million young people are currently neither working nor studying.[1] Over the next ten years, only one job will be created for every four young people entering the labor market. For every nine out of ten young people living in developing countries, formal sector employment is often limited or non-existent and the best chance for an improved livelihood is often entrepreneurship and self-employment.

Supporting Young Entrepreneurs: A Practical Guide to Quality Programming (the Guide) is intended to be used by youth-serving practitioners and organizations that wish to design or improve their own entrepreneurship-focused programming. The Guide can be used in conjunction with an entrepreneurship training curriculum such as the International Youth Foundation (IYF) Build Your Business (BYB) e-learning curriculum. BYB is a training course designed to introduce young people to the skills needed for launching and expanding a small business. BYB is designed for current and aspiring entrepreneurs, ages 16 to 35, who are working in urban or rural contexts. The course consists of 14 e-learning modules, accessible online or by DVD-ROM, which include approximately 70 hours of instruction.

This chapter outlines the importance of entrepreneurship programming and identifies the key components of a successful youth entrepreneurship program that will be discussed throughout the Guide.

Why Youth Entrepreneurship Programming?

Entrepreneurship training is appropriate for youth who are interested in starting their own business or who live in areas with either an unstable formal economy or an established informal sector. It offers valuable skills that can be applied in various life pursuits. Whether or not they start a business, youth who graduate from quality and comprehensive entrepreneurship training programs gain:

- Leadership and management skills
- Business management skills
- Networking experience
- Knowledge about money and financing
- Confidence
- Critical thinking skills
- Planning and development skills

Youth entrepreneurs exhibit many of the same characteristics as adult entrepreneurs: vision, determination, risk-taking, resilience, problem solving, and creativity. They are full of new ideas, willing to collaborate with others, and eager to make a positive difference. Capitalizing on their ingenuity can foster strong programs and productive businesses, while positively changing their lives, their communities, and the local economies.

While all new entrepreneurs face challenges, youth entrepreneurs confront particular difficulties. IYF's research has shown that youth-led businesses often lack:

- Diversity—business activities are often within a narrow range of sectors
- Access to suitable office, production, or retail space

- Formal business knowledge, training, contacts, and experience
- Proper tools and equipment
- Access to needed capital and resources

Youth coming from less advantageous environments may not possess the basic educational competencies, business acumen, or technological ability to prove competitive in a dynamic marketplace for micro and small-scale enterprises. Some may not have completed secondary school and/or have minimal literacy and numeracy skills, restricting their ability to participate in training programs. Additionally, limited assets and scant financial resources often make it difficult for them to access start-up capital. Furthermore, youth may find it difficult to leverage market information, productivity tools, or client and supplier pools because they may lack adequate social networks and communication technologies.

Cultural impediments and weak social support also hurt youth's ability to run businesses. In some cultures, taking out a loan is stigmatized, which quite often discourages young people. Without strong family and community support, they are less likely to receive the guidance and encouragement needed to overcome start-up challenges and become successful entrepreneurs. Youth entrepreneurship programs must be designed with these constraints in mind.

Components of Successful Entrepreneurship Programs

Successful youth entrepreneurship programs provide analytical understanding of the local business environment, business skills training, access to credit, mentorship, and follow-up support services for young entrepreneurs. These programs demonstrate a commitment to implementing effective, evidence-based practices based on relevant models, continual learning, and process improvement.

Although the unique configuration of each program will depend on the local market, youth population, and cultural sensitivities, programs should embrace a holistic approach and address several key components. After a thorough **market assessment**, the information gathered will be used to **design a program** that provides youth with tailored small and micro-enterprise training. Complementary training topics, such as vocational skills, may also be included. Designing a program also requires early consideration of **monitoring and evaluation** plans which foster participation, but continuously help to monitor the program and determine the relative success of program interventions based on predetermined goals. After a program is developed and ready, implementers will go through a process of **selecting beneficiaries** that possess drive and skill. Linkages to **financing programs** and support services such as coaching, mentorship, and **follow-up training** will complete the program offerings.

Following is a brief description of each of these components which follow the sequence of the chapters in this Guide.

Understanding the Local Market, Youth Needs and Local Services

Prior to designing a youth entrepreneurship training program, it is important to conduct a dual-client assessment in which both supply (youth and institutions) and demand (market) are considered. Conducting a thorough assessment in advance provides necessary design insight and also builds critical relationships with local business owners, lending institutions, other community stakeholders, and youth early in the program's development. This section describes the assessment process and explains how a comprehensive investigation of the local market conditions, such as projected growth by industry and cultural practices, as well as an understanding of the target beneficiaries and potential partner organizations, is an important part of program design.

Program Design—Small and Micro-Enterprise Training

Entrepreneurial training for small and micro-businesses must cover a range of core business, life, and complementary skills. Core business skills include market research, analysis, promotion, cost and revenue projections, financial management, business plan development, basic accounting, legal concepts, and apprenticeship. Life skills training prepares youth with the soft skills needed for successful personal interaction and negotiation in the marketplace. A strong program may also offer a range of complementary courses pertaining to English or a secondary language, information and communications technology (ICT), or vocational skills. These should be selected to match the needs of the local market and the business interests of youth.

Monitoring and Evaluation

Monitoring and evaluation (M&E) is the process of measuring program effectiveness related to how well participant *and* programmatic goals are met. A comprehensive M&E strategy is essential for tracking, reassessing, and refining program strategies and delivery throughout the program and involves all participants, staff, local partners, and institutions. This section outlines what constitutes an effective strategy that will help ensure program success, particularly with respect to youth entrepreneurship programming.

Outreach, Screening, and Selection

Program implementation begins with the selection of youth participants who have the skills, drive, and support necessary for entrepreneurial success. Entrepreneurial skills can be taught and developed regardless of one's background, social status, or education level. Ideally a program seeks to identify interested and motivated young people through a combination of self-assessments, questionnaires, and interviews focused on personal goals, skill levels, and family support.

Support from parents, family, and the larger community greatly influences commitment to training and entrepreneurship, therefore it is critical to engage all stakeholders early in the process. For each program entrant, a specific training plan should be developed based on the participant's profile, skill set, and business goals. If an applicant is deemed not ready for entrepreneurial training, skills guidance or career advice should be provided in order to identify viable alternatives.

Creating Linkages to Financing

Most youth that complete entrepreneurship training programs will need access to capital in order to start their business. Many may find it difficult to secure loans from traditional sources, such as banks, since they lack a credit history or start-up collateral. A good entrepreneurship program can provide support during this transition by establishing strong relationships with lenders who have a history of working with small business owners and are willing to work with youth. Tapping into multiple sources of financing will also increase opportunities for youth. Possible sources include local NGOs with revolving funds, small banks, microfinance institutions (MFIs), self-help savings or credit groups, state loan guarantee funds, and grants programs or foundations. Clear expectations for the lender, borrower, and implementing partner should be carefully set out so that the end result is a productive and successful relationship for all involved. By engaging lenders early in the program, new loan products catering to youth have the opportunity to be strategically developed.

Business Launch and Follow-up Services

Ongoing support to program graduates is a key component of any effective youth entrepreneurship program. Support services increase the chances for start-up success, sustainability, scalability, and job creation. They provide an opportunity to enhance the beneficiary's entrepreneurial skills and success. These non-financial services may include technical support for discrete business planning tasks, such as strengthening a marketing plan or navigating legal frameworks. Linking youth with mentors who can guide and offer advice is an important part of a comprehensive program. This section describes how implementing organizations can successfully provide the scaffolding for youth who complete the training and are launching businesses of their own.

Africa Regional Supplement

Given the importance of creating small and medium size businesses in Africa to absorb the growing number of unemployed youth in the region, this Guide includes a section that helps youth-serving organizations consider Africa-specific factors affecting youth entrepreneurship. Thoroughly understanding one's business environment, while important to designing successful youth entrepreneurship programs anywhere, is especially crucial in Africa where local factors can play a key role in the success of an enterprise. The opportunities and constraints impacting entrepreneurs and their businesses may vary dramatically throughout the continent, between regions, countries, rural and urban areas, ethnic groups, or gender. Furthermore, operational environments may fluctuate as the entrepreneur grows and increases the scale of his or her business; therefore a strong youth entrepreneurship program must regularly assess the local context. Some specific contextual considerations related to infrastructure, financing, and governance, among others are discussed.

Chapter 2: Understanding and Assessing the Local Market, Youth Needs, and Local Services

Entrepreneurship training programs should reflect the demands and socioeconomic characteristics of the local market in order to guide youth into businesses that have potential for growth and a source of income. Additionally, it is important to conduct an assessment of youth needs and capacity, including gender and cultural norms, as well as an appraisal of other youth service providers for possible collaboration. Together, these assessment findings can inform program design. This chapter provides information on how to gather the necessary information pertaining to local industry and economic conditions, the needs and profiles of target youth, and existing services that can complement the organization's programming.

Conducting a Market Assessment

Local economic market conditions directly influence the outcome of entrepreneurship training programs. Program designers should identify factors such as industry growth, projected employment trends, and local labor laws so that their programs respond to market needs and provide training that is relevant to the context. Such information can help program implementers determine which sectors can absorb new business and encourage and prepare youth for existing opportunities. Below are some key steps to constructing and conducting a market assessment.

