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A BUILDING BRIDGES PROJECT



Working on a better future

The state of youth entrepreneurship in Southern and Eastern Africa as a solution for youth unemployment

May 2017

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Executive Summary

How are youth defined?

There are different definitions of youth, most often ‘youth’ refers to those in between childhood and adulthood. Who exactly is a youth is generally defined by age. The United Nations Secretariat, UNICEF¹ and the OECD² define youth as those between the ages of 15 and 24.

However, in the African Youth Charter of the African Union, youth is defined as those between the ages of 15 and 35³. The reasoning behind this is that the usage of this age cohort more appropriate for Africa’s development realities. Since this research was conducted on the African continent, the African Union’s definition of youth will be adopted.

Why should we care about African youth entrepreneurship?

In 2015 over 197 million people were unemployed globally⁴. The International Labour Organization (ILO) suggests that on the African continent, underemployment, working poverty and poor job quality remain major problems⁵. At the same time, Africa’s youth population is rapidly rising with between ten to twelve million youth entering the workforce each year, competing for the three million new formal jobs which are created annually⁶.

Faced with these challenges, African youth consider informal self-employment and entrepreneurship as an alternative way to sustain themselves. Entrepreneurship is not confined to any age group, race, gender or geographical location. However, it is argued that youth entrepreneurship can “unleash young people’s economic potential and provide them with livelihood opportunities”⁷. The OECD argues youth entrepreneurship is a sustainable partial solution to the high unemployment rate in Europe⁸. Operating with the same logic, many African governments have started to include youth entrepreneurship in national youth policies and plans.

What is this research about?

This report presents the findings from a four-month long research project carried out from August 2016 to November 2016. The study was carried out in South Africa, Mozambique, Zimbabwe, Malawi, Tanzania, Kenya, Uganda and Rwanda by the Building Bridges Foundation in collaboration with the Dutch Ministry of Foreign Affairs as part of its chairmanship of the Global Partnership for Effective Development Co-operation (GPEDC).

This study combines qualitative with quantitative methods to examine the lived experiences of youth entrepreneurs in Southern and Eastern Africa and is thereby unique in its nature. The findings of this study provide evidence that youth entrepreneurship is a viable partial solution for the employment crisis that African countries are currently facing. However, implemented policies need to be re-examined and further policy reform is needed in order to foster youth entrepreneurship and reap all the benefits.

Why has Building Bridges conducted this research?

Many experts and politicians consider youth entrepreneurship a viable solution for the global youth unemployment crisis and a sustainable driver of economic growth. But is this the case? And if it is, why has youth entrepreneurship not taken off in Southern and Eastern African countries where youth unemployment is increasing rapidly? Especially considering the fact that these governments have implemented youth-focused employment solutions.

The Building Bridges Foundation carried out this research by going to the grassroots to examine youth entrepreneurs’ experiences. This strategy was taken to ensure that their voices and experiences are considered and included in policy formulation.

How was the study conducted?

This study was conducted during four months and used a mixed methods approach. A survey in questionnaire form was sent out to pre-identified youth entrepreneurs between August and November 2016. It

included a variety of open-ended, multiple choice and rating questions to examine the entrepreneurial experiences of youth entrepreneurs in eight different African countries. Questions ranged from societal attitudes towards entrepreneurship, experiences in setting up business, support systems, business training, experience with the government and financial situation. The survey was completed by over 300 youth entrepreneurs operating in the identified countries.

Apart from the surveys, the Building Bridges team visited 80 youth entrepreneurs for intensive follow-up interviews lasting between one to three hours. Key results gathered in the identified countries were gathered and presented at local multi-stakeholder events in each country for further discussion with government officials, policymakers, foreign embassies, NGOs, youth entrepreneurs and other stakeholders.

What does this research show about the state of youth entrepreneurship?

Aside from gaining insight in the entrepreneurial spirit, the findings also reveal that significant barriers are hindering youth entrepreneurs from reaching their full potential.

