

The Youth Livelihoods Alliance (YLA) is a multi-stakeholder initiative, led by the International Youth Foundation, to address the global youth unemployment crisis. The YLA convenes leaders in government, business, and the multilateral donor community to develop practical and innovative solutions to the global challenge of youth unemployment and facilitates the exchange of best practices and tested models in the areas of workforce development, skills training, entrepreneurship, and corporate social responsibility. YLA members share three core commitments to youth: promoting the goal to hire young people, developing their skills, and creating jobs through entrepreneurship.

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Empowering Youth Entrepreneurs: MENA and Beyond

Washington, DC

June 25, 2013

Roundtable Observations and Recommendations

In June, the International Youth Foundation (IYF) and the United States Department of State convened a roundtable event under the *Youth Livelihoods Alliance* initiative at the Microsoft Innovation and Policy Center in Washington, DC. The panel and audience of key thought leaders from the public and private sectors discussed the challenges and goals of organizations and companies seeking to support youth entrepreneurship, particularly in the region of the Middle East and North Africa (MENA).

William Reese, President and CEO of the International Youth Foundation, and Akhtar Badshah, Senior Director Global Community Affairs at Microsoft, provided opening remarks. Each described how their work and the work of the organizations they represent have provided useful perspectives on the conditions that lead to youth unemployment and the value seen in working cooperatively to implement programs and curriculum to support the range of skills sets young people need to succeed, but also that these issues need policy answers.

Zeena Rahman, Special Adviser to the Secretary of State for Global Youth Issues, and Sabeen Malik, Senior Adviser to the Special Adviser for Global Youth Issues, provided guiding questions for the two part panel discussion. Mr. Reese and Mr. Badshah were joined by Patricia Devereux, Group Head, Corporate Philanthropy & Citizenship at MasterCard Worldwide, for the first panel, which focused on collective efforts by public and private sectors to support youth entrepreneurship through program implementation and evaluation. The second panel featured Mohamed Malouche, President of the Tunisian American Young Professionals, and Randa Masri, Founder and CEO of ConnectME. These speakers shared insights about the challenges and opportunities faced by young entrepreneurs in the MENA region and the organizations and associations seeking to strengthen the resources available to them.



Summary of Insights and Recommendations

Ongoing Challenges and Opportunities: The State of the Region:

The conditions needed to foster scalable opportunities for youth livelihoods in the MENA region were discussed at length, revealing a variety of challenges but also opportunities for change.

The countries and communities of the Middle East and North Africa are experiencing particularly complex conditions that have a major impact on the overall potential of enhanced livelihood opportunities for youth in the future. In this region, the cohort of young people on the brink or at the age of entering the workforce makes up a larger proportion of the population than any other specific group, and the current state of the labor markets in many MENA countries is precarious due to the political, economic, and social instability in many parts of the region. It is increasingly unlikely that young people will be able to depend on the availability of certain social safety nets or resources, such as government education and employment, or support of local governments or communities. Additionally, many of these young workers lack basic job and technical training, as well as the softer skill sets of workplace communication, teamwork, creative thinking, and customer service. However, given the tenuous socio-economic conditions, employers do not have the sufficient means or expertise to invest in appropriate training that would allow for the full realization of this pool of human capital.

With the limited number of jobs available in comparison to the number of employable youth, MENA is a region where entrepreneurship must be utilized as an economic pillar of growth in order to absorb the large numbers of youth into the labor market. However, in tandem with the challenges outlined above, cultural and economic norms often serve as barriers to building the type of ecosystem that fosters and encourages entrepreneurship. Current regulatory frameworks in MENA are burdensome and restrictive; factors such as inefficient tax systems, restrictions on foreign direct investment, lack of transparency, government corruption, and extensively complex procedures around starting businesses and obtaining operating licenses all constitute significant barriers within state systems where comprehensive economic policies are often ill conceived and enforcement is difficult. This leads to a fiercely competitive small business environment in which actors are resistant to collaboration and cooperation with local governments or communities. Faced with these harsh economic, political, and social environmental realities, aspiring young entrepreneurs struggle to flourish without the financial or institutional support systems they need to access critical resources and expertise.

Through lively discussion among the panelists and attendees who represented business, donor and civil society groups, several key themes emerged around best practices for how the public and private sectors can better work together to support youth entrepreneurship. Ultimately, most important is the strengthening of a collaborative network among all sectors, globally and locally, to create the environment necessary to foster greater success for young entrepreneurs.

Multi-Stakeholder Approaches:

In places like the MENA region, where unemployment rates among young people are particularly pronounced, it is important for businesses, governments, and nonprofit sector entities to collaborate in order to create the support structure necessary to foster an environment ripe for entrepreneurship. It was noted that third sector organizations can play a role in helping local governments to implement the policies and programs on the ground that facilitate an enabling environment for entrepreneurship, especially among young people. By offering program services, sharing best practices, training local youth serving institutions and brokering positive relationships between financial services companies, policy makers and employers on behalf of youth, the nonprofit sector can contribute to the overall support structures available to young people.