Step One: Gather the Assessment Team and Develop a Strategy for Conducting an Assessment

A market assessment team designs and conducts the market analysis. The team should combine strong analytical skills and a solid understanding of the local community. It may consist of economic development professionals, entrepreneurs, public sector representatives, vocational and technical education professionals, civil society representatives, and youth. As the primary beneficiaries of the entrepreneurship programming are youth, youth representatives should be involved in all discussions, analysis, and decision-making from the start to the end of planning the program. Involving youth in all stages is likely to improve the success of the program, in addition to providing those taking part with an opportunity to gain or enhance important skills. Working individually and collectively, the team should complete the following tasks:

- Establish the goals of the market analysis
- Develop a methodology for the assessment
- Identify key stakeholders to interview
- Identify business sectors to study in more depth
- Assist in the interpretation of the findings
- Offer suggestions on how to keep the market analysis current
- Hold routine check-ins to ensure that relevant and comprehensive data is collected

Step Two: Determine which Information to Gather

Based on the goals of the market analysis, the designers of the program need to determine which information is needed to select appropriate research methods. Pertinent local information will vary based on the program goals and setting, but may include the following:

- Business sectors and sub-sectors with growth potential
- Youth-friendly business opportunities

- Sectors that offer youth employment opportunities
- Local market demand for business services and products
- Existing providers of local business services and products
- Gaps or mismatches in demand and supply
- Market constraints, challenges, and obstacles
- Potential links to business opportunities
- Required skill sets
- Skill gaps that need to be addressed
- Cultural/ethnic/gender sensitivities that affect program design
- Potential partners for training, internships, or service delivery

Step Three: Conduct Research and Review the Information Gathered

Initial assessments will most likely begin with a desk review of relevant reports and databases to determine which sectors are growing and what livelihoods prevail in a region. Sources could include information gathered from relevant governmental agencies, private sector association, and the internet. This initial research can be supplemented by field observations of local markets and businesses that may reveal undocumented or innovative aspects of informal and rural economies.

Following this initial review, it is important to gather information directly from stakeholders, including existing businesses and entrepreneurs, financial institutions, wholesalers, and government representatives. It is often advantageous to use various data collection techniques, including questionnaires, surveys, focus groups, and individual interviews, as each will elicit different details.

The assessment team should review the approach, tools, and findings to determine if the information gathered is sufficient for program design. The information gathered should be periodically updated and validated by stakeholders since market conditions can change frequently.

Assessing the Needs of Youth in the Market

Programs must assess the needs and skills of target beneficiaries in order to ensure that training responds to youth requirements and interests. Programs based on sound assessments have the greatest potential to reach, retain, graduate, and secure funding for target beneficiaries. Youth assessments should consider the cultural norms of youth and their families. In many cultures, failure, which is disproportionately high in the world of business start-ups, is negatively perceived, so youth may be discouraged from engaging in an entrepreneurship program. Social and economic factors, education, and gender also need to be understood so that programs can properly engage and support youth and their families who will likely be highly invested in their future.

Initial youth assessment can also determine the need for services beyond business skills training and technical support. For example, youth who have experienced significant trauma like war or a natural disaster may need psychosocial counseling in order to succeed in business. Likewise, youth who have not experienced outstanding hardship may be empowered by new life skills that help them meet the challenges of the business world.

It is important not to combine all youth into one category in the analysis; each program should identify the intended target populations and group youth according to needs, capacities, experiences, and interests. Youth segments can also be further subdivided according to age, geography, education level, or work experience.

When determining what information is required to design a comprehensive program, the following should be considered:

- What are the demographics of the program's targeted youth segments?
- What local attitudes and beliefs might adversely impact programming?
- What cultural, gender, familial considerations, or responsibilities might affect programming?
- Are there special circumstances such as food insecurity, recent conflict, or natural disaster?
- What are the expectations of youth participating in the program?
- What commitments or other engagements do youth already have?
- What challenges do youth face and how do they confront them?
- What material and non-material assets do youth have (non-material assets include attitudes and social networks)?
- How can youth use these assets to promote their businesses?
- What opportunities, support, and services should the program provide in order to enable success as entrepreneurial young adults?

Data collection methods may include surveys and focus groups with youth, their parents, and other community stakeholders. *Focus groups* often work particularly well at the community level, however it is important to consider the makeup of the informant group so that all participants have a chance to speak freely.

Assessing Local Entrepreneurship Service Providers

Initial assessments should also determine which community-based organizations provide services for aspiring young entrepreneurs and evaluate whether they can add value to the entrepreneurship program. When assessing local providers, the implementing organization might consider the following questions, depending on the type of complementary services the program requires:

- What type of outreach and recruiting is used to target youth?
- How are participant selection and career guidance handled?
- What type of small and micro-enterprise business training is offered?
- What types of life, complementary, and vocational skills training sessions are offered?
- Is business plan development part of the program?
- What linkages to financing services are currently in place?
- How are business launch, development, and follow-up support services rendered?
- Is there a mentorship program?
- How are programs monitored and evaluated?

There are two main ways to use the information gathered when designing a new program. One is to consider who else is offering the services your organization is proposing. Are there gaps in available services that your organization could fill? It is also helpful to remember that local competitors could be assets as potential partners to supplement services that your organization cannot offer or cannot deliver as well. Rarely does one youth serving organization have the established capacity to offer the full range of services that would constitute a comprehensive training program. Thus this assessment can help inform which services your organization should provide directly and which could be provided by partnering with other non-profit, for-profit, or government agencies in your community. Distributing services across a network of providers leverages unique organizational strengths and promotes efficiency and quality. Strong sectoral relationships also help increase program participants access to supplemental training or other support services. Partnerships should always be formalized in writing, with the roles of each organization thoroughly stipulated from the outset.

IYF gathered information through focus group discussions for YouthMap, an initiative that aims to better understand and address the challenges facing Africa's young people. These discussions were followed by in-country learning events that convened youth and key stakeholders across sectors to discuss assessment findings and opportunities for collaboration and scaling of successful program models. Additionally, under the Global Partnership for Youth Employment, a rapid community appraisal (RCA) of youth residing in northern Lebanon was conducted by IYF and its partners. The purpose of the RCA was to inform the design of program activities to ensure they address challenges and opportunities specific to particular regions and ethnic groups, and to gain a better understanding of the prospects and conditions of Lebanese youth in these areas. The RCA consisted of in-depth surveys and focus groups with young people, as well as interviews and focus groups with parents and community leaders. IYF has set up focus groups and carried out rapid community appraisals in a variety of countries, as they are a useful technique for gathering community data.

Tips for an Effective Assessment

- A comprehensive approach to conducting an assessment should enable an implementing organization to develop and implement a strong program. Be sure to analyze three aspects of the local market:
  - » The local business economy to identify the most promising sectors for youth business growth and employment and get to know local business stakeholders;
  - » The needs and circumstances of target beneficiaries to ensure you can attract potential youth participants and provide them with training and skills that meet their needs; and,
  - » Other existing service providers in the area to help identify gaps in youth development services and create a network of partners to ensure extensive support exists for youth participants before, during, and after training.
- Gather a muti-sectoral team to help you conduct a solid assessment. Utilize your contacts in the business sector, academia, local government and other non-profit organizations to select the team. Do not forget your Board of Directors.
- Have a clear set of questions you need answered to guide the assessment. These should be defined so that they give you the information you need to best design your program.

Chapter 3: Program Design & Small- and Micro-Enterprise Training

Aspiring and existing entrepreneurs alike can benefit from small and micro-enterprise training. Comprehensive small and micro-enterprise training not only covers business skills such as planning, marketing, finance, and management, but also incorporates life skills and complementary skills such as English or computer literacy. This chapter provides information on how to design training that introduces young people to the ideas and skills needed for business management. Market analyses (covered in Chapter 2) should inform the design of a program that supports young entrepreneurs and their communities. In addition to core business skills, life skills, and vocational training, programs may need to provide psychosocial counseling, internship or apprenticeship opportunities, mentoring, and links with financing provides. If an organization does not have the capacity to offer the full range of services, its design should incorporate partners, identified during the assessment process that are capable of providing them.

Designing and Defining Your Entrepreneurship Program

The following are the core components of program design and definition of an entrepreneurship program, as covered in this chapter:

- **Program design**
    - Using a market assessment to define your intervention
    - Determining the scope of the intervention
- **Components of a youth entrepreneurship training program**
    - Business skills curriculum
    - Vocational training and apprenticeships
    - Life skills training
    - Complementary skills training
- **Recruitment and hiring of trainers and professional volunteers**
- **Suggestions for effective youth training**
- **Monitoring and evaluation in design**

Program Design

Using a Market Assessment to Define Your Intervention

As discussed in Chapter 2, thorough assessments will provide insight into local markets, the needs of the youth, and the existing service providers in the area. This information should be used to define what components are needed in your training intervention. While the core business training curriculum is fairly standard, the specific needs of your target population and the local market conditions could impact the nature and intensity of your program components. For example, your assessment might help you consider:

- How basic or advanced that curriculum should be (depending on whether target youth are completely new to entrepreneurship or already have started businesses)
- What complementary skills need to be offered such as IT, Business English or even more rudimentary support in literacy and numeracy
- What cultural (societal or gender biases for example) or structural (such as legal or regulatory) constraints might require that you do prior outreach to community or family members or local government agencies to

ensure you have the required buy-in and support for the program to be successful

- What local partnerships you will would need to set up to supplement the services your organization can provide depending on availability and need. For example, if financing is expected to be an especially challenging issue, identifying lending or other resource partners early on may be crucial. Or if youth come from communities with weak social networks, then planning for a mentoring program should begin at the design phase.

Defining the Scope of the Intervention

Once you identify the youth needs in a given local environment, you can then define a scope of intervention that takes available human, physical, and financial resources into account. This may be the point in time when you seek out funding for your program. Or if you have funding, the available amount will inform the scope. The decisions related to scope will determine the number of youth your program can serve at a given time, the length of time the training and other program supports can carried out for each group of youth, and the breadth and depth of the training and services offered.

A potential resource for program funding is the online site, GlobalGiving. A variety of nonprofit organizations, including organizations that train future entrepreneurs, can list their programs on the website and receive monetary contributions, which do not need to be paid back. An example project included on the GlobalGiving website is an E-Coaching and Support for Young Entrepreneurs program that is implemented by the Association of African Entrepreneurs.

Considerations for Youth Entrepreneurship Training

Selecting a Business Skills Curriculum

If you do not already have a business skills curriculum, selecting the right curriculum is a critical step in designing a program. Implementers should review existing curricula, select a model appropriate for the beneficiaries, and adapt it for local needs. As part of the process, designers should incorporate local examples and make sure the number of instructional hours matches the program budget and schedule. Additionally, a program must consider whether its facilitators have the necessary skills to deliver the training content. Some things to consider when developing a curriculum are:

- Should there be online components of the training? This will depend on reliability of electricity, connectivity, access to computers, e-literacy levels of the participants, and cost of hiring and availability of trainers with the requisite skills to teach the online courses.
- What are the education levels and business experiences of the incoming students? Will the curriculum fit those circumstances? If there are students at varying levels, is there sufficient support (building space, trainers, training materials, etc.) for classes that fit different needs?
- Are there enough educational materials? Are they up-to-date? If not, is there sufficient funding to acquire new ones?