Of the youth entrepreneurs surveyed, 27.1% have been unable to be profitable, mostly due to challenges like access to finance, business licensing and permits, corruption, lack of ICT capability, and tax rates. Overall, the supportiveness towards youth entrepreneurship received a 5.41 out of 10 points. The ease of doing business received a 5.39 out of 10, indicating there is much room for improvement.

Youth entrepreneurs rate the ease of doing business at 5.39 out of 10.

Scaling up remains a challenge to most youth entrepreneurs due to license approval difficulties, poor financial access, lack of information, lack of good ICT infrastructure, and high tax rates. Other limiting factors are bureaucracy, unreliable electricity and lack of available machinery.

Despite the hardships, most youth entrepreneurs start their business due to a variety of reasons: identified a business opportunity, unable to find stable paid work, and wanted to play a larger role in society. Many wanted to employ other youth or come up with innovative solutions to contemporary problems.

Setting up the business is a challenge due to administrative barriers. 10.6% of the youth entrepreneurs surveyed had not yet registered their company mostly due to the inability to find information online, being provided with the wrong information, and high registration costs, especially for those who were unemployed or still in school while running their businesses.

Most youth entrepreneurs depended on their support circles. The families of 224 of the youth entrepreneurs were supportive. They provided startup capital, advice, became the first clients, volunteered their time, and marketed the product.

In terms of business support most youth entrepreneurs are missing mentorship opportunities, knowledge of available business services, and business connections. When it comes to business training 242 of the entrepreneurs have followed some form of training. A constraining factor for youth entrepreneurs is finance whereby most entrepreneurs self-finance, or look towards family and friends.

How can youth entrepreneurship contribute to lower unemployment rates?

Every year 10 to 20 million African youth enter the job market and compete for roughly 3.1 million jobs⁹. Youth entrepreneurs can assist in creating more stable and decent employment opportunities.

Between them, the youth entrepreneurs surveyed have created 2,050 jobs. This seems like a drop in the ocean, but in a more enabling environment more employment could be created.

The surveyed entrepreneurs indicate that they are aiming to employ an average of 12.3 employees in the coming years as they scale up. This indicates the huge potential youth entrepreneurship has to combat youth unemployment.

The 302 entrepreneurs have hired 2050 employees.

With regards to underemployment, most youth entrepreneurs are aiming to employ highly skilled professionals. In fact, 15.3% of the entrepreneurs indicate that a lack of suitable employees hinders the scalability of their businesses.

What does the research show about youth entrepreneurship?

Of the youth entrepreneurs surveyed:

72.2% have registered their business.

46.4% started their business in the past two years.

40% stated that they had employed 5 people or more. That is five households provided for.

57.1% rely on their family or friends for financial support.

60.7% want to have a formal mentor, but only 48.1% have one.

Policy recommendations – Change needed

The findings show that although most countries have implemented policies to increase youth entrepreneurship, the lived experiences of the youth indicate that these have failed to deliver.

Most policies in place are not effective enough for the youth entrepreneurs to take fully advantage of the opportunities provided. In general, youth entrepreneurs are at the mercy of government officials in charge. Indeed, as the findings indicate these government officials are at times more interested in benefitting themselves than the youth entrepreneurs.

The findings of this study indicate a need for policy reform and stronger enforcement of existing policies. The Building Bridges Foundation calls upon the various countries to reexamine their existing youth entrepreneurship policies, provide better information, and ensure that government officials provide all necessary guidance and help to youth entrepreneurs. With this in mind, the following recommendations are made to the respective African governments, embassies, international organizations, and corporates:

On business registration and set-up

1. Provide better and clearer information for aspiring youth entrepreneurs regarding the existing requirements for youth entrepreneurs, assistance that can be provided, the registration process, and any other relevant information. All information provided by government offices should be up-to-date and correct.
2. Create an easier and streamlined business registration process to enable more entrepreneurs to formally register their businesses regardless of their geographical location. Entrepreneurs should be able to complete the registration process in one department, or even through a mobile application or online process.
3. Reduce the prices of registration so that more youth are encouraged to formally register their business instead of remaining in the informal sector. It will increase their official standing, and the government is able to better monitor youth entrepreneurs.