The State Department emphasized its commitment to multi-lateral developmental approaches that align economic policy and foreign policy, particularly when it comes to the economic conditions and opportunities available to young people. The Office of Global Youth Issues at the Department of State has outlined a two-pronged approach to address the youth employment challenge, aimed to support greater economic opportunities and improved youth livelihoods. The key is to place a greater focus on understanding the root causes of unemployment trends through the Department's work with numerous stakeholders, and to develop initiatives that engage and empower young people globally with the tools they need for success. Bourgeoning entrepreneurs benefit not only from the impact of increased access to resources, but also comprehensive life and business education and training. Larger corporate entities, such as Microsoft and MasterCard, as well, can employ resources and incentives to leverage the knowledge and expertise offered by nonprofit organizations, such as International Youth Foundation and others. For example, IYF and Microsoft have joined together to develop a practical on-line digital curriculum for training young entrepreneurs called "Build your Business".

Connecting and Mentorship

In the world of entrepreneurship, access to capital, market connections, and knowledge about economics, business practices and laws are critical for success, but often difficult to obtain, especially for youth. For small startups to grow and succeed, fledgling entrepreneurs benefit significantly from a network of champions, both local and beyond. Mentoring and mentorship programs can prove an invaluable means of building such a network, although such efforts can be difficult to sustain and take to scale. Organizations such as ConnectME and Tunisian-American Young Professionals are focusing on rallying and leveraging support from the Middle Eastern and North African Diaspora and strengthening the connections between existing local businesses and governments throughout the region. These organizations have found that in post-Arab Spring countries, much of the Diaspora is motivated to help facilitate a transition to a stable economy and give back to their country of origin. Multinational companies have also prioritized getting young entrepreneurs the technical support they need. MasterCard Worldwide has found a three-pronged approach that includes mentorship, as well as access to capital and skills training, to be a successful combination. The Startup Youth initiative, launched by the US Department of State and Microsoft, seeks to both identify and highlight youth entrepreneurs to serve as role models for youth and create deeper networks for building capacity for young people who are looking to build startups.

Measurement and Evaluation:

Identifying and applying appropriate indicators for measurement and evaluation of investments in building entrepreneurship programming are vital to assessing relative impact and longer term success. Donors and investors rely on metric-based measurements to appropriately assess how and where to invest, as well as to quantify the return on their investment. More needs to be done to improve the measurement techniques and evidence base around what works for young entrepreneurs, especially looking at impact in the medium and long term, i.e. several years after a business starts up. Indicators such as business longevity, profitability, and employment of other young people are important to measure. It would also be useful to study the impact of different types of capital investments (loans vs. grants vs. angel investing), mentorship efforts, and training. Relatively few research dollars have been invested in such efforts, limiting the knowledge about the most effective use of human, technical and financial resources to support young entrepreneurs. At the same time, some investors have found that the indicators that determine return on investment based on pre-determined goals around employment figures or numbers of individuals trained do not always reveal the indirect impact of training programs. The access to networks, connections to available resources, and the impact that some of these interventions can have on the mindset of these young entrepreneurs in terms of self-confidence can be



more qualitative and long-term in nature and thus harder to measure. Despite the challenges of measuring such a diverse set of interventions, public and private donor investment to better understand the impacts and relative effectiveness of initiatives supporting youth entrepreneurs would be valuable.

Scale and Sustainability:

Measurement and evaluation are the fundamental precursors for scale and sustainability of development programming. However, to focus solely on scale in communities where the social and political environment remains fractured may not be practical. The discussion raised the possibility that small interventions, such as collaborative soft skill training, or targeted investments in local communities can ultimately prove more impactful than a comprehensive approach. Some suggest that these types of short term targeted interventions provide only anecdotal results that are not applicable or useful for addressing larger scale, systemic problems. Ultimately joint efforts among various sectors may have the best potential for effective interventions. For example, Microsoft's YouthSpark was created not only to identify where the gaps exist for supporting business and economic innovation among young people, but to find ways to maximize opportunities for successful interventions that are lasting through partnering with local governments and NGOs. Corporate efforts such as, Youthspark, can aid in strengthening the network and work of organizations like ConnectME and the Tunisian-American Young Professionals, in order to create a self-sustaining model that can grow independently of these small interventions in a way that is especially effective for addressing the needs of the young people in the region.

In Conclusion:

Clearly, there are numerous challenges to addressing youth livelihoods and the rising numbers of unemployed young people, not only in MENA but across the world. Providing young people with the education, resources, and confidence necessary to generate new and innovative enterprises can improve market and economic conditions for young people and the communities in which they live. The public and private sector must work together with governments and local communities to eliminate the economic and legal obstacles that deter foreign investment and local business growth, consequently resulting in stagnating economies mired in bureaucratic red tape and corruption. Through supporting multi-lateral approaches that offer startups access to training, capital, and expertise uninhibited by restrictive and complicated tax and business burdens, stakeholders can begin to build the type of environment that will foster such economic and social innovation, and thus turn this historic youth cohort into a demographic dividend for societies worldwide.

The key themes identified in this roundtable provide the foundation for greater collaboration between the public and private sectors to address the urgent global issues relating to youth employment and youth employability. In future roundtable discussions, the *Youth Livelihoods Alliance* and other partners, will take a closer look at some of these shared challenges and goals and begin to take steps towards finding solutions and opportunities for implementation.

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