IYF's Build Your Business e-learning curriculum (BYB) is an example of an interactive digital curriculum. Using this curriculum requires access to the Internet and computers with DVD-ROM, as well as technologically advanced trainers. BYB engages learners by using games, exercises, video clips, and case studies to clearly explain and break down complex business skills—from learning how to research the market to developing an effective sales pitch and obtaining start-up capital.

For organizations or youth populations that do not have regular access to computers or the Internet for the trainings, the Accelerated Skills Acquisition Program (ASAP) Training for Young Entrepreneurs does not require any technological infrastructure and delivers a comprehensive core business skills curriculum.

Regardless of the delivery method, a good entrepreneurship curriculum should include the following core business skill areas:

GENERATION OF FEASIBLE, VIABLE BUSINESS IDEAS

Entrepreneurs need to learn how to create, screen, and validate business ideas for viability, and then refine those ideas using observational techniques, interviews, and surveys.

CONDUCTING MARKET RESEARCH

Once established, the viable business ideas should be linked to market research. Therefore youth need to be able to assess market needs and product demands.

MARKETING/BRANDING

The curriculum needs to introduce basic concepts of marketing—including product, price, place, and promotion (the 4 Ps)—the target market, and strategies for creating demand. It should address basic low-cost and no-cost methods of branding, promoting, and advertising, as well as methods for leveraging technology in business marketing.

PRODUCT COSTING

Youth need to know how to price a product or service for profit. It is also necessary to understand that prices can fluctuate and may need to be updated regularly. Topics can include fixed costs, variable costs, and break-even analysis.

ACCOUNTING

Entrepreneurs need to determine start-up costs, create a budget, and forecast sales and revenue. They also need to manage their cash flow, maintain a budget, and keep records. Depending on the size and capacity of their business, they could learn to create, read, and keep basic financial statements (cash flow, income statement, balance sheet, etc.).

LEGAL CONSIDERATIONS

Youth should understand the legal forms of the business, including the best options for their enterprise, and any required permits, registration, and licenses. They should know when and where to seek legal advice.

BUSINESS PLAN DEVELOPMENT

Entrepreneurs should be introduced to the concepts of business planning, including marketing, finance, and management frameworks. The development of a workable business plan should be a by-product of the program curricula. When developing a business plan, it is important to assess a range of business ideas and take into account beneficiaries' skills, talents, and interests. A sound business plan will include the following:

- Business description
- Business environment analysis
- Industry background
- Competitive analysis
- Market analysis
- Marketing plan
- Operations plan
- Management structure
- Financial plan
- Attachments and milestones

Business plan development is an integral part of establishing a enterprise, so it should be produced and revised over the duration of the program, as well as afterward.

NETWORKING
Young entrepreneurs should understand how networking benefits their business by increasing professional contacts, generating referrals, and gaining access to new marketing channels or suppliers. Youth should become aware of formal business networks (for example, chambers of commerce and lead share groups), as well as non-formal associations such as online networks. Networking can also provide a way to secure financial support.
MANAGING BUSINESS GROWTH
Entrepreneurs must know how to expand their businesses and develop a growth strategy in order to ensure long-term sustainability and success.
ACCESSING START-UP CAPITAL
Aspiring entrepreneurs need to know the most suitable financing strategies for a business start-up. They should understand the benefits, responsibilities, and risks of taking out a conventional loan and be aware of a variety of financing options.

Life Skills Training

Training in areas such as communications, risk-taking, goal setting, life planning, time management, and negotiation helps an emerging entrepreneur overcome personal barriers to successful self-employment. Business success is contingent upon the entrepreneur's ability to work, cooperate, and communicate with other people. It also requires time, money management, and decision-making skills. As many youth, particularly those from disadvantaged backgrounds, lack strong life skills, youth entrepreneurship programs should include interventions designed to bolster them.

Life skills training can help young people:

- Strengthen personal competencies, such as communication, self-confidence, decision-making, negotiation, and goal setting;
- Learn about critical health issues that affect them and their business;
- Develop skills for successful employment, such as effective work habits, teamwork and cooperation, and financial literacy; and
- Learn project planning, teamwork and problem solving skills through community service work.

Additional Complementary Skills Training Components

Business acumen coupled with complementary skills in personal finance, business English, and ICT make for a more successful young entrepreneur. These skills are increasingly important for modern entrepreneurship. Often, complementary training can be reinforced in the core business skills curriculum, by speaking English in the classroom or using a computer to produce a business plan.

Some examples of complementary skills training that could be offered include:

- **Financial Literacy:** Financial literacy training explains basic monetary practices such as budgeting, managing money, paying bills, saving, building assets, and paying taxes.
- **Business English:** In many contexts, English proficiency is considered an important skill for success in business and it can be difficult for disadvantaged youth to access. Learning business English may be beneficial for someone in an industry that comes in contact with multilingual customers, vendors, suppliers, or retailers.
- **Information and Communications Technology:** ICT plays a critical role in connecting young entrepreneurs with the local and global marketplace. ICT skills also give young entrepreneurs additional tools they can use to help manage their business.

Vocational Training and Apprenticeships

If beneficiaries intend to launch businesses in sectors requiring unique technical skills, they may need to receive specialized vocational training. For example, if program participants are interested in starting a graphic design business—and market information supports this as a viable business option—the program could consider providing advanced ICT skills training, including web design.

Depending on the timing and accessibility of technical training opportunities, vocational training may be either concurrent with, or separate from, core business skills training. Some programs offer vocational training directly, especially when the skills are related to a new market sector. Others link youth to external service providers such as colleges or vocational training centers. It should be made clear to beneficiaries and their families that successful entrepreneurship may require additional training.

After vocational training is complete, apprenticeships or internships give youth the opportunity to practice their skills. A program should develop relationships with businesses in sectors relevant to student needs, and track students as they apply new skills during their apprenticeships.

Recruitment and Hiring of Trainers and Professional Volunteers

Once the training program is designed and the curricula have been selected, trainers must be identified and hired. Trainers facilitate the instruction of the business skills curriculum, teach the modules, and monitor each student's progress. Trainers should have business knowledge and entrepreneurial experience, in addition to experience working with youth.

Trainers have various responsibilities in the classroom, including:

- Teaching youth basic business concepts through experiential learning (exercises, group discussions, role play, and individual and group activities);
- Using interactive questions when presenting information to ensure learners understand the concepts;
- Sharing real-world entrepreneurial experience and allowing others to share their experience;
- Scheduling individual meetings with learners to give feedback on assignments and answer questions.

Facilitators should know how to use multiple teaching methods to reach students, including written material, interactive dialogue, games, videos, individual and group work, case studies, and living examples. Facilitators need to encourage discussion and group exercises to build positive classroom dynamics. Peer exchange empowers all students and develops critical thinking skills.

Volunteers may supplement the program as guest speakers and subject matter experts. For example, an attorney may speak about registering and obtaining permits, while an accountant could teach about basic budgeting. Guest business professionals can add credibility to a program and start a network of contacts for young entrepreneurs.

Suggestions for Youth Training

Develop Individual Training Plans for Beneficiaries

Every beneficiary needs to have a training plan tailored to his or her individuals needs. A training plan should take business expertise, life skills, vocational aptitude, and complementary training into account. Based on skills assessments done in the selection process, as well as an ongoing assessment of needs, program staff should help the beneficiary develop an individualized training plan. The young person may be referred to other service providers for some of the training as needed.

Use Flexible Approaches to Tailor Different Youth Profiles

Flexibility is essential to keeping youth actively engaged in the program. A "one size fits all" approach is limited in its ability to address the different needs and circumstances of young entrepreneurs. If program resources are sufficient, separate training tracks can be created, permitting the staff to provide customized training to different groups. For example, new entrepreneurs may need core training to create a viable business concept and may require a different track from more experienced entrepreneurs focused on expanding their businesses. If separate tracks are not possible, trainers need to effectively employ the varied skill levels in the class by encouraging more experienced students to share their business knowledge with novices.

Group Youth with Similar Profiles into Cohorts

For both tracking and training purposes, youth participants should be grouped into cohorts based on similar profiles (training type, geography, gender, vocational group). Cohorts can be broken into groups of 30 that receive similar training. Grouping makes it easier to monitor progress and ensures that all participants receive training based on their needs. It also encourages peer cohesion and may aid in retaining beneficiaries. The positive dynamics of peer support also promotes creative business approaches.

When beneficiaries enter the program with entrepreneurial ideas, classroom focus groups can stimulate creative development. Entrepreneurs can pitch their ideas to a small group of peers and solicit feedback on their viability. The benefits are twofold: students practice communication skills and the entrepreneur improves his or her business idea. It is also important to have a formal retention plan in place to support at-risk youth and minimize dropout rate.

Monitoring and Evaluation in Design

Monitoring and evaluation is a critical component of program design, and an execution plan should be considered before the implementation of program activities. A program should have concrete objectives, as well as defined, measurable indicators to allow for tracking and evaluating the results throughout the life of the program. The following chapter will cover the essentials of monitoring and evaluation.

Tips for Effective Small and Micro-Enterprise Training

- Determine the time, length, and breadth of a training program based on beneficiary needs, family obligations, and program funding cycles.
- Determine the required outputs for training programs (business plan, presentation) and the level of detail expected. There may be different assignments for different business stages or learning capabilities.
- Share practical knowledge and real world experiences whenever possible. Utilize experienced entrepreneurs and subject matter experts as guest speakers in the training programs.
- Use experiential teaching methods to engage young people, and capitalize on diversity in the classroom. Peer exchange empowers all students.
- Create a safe classroom environment conducive to learning and exchange of ideas.
- Solicit feedback on the training program at regular intervals and provide correction to concerns or deficiencies quickly.