On government support

4. Conduct a formal review to assess the adequacy of current policies, laws, and efforts to promote and scale up youth entrepreneurship in the identified countries. Governments should also ensure that all provided resources are allocated accordingly to benefit the youth entrepreneurs solely.

5. Provide incentives for aspiring youth entrepreneurs to start their own business in monetary, education, or other appropriate forms.
6. Change fiscal policy whereby youth entrepreneurs either do not pay taxes for the first three years or a very small percentage, to allow them to scale up quickly and become sustainable.
7. Ensure equal access to opportunities for youth entrepreneurs across the country so that no youth is left behind due to their geographical location.
8. Facilitate cross-border dialogue and cooperation between youth entrepreneurs through regular bilateral and multilateral engagement to enable youth to scale up and create cross border partnerships.
9. Enact legislation to include an entrepreneurship subject in mainstream education to instill an entrepreneurial spirit in youth, enabling them to grasp opportunities later in life.
10. Include youth in decision-making processes in order to create bottom-up sustainable solutions.
11. Invest in promising youth enterprises to allow these businesses to grow faster. Shares can be sold back when the youth entrepreneurs pay back their money over time.

On the finance industry

12. Provide flexible repayment schemes to youth entrepreneurs where loans can be paid off over a flexible period of time corresponding with the business peaks.
13. Lower the interest rates so that youth entrepreneurs have to put less of their profit aside to pay back the loans.

On industry and corporate leaders

14. Support youth entrepreneurs by buying or stocking their products, supporting their initiatives with knowledge, and act as mentors to entrepreneurs.
15. Create an entrepreneurial spirit by supporting youth entrepreneurs, showcasing their businesses and highlighting their achievements.
16. Set up hubs in their respective industry to fully enable youth entrepreneurs in the field to scale up quickly.

17. Eliminate one-size fits all business programs and provide tailored support so that youth entrepreneurs can take full advantage of the programs offered.

On international organizations and embassies

18. Redesign embassy initiatives to support youth entrepreneurs through the creation of hubs, linking country initiatives and companies with entrepreneurs in the same space.
19. Redevelop initiatives from money-giving to knowledge-provision in order to promote self-reliance and independence of youth entrepreneurs and their governments.





Introduction



Introduction

What to check out in this report:

Introduction	12 - 19
Discusses the rationale for the research as well as defining the major concepts surrounding youth entrepreneurship. In addition, it will introduce the wider importance of the report and the importance of going to the grassroots.	
African Context	20 - 29
Provides background information about the African youth employment situation, policies in place and its youth entrepreneurship scene	
Methodology	30 - 35
Introduces the methodological framework on how the data has been gathered and analyzed.	
Key Findings	36 - 53
Discusses the key findings of the research, such as the experiences of youth entrepreneurs in setting up their businesses, the enabling environment, government regulations and financial constraints.	
Case Studies	54 - 61
Introduces case studies to present the lived experiences of youth entrepreneurs at grassroots	
Recommendations	62 - 65
Provides the recommendations the Building Bridges Foundation proposes based on interactions with youth entrepreneurs for governments, the finance industry, corporate leaders, embassies and NGOs.	
Country analyses	66 - 83
Outlines country specific challenges and experiences to examine local issues and to provide specific local recommendations.	
End Notes	84
Offers the conclusions that the Building Bridges Foundation has drawn from the research.	

Overview

This report presents the findings of a four-month long research carried out by the Building Bridges Foundation in eight African countries, namely South Africa, Mozambique, Zimbabwe, Malawi, Tanzania, Kenya, Uganda and Rwanda to examine the lived experiences of youth entrepreneurs between the ages of 15 to 35 in order to provide youth-led solutions and policy suggestion for improving youth entrepreneurship.

This research contributes to the discussion of youth entrepreneurship as a viable partial solution to the high youth unemployment rate on the African continent. It is the first research project which has visited entrepreneurs in both rural and urban areas in eight Southern and Eastern African countries in order to examine their entrepreneurial journey and the challenges they face, such as finance, government regulations and cultural views.

