

## Executive summary

For many young people in the developing world, entrepreneurial activity is the sole entry point into the labour market and the only way out of poverty. Yet only a tiny portion of youth entrepreneurs record high performance in terms of profits and job creation. In this context, how much hope should policy makers place on entrepreneurship programmes as a solution to the youth employment challenge in developing countries?

The main objective of this study is to contribute to the ongoing debate on the role of youth entrepreneurship in generating employment in developing countries. It prompts a series of questions that are crucial to helping policy makers leverage the youth entrepreneurship potential for decent job creation: How many youth are entrepreneurs? What are the characteristics of their businesses? How do they perform? What factors drive performance or failure? How successful are interventions that aim to promote youth entrepreneurship? Which design features can enhance the effectiveness of entrepreneurship programme?

This report is based on the analysis of mixed labour force and enterprise surveys conducted in Côte d'Ivoire, Madagascar, Peru and Viet Nam, as well as the gathering of evidence on the impact of entrepreneurship programmes in developing countries. This report adds to the global debate on youth entrepreneurship in three important ways.

First, it constitutes an unprecedented effort to capture the real situation and multiple faces of young entrepreneurs in four developing countries – Côte d'Ivoire, Madagascar, Peru and Viet Nam – that represent a rather diverse set of conditions in terms of geographical location and income level. The study shows that many young people engage in entrepreneurship for lack of a better job. The majority of youth entrepreneurs operate as small informal businesses in petty trade and services and few possess basic business skills. By and large, youth entrepreneurship is less financially rewarding than wage employment. Only a tiny proportion of youth entrepreneurs can be considered top performers, generating both high profits and jobs.

Second, it provides new empirical evidence on the determinants of youth entrepreneurial performance. It shows that education, managerial capital and business skills are key factors for success. At the same time, young women and rural dwellers face particular disadvantage. While the quality of the business environment varies significantly across countries, informality is common everywhere and unambiguously drives youth business performance down. The vast majority of businesses operate on the streets or at home, with only very few having dedicated premises. Favourable operating conditions often lead to higher youth entrepreneurial performance. Finally, access to finance and market integration present major challenges.

Third, it proposes a policy roadmap based on lessons learned from recent meta-analysis of the effectiveness of entrepreneurship programmes. Unlocking the youth entrepreneurship potential in developing countries calls for a number of actions at programme and policy levels.

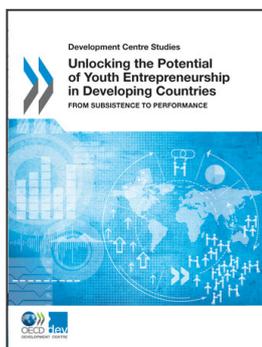
At programme level:

- design interventions that are carefully targeted and tailored to address specific challenges and needs of young entrepreneurs, a highly heterogeneous group;
- link the design of youth entrepreneurship programmes with impact evaluation results;
- invest in comprehensive entrepreneurship programmes;
- reallocate resources away from ineffective programmes.

At policy level:

- integrate entrepreneurship education in formal schooling;
- promote youth entrepreneurship spirit through success stories and role models;
- simplify administrative procedures;
- encourage formalisation as a way to support business expansion;
- develop a holistic and long-term vision in order to foster local and global value chain development.

The report is structured as follows. Chapter 1 considers the meaning of youth entrepreneurship in the context of developing countries. Chapter 2 provides a detailed portrait of youth entrepreneurs in Côte d'Ivoire, Madagascar, Peru and Viet Nam. Chapter 3 discusses pathways and barriers to youth entrepreneurship performance in these four countries. Chapter 4 concludes the report by proposing some policy directions.



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