Chapter 4: Monitoring and Evaluation

Monitoring and evaluation is the process of measuring program effectiveness to determine whether participant goals, and programmatic objectives, have been met. Successful monitoring and evaluation begins with the end in mind. A solid strategy, drafted at the onset of the pilot program, updated throughout and finalized at the end, is an essential tool for refining the programmatic structure and increasing service delivery. An effective monitoring and evaluation strategy is woven throughout the entire program and involves all participants, including youth, staff, local partners, and other stakeholders. Final evaluation is also important to assess whether the program has effectively met it goals in a cost-effective manner.

Why Should a Program be Monitored and Evaluated?

Proper evaluation of programs is crucial for identifying successes and challenges to allow program managers to make informed decisions. Stakeholders are increasingly demanding accountability from development organizations and want to understand successes and failures in order to make more informed investments and promote higher quality programs in the future. The following chapter will provide guidance on planning and designing a monitoring and evaluation system for youth entrepreneurship programs.

Defining What Should be Measured

Whether designing a new program or implementing a program with an established monitoring plan, it is important to ask the following question: What exactly needs to be measured, monitored, and tracked to determine if the program is successful? It is also imperative to remember that "success" is defined in multiple ways depending on the stakeholder. "Indicators" are modes of program measurement; they determine whether desired levels of inputs, activities, outputs, and outcomes are being met. Each indicator should be observable, unambiguous and effectively measure change, i.e. variations in the number and percentage of participants achieving outcomes. A commonly used SMART format is useful to ensure the quality of each indicator:

SPECIFIC	To measure the information required as closely as possible
MEASURABLE	To ensure that the information needed can be readily obtained
ATTRIBUTABLE	To confirm that each measure is linked to the program's overarching objectives
REALISTIC	To guarantee that the data can be obtained in a timely fashion, fairly frequently, and at a reasonable cost
TARGETED	To ensure the intended population is acquiring the necessary skills and training[2]

Some useful sample indicators from IYF's Measuring Success of Youth Livelihood Interventions, A Practical Guide to Monitoring and Evaluation[3] are:

CATEGORY	SAMPLE TARGET	EXAMPLE OF INDICATORS
INPUT	Two trainers and facility within budget of US$10,000	• Two trainers skilled, equipped, and deployed • Cost of program within desired budget
ACTIVITY	Provide entrepreneurship training for youth (70 hours)	• Number of training hours delivered • Number of youth participating by age, gender, level of education, etc. recorded • Date by which training was completed
OUTPUTS	100 youth participated in program	• Number of youth who finish the program (by age, gender, and level of education)
OUTCOMES	Youth increased knowledge of financial instruments	• Number and percentage of youth who have used financial instruments • Number of graduates who acquired a loan
HIGH LEVEL OUTCOMES	Increased household income	• By X date, average monthly household income increased by X% compared to the baseline

Recently there has been a shift away from emphasizing typical program outputs and outcomes such as number of youth trained or number of businesses started, and toward measuring economic impact. Measuring baselines at program intake and then conducting follow-up measurements throughout the life of the project can generate the longitudinal data needed to demonstrate program effectiveness.

Youth entrepreneurship programs usually track a variety outputs and outcomes, such as:

- Number of youth enrolled in the program
- Number of youth completing the training program
- Reasons for dropping out
- Number of business plans created
- Number of businesses created and launched
- Number of youth utilizing support services during and after the program
- Number of businesses still successfully in operation after 6 months, 1 year, 2 years, 5 years, etc.
- Number of people employed by the youth businesses, especially other youth

It is recommended that the data collected be disaggregated by gender and age.

Actual indicators, specific data collected, and factors for disaggregation should be determined by the goals of the program as well as the resources available.

Components of a Monitoring and Evaluation System

Design Collection and Tracking Forms

Data gathering and tracking ensures program information is collected in a consistent matter. A program staff member must ensure that the information is collected and recorded properly throughout the project. Some programs have their own spreadsheets and databases, while others invest in software designed to track clients over time. Data sourced from youth require careful ethical considerations and programs may require parental permission, full disclosure statements, and anonymity of participants.

If program staff do not have experience with developing data collection and analysis tools, it is wise to consult an experienced evaluator to identify what information must be collected and how best to do so. She or he can provide data collection guides and instruments for both qualitative (focus groups, key informant interviews) and quantitative (surveys, tests) assessments. This preparation should allow programs to track the different benefits for youth, changes in youth attitudes and behaviors, and successes at business creation.

Types of Data Collection Methods

Quantitative Methods use statistical data to reach an objective assessment of a situation. They provide information about the population of interest in closed-form and quantitative dimensions, including demographic and socioeconomic characteristics. They are usually based on standardized structured instruments that facilitate aggregation and comparative analysis. Quantitative methods should be used when numerical data are required to convince decision makers or the program needs statistically representative information about the target population, their situations, behaviors, and attitudes. Common examples include tests, surveys, and censuses; however qualitative data can also be derived from quantitative methods.

Qualitative methods aim to provide an understanding of the way people think and behave. Qualitative methods seek to understand events from stakeholder perspectives in order to analyze how different groups of people interpret their experiences and construct reality. Qualitative methods tend to be quicker to implement than quantitative methods, and are often less expensive. Qualitative methods are used when "how and why" questions need to be understood and a participatory approach is favored. Common examples of qualitative methods include unstructured or semi-structured interviews, focus groups, and direct observation of participants.

Frequency and Timing of Data Collection

Monitoring of key data should begin at the point youth register or enroll for the program and should continue throughout critical junctures of the program. Collecting core information at baseline—when youth first enroll in the program—is extremely important so that a comparison can be made to document changes. The interval and amount of data collection will depend on the human and financial resources available. The timing of data collection should be planned with local realities in mind so it does not become a burden on participants or their families. For example, data should ideally not be collected when youth are taking school exams or when young people's labor is needed during particular agricultural seasons.

Ethical Research with Youth

All youth entrepreneurship programs must protect the rights and interests of the youth they intend to serve. Not every government requires research and data collection on youth to adhere to predetermined ethical standards when it involves youth. Furthermore, national governments vary widely in levels of protection when it comes to researching youth. Regardless of government requirements, programs should develop and strictly adhere to a policy of informed consent. If a participant, parent, or guardian refuses or is unable to provide documented consent, the program should not collect data on that individual.

At a minimum, all programs must:

- Create instruments and interviewer training procedures that ensure the anonymity of youth participants.
- Obtain signed informed consent forms that include details of the project and the potential risks associated with participation. The forms must clearly explain the rights of the participants, such as the right to drop out of the data collection process whenever they like. If participants, parents, or guardians are unable to read, oral consent can be delivered instead. In addition, informed consent must be obtained from the parents or guardians of participants who are under the legal age of consent or who are developmentally disabled or are otherwise vulnerable.

Chapter 5: Outreach, Screening, And Selection

Economic security is most often associated with formal sector work. However, young people and their families are frequently unaware that entrepreneurship, in different forms than they are used to, may be viable options for an improved livelihood and self-sufficiency. This chapter provides information on how to recruit, screen, and select young entrepreneurs for a developed entrepreneurship program.

Identify and Reach Out to the Target Youth Population

To target beneficiaries, use the youth needs assessment and your organization's resources to determine the demographic profile, geographic scope, and size of the audience you are trying to reach. The next step to recruitment is informing potential beneficiaries about the program. Some information about the program may have been shared in the assessment phase while engaging stakeholders and the community. However, outreach requires a very specific and organized effort with clear information. During the outreach phase, implementers should aim to reach a large number of youth—and their families—that meet the program's demographic specifications and many more than the actual number desired for enrollment/participation.

Organizations and implementing programs use a variety of techniques to reach out to young people, their families, and the local communities to inform them about the program. These include websites, social media, radio advertisements, and flyer and brochure distribution, as well as targeted field visits to strategic associations, youth organizations, and social service organizations. Outreach messaging can include details on any of the following:

- Entrepreneurship as a possible career option
- General information about the program (intended target group, services provided, location, hours, etc.)
- Potential benefits of the program to the youth and their families
- Requirements of program participation (attendance, fees, family commitment, etc.)
- Upcoming information sessions that potential participants can attend to learn more

Provide Information about Entrepreneurship, the Program, and its Benefits

Conducting information sessions for interested youth and their parents is an effective way to introduce a program and educate community members about entrepreneurship.

Effective sessions will help youth answer the following questions:

- Can I see myself as an entrepreneur?
- What skills and experiences do I have that will aid my entrepreneurship efforts?
- Who do I know already that might support me as an entrepreneur?
- What do I need to start a business?
- Will my parents, guardians, and family support me?

The information session should be engaging, informal, and relaxed. It may include young entrepreneurs (as guest speakers) already working in the community who can serve as role models and answer questions regarding business ownership. Having diverse business owners (male and female, from multiple ethnicities) sends a message that being an entrepreneur is a viable option for anyone.

Connecting with Youth and Families to get Program Buy-in

Information outreach sessions should involve both young people and their families in order to gain broad program commitment. Parents need to understand how the program will benefit their children and how it can positively impact the family. Programs typically require a significant time commitment, so family support is critical to keeping youth engaged as they become self-employed. It is unlikely that all parents will be supportive, at least initially. In many countries around the world, women in particular may not be encouraged to be entrepreneurs and parents might prioritize their sons taking part in entrepreneurship programs over their daughters. Also, in rural communities, parents might feel that their children, both male and female, should stay home and work in the field. Therefore, parental buy-in is very important and needs to be targeted to each demographic. Some specific program outreach and information shared may need to focus specifically on messages that attempt to overcome some existing biases about who can be an entrepreneur.

> In IYF's Youth for the Future (Y4F) Program in Jordan, Russeifeh Sons Association for Social Development, an IYF implementing partner, initiated a project that educates and engages parents, particularly mothers. The project is working to build social capital around youth by strengthening the emotional supports they depend on.[4] Understanding that some parents are reluctant to let their daughters work due to concerns for their safety, Y4F partners are incorporating awareness-raising sessions for parents into their work. As a result of these sessions, more young women have availed of the Y4F program and have successfully transitioned into the workforce.