Moreover, in order to fully engage with policymakers, the private sector and other stakeholders, the Building Bridges Foundation has examined policy solutions provided by the youth entrepreneurs, which can feed directly into policy making.

This research project has examined the realities faced by youth entrepreneurs in order to use real life case studies to propose better policies for the promotion of youth entrepreneurship on the African continent.

Rationale for research

On the African continent, more than 200 million people are between the ages of 15 and 24. Currently, 30% of them are unemployed¹⁰. And the number of African youth is rising rapidly¹¹.

The Building Bridges Foundation aims to contribute to the dialogue on the importance of youth entrepreneurship by conducting research in eight African countries. Research has shown that in sub-Saharan Africa, 60% of the youth consider becoming entrepreneurs and believe in their ability to to become successful¹². However, without policy reform and support for entrepreneurship, many youth entrepreneurs will be unable to scale up and make their business a success. This study shows that entrepreneurs can help alleviate the unemployment burden, but more tangible assistance is needed in the eight researched countries – South Africa, Mozambique, Zimbabwe, Malawi, Tanzania, Kenya, Uganda and Rwanda.

Youth consider self-employment a good career path.

Africa’s high unemployment rate, means that many youths, with no alternative, spend their days on the streets hanging around. In Southern Africa, youth unemployment is believed to be higher than 20%¹³. During an economic crisis, when the overall economy slows down, youth are especially vulnerable to unemployment¹⁴. In order to create a better situation for the youth, the African Union created the African Youth Charter which has been signed by 42 members states as of March 15, 2016¹⁵. One of the goals is: “Promote youth entrepreneurship by including entrepreneurship training in school curricula, providing access to credit, business development skills training, mentorship opportunities, and better information on market opportunities¹⁶.”

Indeed, legislation for youth entrepreneurship is in place in all examined countries. However, much of the support provided does not reach its target group: youth entrepreneurs. Research has shown that young

people struggle with finding decent employment while their nuclear and extended families rely on them¹⁷. Limited data has been gathered on the ground and as such, a complete picture regarding youth entrepreneurship is missing. The Building Bridges Foundation seeks to fill this information gap with this research and provide a framework for policy and legislative reform.

Lived experiences of youth entrepreneurship show assistance is lacking and this prohibits them from reaching their full potential.

Focusing merely on the stories of successful entrepreneurs, can lead to forgetting or diminishing the real experiences of youth entrepreneurs who struggle on a daily basis to make their ventures successful. It is therefore necessary to have a complete picture and examine the experiences of the overall youth entrepreneurs in the eight African countries. How can a common youth entrepreneur contribute to the lowering of youth unemployment? To what extent are the current policies assisting or hindering youth entrepreneurs in becoming successful and scaling up? And what can be done to ensure more entrepreneurs can become successful?

These are some of the questions that the Building Bridges Foundation has set out to answer.

Definitions

The dangers with any study is that the same things can mean different things. It is therefore important to explain the different concepts used in order to ensure that the findings can be used appropriately. The term “youth”, for example, is defined differently by major international organizations and as such a precise definition needs to be established.

In June 1964, the governing body of the ILO adopted the Employment Policy Convention²². Furthermore, the Universal Declaration of Human Rights states that “everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment²³.” However, there are many different states of employment. The legal definition of “employee”, for example, is different from the lived definition. In addition, though someone may be employed and receive a salary, they can still find themselves in a disadvantaged position.

Many African youth face issues of unemployment, vulnerable employment or underemployment, and as a result they belong to the working poor or are among a large group of discouraged workers. In 2014, many young Africans were considered vulnerable workers, and eight out of ten youth find themselves in the informal economy³⁰.

Consequently, in 2007, the African Union identified decent work as a key priority³¹. Despite its efforts over the past nine years, the situation has remained alarming and therefore, 51 of the 54 member states have mainstreamed decent work into their national development strategies³². Many African young people see entrepreneurship and self-employment as the only viable option or a sustainable future ³³.

How to define “youth”?