Select and Screen Youth Applicants

Selecting promising participants is a critical step in generating positive program results. Implementers must develop clear selection criteria and effective screening tools that are flexible enough to respond to a variety of youth needs and diversity. The program entry criteria will vary for each program, but could include:

- Age
- Applicant goals (personal and professional)
- Business experience
- Current ICT, business English, or vocational skill levels
- Demonstration of family support
- Education or basic literacy and numeracy skills
- Entrepreneurial characteristics
- Expressed interest
- Gender (unless the program is gender-specific, it should endeavor to have a balance of males and females)
- Geographic location
- Perceived commitment to the program/availability to fully participate
- Business ideas with potential to grow and create jobs for other young people

Screening Techniques and Tools

There are a number of different techniques and tools that program implementers can utilize when making decisions on which candidates should be selected for an entrepreneurship program.

<u>Applications</u>: As an initial screening filter, a program can require candidates to fill out an application form, either on paper or online. The form should capture basic data such as contact information, age, sex, geographic location, education level, business idea (may be applicable for select youth cohorts), current business status, income level, availability to commence the program, and ability to pay fees (as applicable).

<u>Assessments</u>: Applicant assessments can help determine if candidates have prerequisite skills. Depending on the program focus, assessments may measure basic literacy and numeracy, entrepreneurial readiness, ICT skills, business English, or vocational ability. Basic literacy can be assessed by asking an applicant to write a short paragraph describing a business idea or a current business, whereas math skills can be evaluated by administering a basic arithmetic test

<u>Interviews</u>: Prospective applicants should be individually interviewed by program staff or screening volunteers to better gauge a young person's commitment, interest level, and skills.

Selection Process

The program design will determine the participant selection. Slots and resources should be allocated to individuals most likely to complete the program successfully. Applicants can be selected based on predetermined criteria through a review of applications, interviews, skills assessments, and more. Program implementers should create a rubric of criteria which they can use to review each applicant. As possible, an entrepreneurship program should have a female participant quota to ensure young women have a chance to succeed in building a business and contributing to the local economy. In cultures where single young men and women are required to be separated, male and female-only program schedules could be established and implemented.

Once program participants are chosen, they must be contacted, provided all relevant program information, and asked to sign a commitment agreement. Additional applicants should be kept on a waiting list.

Provide Guidance and Referrals

If an applicant is deemed unsuitable for the program, it is helpful to explain why she or he was not selected and provide guidance on how to enhance relevant skills or seek an alternate livelihood. Ideally, a program should provide referrals appropriate to applicant needs, such as remedial education or vocational training. Strategic alliances with other organizations can allow a program implementer to make referrals with confidence. As appropriate, these alliances should be reinforced with MOUs. If the applicants who are not selected agree to take remedial courses or training, they could be put on a waiting list and be selected for the following year.

Enroll Youth in the Program

Gaining the Final Commitment of Youth and Parents to the Program

As part of enrollment, youth, their parents, and a representative of the implementing organization should sign a written partnership agreement to formalize the responsibilities of each party in the program. A partnership agreement lays out policies and expectations regarding:

- Attendance
- Classroom rules
- Confidentiality
- Diversity
- Drug and alcohol use
- Fees
- Follow-up services
- Graduation requirements
- Grievances

Agreements should outline a method of conflict resolution that builds trust between a program and its beneficiaries. Partnership agreements should be reviewed individually with participants and as a participant cohort to establish clear ground rules for all involved.

Baseline Information

For monitoring purposes, it is important to collect data apart from what is included on the application form in order to track participants, monitor success, and meet evaluation criteria. Youth must understand the need for data and should agree to provide periodic updates to program staff. In all cases, the data should remain confidential and youth and their families should be assured their personal information will not be shared.

Beyond registration information, data needed to establish a baseline may include quantitative measurements, such as:

- Current youth income level
- Current family income level
- Current level of assets (savings or property)

If the participant currently owns a business, it important to know about:

- Current business income
- Number of employees
- Level of formalization of the business (required permits, registration, taxes, etc.)

Qualitative information on personal attitudes is also valuable. Closed-ended baseline questions that can be answered yes, no, or on a scale may include:

- I feel confident in my ability to start a business
- I feel confident I know where to turn for business advice
- I know how to sell my product or service

Plans to Address Skill Gaps

It is likely that many youth applying to the program will have some skill gaps. Early in the program, implementers should work with each beneficiary to develop an individual plan to address their needs. The plan should clearly lay out what services the young person can expect to receive from the implementing organization, and what will be provided by other partner institutions, if relevant. The beneficiary should understand the range of services and the relationship of their provider to the overall program.

Tips on Outreach, Screening, and Selection

- Inform potential beneficiaries, their families, and communities about the entrepreneurship program through a variety of techniques
- Conduct information sessions to ensure the potential participants are aware of the benefits and likely outcomes of the program
- Get parental buy-in, particularly with regard to females
- Screen, assess, and interview applicants
- Provide guidance to applicants who are not ultimately selected and, when possible, refer them elsewhere or put them on the waiting list for the following year
- Enroll youth in the program and have the future participants, their parents, and a representative of the implementing organization sign a partnership agreement
- Collect additional information on the incoming participants, as necessary, and create a plan to address any skills gaps

Chapter 6: Creating Linkages To Financing

Young entrepreneurs need start-up funding to launch their businesses, yet young people often face more difficulty than adults in securing financing. Youth are often considered high-risk loan recipients because they lack business experience, have little financial history, and own few assets to serve as collateral. Furthermore, the loans they seek are typically small, requiring high administration costs that are passed on to the borrower.

In order to help youth identify financing options, entrepreneurship programs should establish relationships with credible lending or other financing institutions willing to work with youth. Financing for small and micro-businesses is available through many channels, including MFIs, traditional lenders, government programs, and private sources. Alternative programs such as self-help groups, grant agencies, and online non-profit lenders have also emerged recently.

Types of Financing Options to Consider

It is important for the implementing organization to be aware of and educate youth participants about a variety of financing options available to entrepreneurs. Some of the more common ones are listed below although not all may be equally accessible in a given location.

Self-funding: Investment of personal savings, sale of personal assets, money contributed by friends and family, inheritance, etc. No repayment is expected and the owner recoups his investment through positive cash flow or business sales. While self-funding may be a straightforward option, most beneficiaries lack the necessary resources.

Loans: The most common financing mechanism for young entrepreneurs is loans offered by microfinance institutions (MFIs), banks, credit union, implementing organizations funds, private investors, government programs or even family and friends. Repayment, with interest, is expected and these loans must be carefully structured to align with a business' cash flow and ensure feasibility of repayment. Some jurisdictions have government programs known as state loan guarantee funds that commit to pay off a loan if the borrower is unable to do so. These guarantees mitigate the risk to the lending institution. If this alternative is not available, advocating for such a scheme makes sense to promote economic development in the long run.

Self-help groups: This mechanism pools savings and credit for like-minded entrepreneurs to share in the benefit and risk of wise financial investments. As part of some IYF projects in Sri Lanka and Indonesia, self-help groups were formed by young women engaged in new business ventures who received training on the skills needed to expand their businesses. Under the Grameen Bank model of peer lending, peers band together to access credit and bear responsibility for repayment. As a group, they decide how best to use the available funds. Borrowers develop management skills, cultivate financial discipline, and establish a good credit history.

In eastern and southern Africa, CARE International's model of Village Savings and Loans Associations (VSLA), the Internal Savings and Lending Schemes (ISLS), and the Savings and Credit Cooperatives (SACCO) have worked well.

The VSLA model was originally developed in Niger by CARE International in 1991 and has since spread to over 33 countries in Africa, as well as a few countries in Latin America and Asia. VSLAs are groups formed by the poor, particularly in rural communities, to provide sustainable and profitable microfinance services (microsavings and microcredit) to members who ordinarily may not have access to formal financial services. VSLAs are self-managed groups that provide an opportunity for members to save their money and take out small loans with a focus on building savings and increasing assets.[5]

Internal Savings and Lending Schemes (ISLS) or similar Savings and Internal Lending Communities (SILC), which Catholic Relief Services (CRS) implements, are also self-managed and self-owned credit groups that build savings and assets through member contributions of minimum weekly savings as well as through interest, fees and fines. Unlike some other schemes, members can borrow funds at anytime and for broad purposes, including food, medicine, or other household needs. Members borrow funds at a predetermined rate and duration of time. The scheme is also time-bound with all members receiving proportional profits when the time period ends.[6]

A Savings and Credit Co-operative (SACCO) is as an association of like-minded individuals who live or work in the same community, have the same employer, or belong to the same social fraternity, who come together to save money regularly and take out loans at agreed interest rates. A SACCO is usually regulated by a relevant government authority, although it remains member-driven, owned, and managed under a democratically elected leadership. A SACCO's operations and activities are guided by bylaws which state the objectives, membership, share capital, organization structure, management, and lending regulations of the association. The members decide how their money will be used for the benefit of one another. The model can be used in both urban and rural settings.[7]

Equity financing: Money is raised by sale of part ownership in the business to a partner(s) or sale of stock to stockholders in a corporation. Some venture capitalists and private individual investors fall into this category. A return on the investment is expected through shared profits of the business.

Grants: Another financing option is grants offered by governments, NGOs, religious organizations, private foundations, or individuals. Grants may be given as cash or in-kind contributions, such as equipment or office space. By definition, a grant does not require repayment. Some governments, NGOs, foundations, religious organizations, and private investment firms may offer grants to businesses to stimulate economic development. A program should investigate if appropriate grants exist. One resource to investigate is the online organization Kiva.org. This non-profit organization partners with local MFIs to stimulate online microfinance opportunities for beneficiaries. Loans are administered through a local MFI and Kiva highlights the beneficiary and his or her business on their website.

Venture capital: Investment capital from private investors (venture capitalist groups or private individuals sometimes called 'angel investors') can come in the form of loans or equity investment. Either a group of private investors or an individual investor agrees to finance the venture. As with any lending institution, venture capitalists will want to see a business plan and meet an entrepreneur prior to providing a loan or investment. Some firms have social responsibility commitments and will prioritize forming a relationship with an entrepreneurship program that promotes businesses with social missions or that especially support disadvantaged populations.

Internal loan fund: Another option is establishing a revolving loan fund at the implementing organization. An internal loan fund finances the businesses of program graduates who meet established criteria. The implementing organization maintains control of the application process, decision criteria, repayment terms, administration, and follow-up services. The repayment of loans with interest allows for the sustainable availability of loans for ongoing cohorts of youth graduates. This requires an initial capital base to start the loan fund, something that could potentially be negotiated with a program donor. For an internal loan fund to be successful, staff must be able to administer it. One way to achieve this competency is to hire experienced MFI professionals or have them serve short-term in a pro bono capacity.

Pros and Cons of Financing Options

The implementing organization should identify financing options available in the community and discuss the pros and cons of each option with all participants in the entrepreneurship program.

Self-Funding

- Pros: Payback is not expected and will not impact business cash flow. Paperwork and documentation are not required.
- Cons: The entrepreneur may take investment less seriously or she or he may not have assets to consider this option.

Loans from Microfinance Institutions (MFIs)

- Pros: MFIs are familiar with the entrepreneurial marketplace and are experienced in lending to small businesses. They may or may not have technical support available for entrepreneurs. Securing a loan usually does not require a credit history.
- Cons: Loans require repayment that need to be evaluated with business cash flow. Interest rate may be high. Business plans and documentation are required. Loans may or may not require collateral.

Loans from Formal Lenders (Banks, Credit Unions)

- Pros: Loans from formal lenders are generally reliable sources of funds for existing businesses with good track records; interest rates may be lower than MFI loans.
- Cons: Loans require repayment that needs to be evaluated with business cash flow. Business plans and documentation are required. Collateral and credit history are usually required, so it may not be an option for youth or start-up businesses.

Loans from Private Investors or Family and Friends

- Pros: Interest rates may be better than MFI rates. Application processes or types of businesses approved may not be as rigid as traditional lenders and may not require credit history.
- Cons: Loans require repayment that needs to be evaluated with business cash flow. Interest rates may be higher than traditional lenders but lower than MFIs. Business plans and documentation are usually required. Loans may or may not require collateral. Technical support might not be available.

Loans from Self-Help Groups

- Pros: Self-help groups are self-organizing and familiar with the applicant businesses. Loans have less formal application processes, do not require credit history, and collateral may not be required.
- Cons: Loans require repayment, which need to be evaluated with business cash flow. Technical support might not be available unless the group has outside supervision. Defaulting on a loan can lead to a poor business relationship with group members or dismissal from the group.

Equity Financing through Private Investors (venture capitalists, angel investors, etc.)

- Pros: Equity financing does not initially impact business cash flow.
- Cons: Business owners may relinquish some control to investors; financing may be too complex for new, young entrepreneurs to understand.

Grants from NGOs, Private Foundations, or Government Agencies

- Pros: Grants do not require repayment, so they will not impact business cash flow.
- Cons: Grants may not be available as they are primarily reserved for non-profit groups. Grants may foster a sense of complacency or encourage a free money mentality that is antithetical to business success. Grants are usually only available as a one-time option or for start-up expenses and do not represent a solution for ongoing business financing.

How to Establish Relationships with Lending Institutions

Strong entrepreneurship training programs facilitate access to capital for their graduates by evaluating local financing programs and developing relationships with lending institutions that work with youth. In order to find appropriate financing, a program needs to:

- Identify potential lending institutions
- Assess institutions in terms of loan products, application requirements, and services offered
- Select appropriate institutions and build relationships with them
- Monitor how many program graduates receive financing

Identifying Potential Lending Institutions

The first step in helping youth access capital is to research what local lending institutions serve the youth market. Lenders may include MFIs, traditional and non-traditional lenders, government loan programs, private funders (foundations and individuals), community loan funds, and other alternatives. Even if an institution does not actively promote youth entrepreneurship, it may consider the market as a future option. Youth entrepreneurship programs should also ascertain if there are state/provincial, national, regional, or international lenders for youth businesses. As the market can change quite frequently, research is an ongoing process. Also, entrepreneurship programs should be aware of trends in the local microcredit finance market.

Assessing Lending Institutions

Assessments of lending institutions can be conducted in various ways. Through interviews with potential lending partners, implementers can develop a comprehensive map of services and products, loan requirements, and other relevant information. It is important to remember that financing need not be seed money or working capital; equipment, tools, and insurance products are also valuable start-up assets.

The following checklist indicates types of questions to ask/assess of lending institutions:

- Are the loan products catering to youth?
- What are the loan application requirements? Is the approval process quick and simple?
- What types of products are offered?
- Are there competitive loan prices and rates?
- Will the institution provide additional capital if the initial loan is repaid on time?
- Does the lending institution provide non-traditional resources, such as equipment, tools, or insurance?
- Are training and follow-up services available?
- Does the institution promote a collegial attitude with youth businesses?
- Does the institution have financial self-sufficiency?
- Are there repeat customers? Do they have a track record of success?

Once prospective financial institutions have been identified, they should supply a loan application and list of required documentation. Then the program implementers should determine if:

- The process is straightforward
- Youth will need assistance in completing the application
- The training program covers the information requested in the loan application

If a program lacks the capacity to assist in the application process, it must be determined if the lending institution is willing to assist young entrepreneurs.

Program staff must also find out how the loans are evaluated. The following questions should be considered:

- What criteria does the lending institution use to evaluate a loan application?
- Do program youth meet the criteria?
- Is there a panel of business owners, lenders, and micro-enterprise professionals that reviews the loan package?
- If the borrower has an existing business, is a site visit required before a loan is approved?
- How quickly are loans approved and money disbursed?
- Can the entrepreneurship training program be considered a plus when evaluating the application?

It is also important to know what types of loans are offered, how they are structured, and how the money is disbursed. Prospective lenders should provide forthright answers to the following questions:

- What types of loans are offered?
- What are the terms of the loans?
- Are the loans simple and straightforward?
- Can the MFI customize the loan to meet the cash flow projections of the business?
- How is the loan disbursed? Is there a multi-step process so individuals can receive small loans first and larger loans when they are repaid? Is there an intermediary to monitor how funds are used? (Some lenders ensure that loan disbursements are used for equipment by sourcing it directly for the borrower. In these cases, the borrower simply receives the necessary equipment.)

It is also important to understand the repayment process. To this end, the program staff and participants should find out:

- How are the repayment terms explained to the borrower?
- Does the borrower understand clearly what will happen if the loan is not repaid?
- Are all the fees and charges clearly understood?

Useful information and tools for addressing the youth finance market can be found at Making Cents International's Youth Inclusive Financial Services Portal.

Selecting Lending Institutions, Formalizing the Relationship, and Monitoring Success

Once the assessment is complete, the implementing organization should determine which institutions best suit their clientele. A program should develop relationships with several lending institutions, as it is unlikely that only one will be able to effectively serve all beneficiaries.

An MOU, clearly indicating the roles of each organization and a mutual vision for youth entrepreneurship, should be finalized. Any overlap in services, i.e., if a lender offers a mentoring service similar to the program's activities, should be clearly articulated.

Periodic meetings with partner organizations provide opportunities for discussing the progress of the partnership and beneficiaries. The effectiveness of the partnership should be regularly monitored, and youth participants' feedback should be encouraged and evaluated.

Financial Guidance to Beneficiaries: Best Financing Options

Program graduates need support from the implementing organization as they determine which financing options and lending institutions best meet their needs. A young entrepreneur's business plan should include realistic forecasts of how much funding is needed and how much they can expect to obtain. For example, if typical community microloans range from US$500 to US$2500 and have a 12-36 month term, youth cash flow projections should reflect this. Typical financing options include:

- Short term loans (6-36 months) used to finance start-up costs or capital equipment
- Revolving loan funds (used for working capital)

- Self-help groups (good for group businesses)
- Direct placement of capital equipment by a funder

As part of the ongoing support services provided to program participants, the implementing organization could explain the application process and assist the entrepreneur in preparing a loan package. A program advisor or mentor can follow up with the entrepreneur as she or he works with the lender and address any feedback.

Tips for Creating Linkages to Financing

To recap, the following recommendations should be taken into consideration by implementing organizations:

- Financing is critical to the success of any new business. An entrepreneurship program should investigate, assess, and develop formal relations with financing institutions. This should be an ongoing process, as new institutions and loan products develop regularly.
- Implementers should select partner and lending institutions based on a mutual alignment of goals. Access to credit alone does not guarantee business success. Partners should agree on the need to have training, follow-up services, counseling, and mentoring.
- Lending institutions can also be a source of referral for applicants to the entrepreneurship program.
- Beneficiaries should be matched with lenders that best fit their needs. Ideally an implementing organization would have relationships with several potential lenders.
- A good working relationship and open communication with lenders is critical for success. Programs should solicit youth feedback on their interactions with lenders.
- Program staff should evaluate the possibility of non-traditional forms of financing such as self-help groups, state-run programs, or grants.

Chapter 7: Business Launch and Follow-Up Services

Once beneficiaries have completed training, they will still need some support to be successful in launching or growing their business. The implementing organization can assist young entrepreneurs in transitioning to a fully operational enterprise by providing ongoing technical support, follow-up training, and mentorship services. Successful ventures will require intensive support to tackle the problems and challenges of a start-up. Ideally, follow-up services should last for a minimum of 18-24 months after completion of the formal training program. This should allow enough time to procure financing, launch a business, experience normal business cycles, and break even. In practice, program design, funding, and staffing levels will influence the length and breadth of support services.

Typical post-training questions of young entrepreneurs include:

- What are the next steps to launching my business?
- How can I acquire money to finance my business?
- What types of things do I need to do to comply with regulations?
- What are the legal requirements—permits, zoning, and registration—of business start-up?
- How do I hire employees or family members? How can I provide opportunities and offer jobs to other youth?
- How can I expand my market? How can I best promote my business?
- Where should I locate my business? How can I negotiate a lease?
- How can I find a bank or institution to hold my money?
- Who can introduce me to business contacts to expand my market? Who can recommend a good accountant, bookkeeper, attorney, and marketing professional?
- How can I find the best vendors, suppliers, and professionals to support my business?
- Do I need insurance? If so, who supplies it? What other risks do I need to manage?
- How can I manage my cash flow? How do I manage inventory?
- What types of records do I need to keep?
- How can I provide excellent customer service and deal with conflict effectively?

Types of Follow-Up Services

While some of these questions may be addressed through the business plan development during training, others will come up in the period of pre-launch and launch of the business. Having a resource on hand to guide beneficiaries through the beginning stages of the business plan development process is a critical part of their success. These needs can be addressed through a variety of possible follow-up services, some of which may be provided directly by the entrepreneurship programs and others through referrals and partner organizations. Some possible types of services include:

- Business advising
- Additional business skills or vocational training
- Business networking events

- Promotion of youth business
- Network of business service professionals (accountants, lawyers, etc)
- Mentoring

Business advising is the core of follow-up services. A business advisor, also known as a business coach or counselor, is generally a paid staff member who tracks and monitors the progress of graduates, provides technical support, advises young entrepreneurs individually or in groups, and refers them to outside organizations as necessary. Business advisors may also be responsible for determining other follow-up services and coordinating their delivery.

For each entrepreneur, business advisors should develop customized plans that outline a schedule for advisory meetings, site visits, statistics tracking, additional training, and outside referrals. Advisors should encourage young entrepreneurs to express themselves, share their goals, and ask questions in order to form a positive business relationship. During site visits, business advisors should observe the surroundings and see how the young entrepreneurs interact with their customers and employees. It is also important that the advisor keep information about the young entrepreneur's business endeavors confidential.

Business advisors assist an entrepreneur in turning a business plan into a full-fledged operation, however, they are not expected to solve all the business owner's problems. Instead, they help identify goals and develop a plan for their achievement. Their task is to empower entrepreneurs to take responsibility for their own ventures. This means that successful advising requires the active participation of the business owner.

A business advisor's tasks include:

- Reviewing and adjusting the business plan for implementation
- Coordinating follow-up services and technical assistance
- Providing business counsel
- Facilitating links to community resources
- Maintaining a network of professionals who can respond to specific technical questions
- Suggesting financing options and organizations
- Tracking, monitoring, and evaluating youth progress

It is recommended that advisors track progress through scheduled individual meetings, electronic surveys, mobile phone surveys, or other methods no less that 2-3 times per year. Business advising can also take place in a group setting, especially if entrepreneurs have the same topical issues. Group advising allows for collegial discussions and joint solutions to business problems. This can, however, lead to counter-productive intra-group competition.

In recruiting advisors, a program should seek individuals with local business experience, a network of contacts, and excellent listening skills.

The program may decide to offer or connect young entrepreneurs to additional business skills training or continued vocational training. Supplemental training, workshops, and seminars teach a new business owner additional skills, in addition to serving as networking opportunities. Seminars can address general business topics such as human resources, customer service, dealing with diversity, website creation, and social media use. Some practical workshops (e.g. record keeping, bookkeeping, payroll activities, legal permits, etc.) may make more sense to an entrepreneur once she or he has launched a business. Workshops may need to take place before or after normal business hours to accommodate working entrepreneurs.

Alternatively, it may be helpful for entrepreneurs to take more in-depth vocational or sectoral training that increase his or her ability to create better products and services or expand product offerings. Such training opportunities could be provided directly by the implementing organization or through partnership with other training centers.

IYF and its partners have worked together to organize vocational training programs for youth. In St. Lucia, various models for vocational training and job placement were considered in order to reduce youth crime and violence in the Caribbean through expanded employment, education, and skill-building opportunities.[8] Another example is the Tsunami Reconstruction Initiative in India, Indonesia, Sri Lanka, and Thailand, which offered vocational training to youth in areas such as handicraft production, cooking, beautician training, tourism, boat building, and motorcycle repair. These training courses helped youth find meaningful work in the aftermath of the devastating tsunami, which allowed them to make value contributions to their families and communities, in addition to meeting pressing market demands.[9]

Business networking events provide a chance for youth to meet other entrepreneurs and business professionals as they transition into the role of enterprise owners. The program can either host these types of events or refer youth to community networking organizations open to youth participation.

Promotion of youth business by providing access to new markets supports business expansion. Linkages to market channels can be created through marketing opportunities such as expositions, local fairs, or bazaars or via the Internet. Business advising staff should always be cognizant of networking and partnership opportunities that can link entrepreneurs with the larger business community. As the global market grows, export opportunities may also arise.

There are times when it is necessary to refer youth to professional subject matter experts such as accountants, lawyers, human resource specialists, etc. A program should enlist a network of business service professionals who can provide expertise, ideally in a pro bono capacity or at a discounted rate.

Mentoring is essential to programs because it enables budding entrepreneurs to connect with experienced business owners in order to expand the youth's network, expose them to innovative ideas, and support them through unforeseen challenges. Typically, mentors are volunteers who work with youth for a specified period of time. Introducing mentors early in a training program allows young entrepreneurs to make valuable business connections.

When setting up a mentorship program, the following are important and should be taken into account:

- A structured mentorship program design and plan needs to be established, or a partnership with an organization that already has an existing program should be built.
- Sufficient qualified staff to institute or support a mentorship program is required.
- There need to be ties to the formal and informal business community in order to enable the successful identification, recruitment, and engagement of female and male adult business mentors.
- A curriculum for mentorship training should be created and should encompass a series of ongoing activities for mentor networking and volunteer appreciation.

- Formal agreements between mentors, youth, and organizations outlining relationship expectations and boundaries must be drafted, approved by all, and signed.
- Tools and methodologies to track and assess mentorship relationships are necessary.

Entrepreneurship program graduates who successfully establish and build businesses can themselves become excellent mentors to the next generation of youth entrepreneurs.

Tips on Creating Follow-up Support Services for Maximum Impact

The implementing organization should provide ongoing technical support, follow-up training, and mentorship services for 18-24 months after the completion of the training program

Typical follow-up support services include:

- Business advising
- Additional business skills training
- Continued vocational training
- Business networking events
- Promotion of youth business
- Access to professional business volunteers
- Mentoring

Business advisors and mentors should be appointed to ensure new entrepreneurs identify their goals, develop a plan for achievement, and take responsibility for their own venture.

Chapter 8: Africa Regional Supplement

IYF's Guide to Youth Entrepreneurship: Africa Regional Supplement is intended to assist development organizations and practitioners in the field who are creating or implementing their own entrepreneurship programs for African youth. The overarching goal of this supplement is to help these organizations consider Africa-specific factors affecting youth entrepreneurship.

Thoroughly understanding one's business environment, while important to designing successful youth entrepreneurship programs anywhere, is especially crucial in Africa where local factors can play a key role in the success of an enterprise. The opportunities and constraints impacting entrepreneurs and their businesses may vary dramatically throughout the continent, between regions, countries, rural and urban areas, ethnic groups, or gender. Furthermore, operational environments may fluctuate as the entrepreneur grows and increases the scale of his or her business; therefore a strong youth entrepreneurship program must regularly assess the local context.

While it is impossible to catalogue all the obstacles to entrepreneurship across the continent, certain themes tend to appear in localities throughout Africa, whether structural and external (such as little access to financing or transportation infrastructure) or social and interpersonal (including restrictive gender roles and familial obligations).

Informal Economies

The policy environment for the formal business sector in Africa tends to be overly complicated, poorly enforced, burdensome (in the form of taxes and licensing), insecure, and inconsistent. The World Bank's Doing Business 2013: Smarter Regulations for Small and Medium-Size Enterprises report portrays Africa as having both complex and expensive regulatory processes coupled with weak legal enforcement.[10] These drawbacks push many new entrepreneurs into the informal sector, which has historically dominated most African economies. In the informal sector, there is little infiltration of taxation or regulation, although its businesses tend to be smaller, slower to grow, and less attractive to outside investments of capital.[11] In some countries, the informal sector makes up 80% of the national economy and primarily consists of subsistence farmers and small local vendors.[12] In Senegal, roughly 95 percent of new jobs created between 1995 and 2004 were in the informal sector.[13] Nevertheless, employment in the informal economy offers little prospect for advancement or growth.

Though many youth initially decide that taxation and regulation costs are too high to start a formal business, they may later decide to formalize when the cost of doing business makes this option attractive. Entry into the formal sector can facilitate access to grants, government subsidies and benefits, as well as entry into larger markets for new business ventures. Incentivizing more businesses to shift into the formal economy could lead them to become income-generating, employment-creating, small businesses that can help revitalize the economy and reduce unemployment overall.[14]

Infrastructure

New businesses in Africa are regularly constrained by underdeveloped or scarce transportation infrastructure. A country's ability to quickly and efficiently move goods and the people that provide services has a tremendous impact on the cost of doing business, but many areas are still impeded by poor or nonexistent roads and rail lines. Limited access to fuel and fluctuating fuel prices may further constrain both new and growing businesses. Youth entrepreneurs faced with these high transportation costs may choose to focus on their local markets, limiting their ability to develop their businesses to their full potential.[15]

Electrical infrastructure may also constrain emerging enterprises. Small and large businesses routinely suffer long delays and high costs in order to connect to the electrical grid. Frequent outages can also result in lost productivity and deprive businesses of a stable platform on which to grow, even if they are connected to the power grid. Supplemental options like generators come with maintenance and fuel costs which may also be prohibitively expensive for new, small businesses.[16]

Governance

Government policies play a crucial role in influencing their country's private sector. Youth entrepreneurs have to conduct research and structure their business plans in accordance with the particular constraints and opportunities of their country. The documentation government agencies require to start a business can negatively affect all entrepreneurs, but particularly youth. Many governments in Africa suffer from endemic corruption, and inflicting over-regulation and heavy taxation on youth entrepreneurs can cause them to think twice about opening their own businesses, at least in a formal way. New businesses' vulnerability to illegal or anti-competitive practices and lack of government protection can also inhibit youth from opening their own enterprises.[17]

However, governments can also play a positive role in stimulating entrepreneurship in their countries. For example, Burundi has drastically shortened the wait period and decreased the number of government offices one needs to visit in order to start a new business.[18] Additionally, some African countries, such as Rwanda, have created positive entrepreneurship policies such as small business grants, subsidies, and tax breaks in order to increase entrepreneurship. Civil society also has a role to play, and ideally should facilitate discussions between governments and the private sector, while also protecting aspiring entrepreneurs and providing an arena to address legitimate grievances.

Labor

The African labor market presents both obstacles and opportunities for young entrepreneurs. Youth may be more interested in and motivated for entrepreneurship in Africa, where wages are low and there is a lack of both viable employment options and a high demand for existing jobs. Youth entrepreneurs may be able to make use of low wage labor to be competitive; however low wage employees also typically lack the necessary education, experience, and specialized skills to do more complex jobs.[19] Many firms may not be able to find the medium and high-skilled workers, such as qualified engineers, who are needed for their operations. Particularly in Africa's informal economy, low levels of education and vocational skills often lead to limited productivity and low investment in skills training, since small firms are unable to invest the time and resources needed to train new employees to do the necessary work.[20]

Business Financing

The formal banking sector across Africa tends to lack depth and diversity, which makes it more difficult for all kinds of businesses—small and large—to access credit. Excessive public sector debt, which plagues many countries in Africa, can crowd out investment in the private sector, and selective or corrupt lending practices can narrow the scope of lending to only the well-connected.[21]

As described in Chapter 6, many new entrepreneurs have difficulty accessing practical financing options to launch their businesses. Agricultural and natural resource sectors in particular have the potential to be the mechanism for broad-based poverty reduction in Africa, but suffer from few opportunities for financing.[22] African youth entrepreneurs in these and other sectors must often resort to financing their businesses from their personal income or with the help of their families. Using personal funds may delay or altogether prohibit the launch of an enterprise, and therefore new, self-funded businesses may face difficulties expanding beyond a certain point without the aid outside financing.

Formal banks, microfinance organizations, and other lending entities often require an entrepreneur to provide extensive documentation, which may be inordinately difficult for youth. In turn, formal financing institutions regularly cite the lack of proper documentation, including a viable business plan, as a reason for denying a loan.

Furthermore, entrepreneurs might find it difficult to access financing because they lack the capital to make a down payment, or to receive reasonable interest rates.[23] Formal institutions often consider youth entrepreneurs high-risk borrowers due to their lack of credit history and collateral.[24] All of these factors can create barriers for African youth wishing to start a business.

Grant Facilities

Financing organizations or facilities which specifically target young entrepreneurs and youth-led start-ups are one way of overcoming such limitations. For example, the International Labor Organization (ILO) Youth Employment Network's (YEN) Youth to Youth Fund (Y2Y) provides support for youth-led organizations in East and West Africa, which in turn generate employment projects for young people.

Y2Y is a grant scheme which helps youth actively create employment for themselves and their peers, and acts as a laboratory to test new ideas and consolidate proven approaches to youth development. Youth entrepreneurs are challenged to come up with an innovative youth employment proposal, for which Y2Y provides funding for project design and implementation, as well as capacity-building support. The grantees provide final beneficiaries with training in soft skills, technical skills, and entrepreneurship.

The pilot round provided over US$450,000 to 14 youth-led organizations in Côte d'Ivoire, Guinea, Liberia, and Sierra Leone. These organizations in turn helped create 61 youth-led micro-enterprises across a variety of sectors, and employed over 720 disadvantaged youth.[25]

In addition to Y2Y, there are some other organizations that seek to give loans to entrepreneurs in Africa. For example, the Microloan Foundation gives loans to women entrepreneurs in Malawi and Zambia.

Partnerships

The Youth Entrepreneurship Facility (YEF), a partnership between the Africa Commission, the Youth Employment Network (YEN), and the ILO, operates in East Africa to stimulate youth entrepreneurship through six interconnected support components.[26] Component 3 focuses on providing self-employed youth operating in the informal sector with basic entrepreneurship and business skills training. Component 4 addresses traditional barriers to youth financing by creating partnerships between MFIs and business development service providers (BDS) who train in marketing, management, financial planning, and business plan development. These skills can help entrepreneurship ventures develop into formal businesses that create economic growth and decent jobs for others.

Together these components equip youth entrepreneurs with the necessary skills and connections to successfully approach MFIs and other potential funders.[27]

Forms of Payment and Environmental Factors

In general, since African economies are mostly in the informal sector, cash and bartering are sometimes the preferred forms of payment for transactions. This causes businesses to develop mechanisms and spend more time on accurate booking in order to properly track their business and limit embezzlement and theft. On the other hand, mobile banking systems are one possible solution to help allow customers and businesses, particularly in the agricultural sector, to use cell phones to transfer payments previously inaccessible by formal systems. Increased payment options for customers and businesses may provide much-needed flexibility to help African small businesses adapt to the needs of their customers.[28]

Most African entrepreneurs must plan according to a seasonal calendar that can seriously impact the success of their business. New entrepreneurs need to understand what products consumers want and are able to buy, and in this way the seasonal calendar has an enormous impact on the market. Some products are in high demand during certain times of the year, but if not sold by season's end can become a burden or go to waste. Anticipating and planning around the seasonal calendar will be crucial to allowing young African entrepreneurs to predict inventory needs and scale their businesses at the appropriate times.

Gender Considerations

Traditional expectations about gender roles and responsibilities can place constraints on youth entrepreneurs living in traditional societies throughout Africa. Cultural constraints on women's behavior outside of the home can actually make self-employment a viable source of income.[29] Women-run enterprises are even more likely than those of men to exist in the informal sector, and to be smaller, attract less investment capital, and rely more on traditional skills. Further, women's enterprises grow more slowly because it is more difficult for them to access sufficient financing, own land, or participate in business networks.[30]

As discussed in Chapter 2, successful youth services practitioners will understand the local gender context and tailor the scope of their entrepreneurship programs accordingly, in order to mitigate gender disparities. Some specific factors to keep in mind with regards to gender considerations include:

<u>Selection and preparation of trainers</u>: In many African countries, it may be important to recruit female trainers to teach female students. In addition to teaching entrepreneurship skills, trainers serve as role models for the youth participating in the program, which can help increase the comfort level of participants and their families.[31]

<u>Times, places, and composition of training classes</u>: In many African cultures, females face greater pressure than males to prioritize household and family responsibilities over their professional interests. Conversely, males might face greater pressure to earn income and be more reluctant than women to invest time in training programs. A successful program will take these factors into account when deciding the timing, place, and duration of trainings.[32]

<u>Support services</u>: Offering support services, while increasing the costs of an entrepreneurship program, can be essential to having youth enroll in and complete the program. Support services such as transportation cost reimbursements or childcare stipends for single parents can create an environment where the participants have the ability to concentrate on their entrepreneurship endeavors.[33]

Outreach to parents and communities: Outreach to youth support networks (parents, caretakers, teachers, and community leaders) can help reduce entrepreneurship gender inequality by addressing the community systems which perpetuate it. For example, IYF programs conduct awareness sessions for parents about gender bias and constraints, and work to secure parental support for youth participation. These sessions can open a dialogue about the goals and benefits of entrepreneurship in the context of gender-specific cultural biases.[34]

Business Incubators

Many countries are having success with using business incubators to protect, encourage, and provide resources to entrepreneurs. Business incubators have a variety of functions and a successful youth entrepreneurship program will develop a system that can have a significant impact on the target population they are working with. Typically, a business incubator is a physical space dedicated to nurturing start-ups, new businesses, and new enterprises. In this space, youth entrepreneurs have the ability to access resources from a variety of organizations such as financiers, government, universities, and other businesses. Youth entrepreneurs can readily access information and support during the fragile state of business start-up or growth. "Business incubation in Africa is a relatively new concept but many African countries are now starting business incubation centers to inculcate entrepreneurial culture among youth and women population."[35] Furthermore, "every dollar of estimated public investment provided to clients and graduates of the incubator generates approximately $30 in local tax revenue."[36] Therefore, the business incubator model may provide a platform for designing and implementing a youth entrepreneurship program.

Emerging Markets

While subsistence farming and other informal sector activities dominate many African economies, new emerging markets may hold potential for young entrepreneurs to find a niche market in which their businesses can be competitive. A couple of specific sectoral examples follows:

Supply chains, agriculture, and value-added products: Successful entrepreneurship programs will help entrepreneurs interested in agriculture move beyond raw product-focused agriculture into businesses which sell agricultural supply chain products (credit, seeds, fertilizer, etc.) or value-adding technology and equipment (which can process raw products into higher value goods). Adding value to agricultural commodities, instead of exporting them to be processed, represents an area where African entrepreneurs and youth entrepreneurship training programs could diversify and strengthen their local economies.

The NEPAD Business Foundation (NBF), described as Africa's foremost private sector membership body connecting businesses to the public sector, has implemented innovative and sustainable projects in partnership with civil society organizations. As part of NBF's Agriculture and Food Security Focus Area, an Agriculture Supply Chain Entrepreneurship Development (ASED) program was developed to:

- Improve local business skills and increase entrepreneurial development,
- Enhance skills of rural farmers, small holder farmers, and agro-entrepreneurs,
- Provide pragmatic knowledge of managing logistics and supply chains to increase returns and links into the value chain, and
- Improve the capacity of small non-commercial farmers to meet the expected contractual supply side specifications of the market.

As a result of ASED, a number of graduates successfully initiated Mozambique's first supply chain program.[37]

Information and communications and technology (ICT): ICT is an emerging global market that is reducing many traditional costs of doing business in Africa, as well as opening new opportunities for business activities. Forward-thinking governments, in countries such as Rwanda, are investing in ICT in the hope of expanding job opportunities for their citizens. Countries that faced historical and/or geographic obstacles may compensate by installing high-speed internet cables which allow them to compete on a global level. ICT is an exciting sector for youth and savvy entrepreneurship programs are poised to develop the next generation of business leaders in this growing sector.

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