Organization	Age
UN Secretariat	15-24 ¹⁸
UNICEF	15-24 ¹⁹
OECD	15-24 ²⁰
African Youth Charter	15-35 ²¹

Figure 1

In this report, the working definition of youth is the age group between 15-35. Africa’s development realities are different from those of the other continents and regions. As such in order to remain consistent with reporting about African countries, the Building Bridges Foundation has adopted the African Union’s definition of youth.

Key labor terms* explained

Employment

People who are above the legal working age who work either in the formal or informal sectors for pay or profit²⁴.

Unemployment

People who are jobless, but want to work, are available to work and actively seeking employment.

Underemployment

People whose productive capacity is underutilized, but who express the desire to work more²⁵.

Vulnerable employment

People who are own-account workers or contributing family workers. They are less likely to have formal work arrangements, and are therefore more likely to lack decent working conditions and have adequate social security²⁶.

Working poor

The working poor are defined as people who are working, but also fall below an accepted poverty line²⁷.

Discouraged workers

People who have decided to stop looking for work because they believe they have no chance at finding a job. This also applies to young people who choose to remain in schooling longer than they had hoped and wait to seek employment because of the perceived lack of job opportunities. They are therefore not counted among the unemployed²⁸.

Decent work

People are able to enjoy a work life that offers equal opportunity, offers fair pay and productive work, enables personal growth and development, offers security and social protection²⁹.

* All definitions are taken from the ILO.

Figure 2

Experts and scholars have argued that there is a difference between entrepreneurship that is necessity- or opportunity-driven. In the former, entrepreneurs lack other alternatives whereas in the latter entrepreneurs are driven by a desire to own an enterprise and be independent³⁴. Global Entrepreneurship Monitor (GEM) argues that opportunity-driven businesses employ more than necessity-driven ones³⁵. However, it should be noted that entrepreneurs may also start businesses both out of necessity as well as opportunity³⁶.

In addition, it should be noted that not all youth entrepreneurs operate in the formal, regulated arena. In many African countries, the informal economy contributes greatly towards GDP as well as employment³⁷. Entrepreneurs operate in the informal sector due to independence, sovereignty or administrative barriers such as lack of funds to pay for registration and high taxes. Entrepreneurship is celebrated as it can create employment for youth and come up with innovative solutions for contemporary problems³⁸. Both informal and formal youth entrepreneurs contribute to development and therefore, this study includes both in order to create a full understanding of the lived experiences.

Entrepreneurship is thriving on the African continent. However, the problems youth entrepreneurs face in the 55 African countries are diverse. In order to fully appreciate the geographical differences, it should be established what “Africa” is referred to in this report. In general, sub-Saharan Africa is used to refer to all of Africa except for the five predominantly Arab states of Northern Africa. Understandably, even within these 48 countries, the lived daily experiences and realities are vastly different.

The Building Bridges Foundation examined the status of youth entrepreneurship in eight African countries namely South Africa, Mozambique, Zimbabwe, Malawi, Tanzania, Kenya, Uganda and Rwanda. The United Nations classification of these countries is that all, but South Africa belong to Eastern Africa³⁹. Nonetheless, as a response to regional diversity and to address local issues, the heads of various governments formed their own regional blocs namely the Southern African Development Community and the East African Community. One of the key objectives is to achieve development and economic growth and the principles and policies of these communities will affect local youth entrepreneurs. Therefore, for this report, the Building Bridges Foundation will follow this definition.

Working definition “Southern” and “Eastern” Africa

Southern Africa (SADC)

South Africa, Mozambique, Zimbabwe, Malawi and Tanzania*

Eastern African (EAC)

Tanzania*, Kenya, Uganda and Rwanda

*Tanzania belongs to both communities.

Figure 3

Sustainable Development Goals

In 2015 the United Nations created on 2030 Agenda for Sustainable Development. The aim is to bring together all countries, NGOs, the private sector, and all other stakeholders to implement the 17 Sustainable Development Goals [SDGs] and 169 targets in order to balance the economic, social and environmental aspects globally. The Building Bridges Foundation works together with its partners to make SDG 17 Partnerships for the Goals a reality.

Before the 2030 Agenda was adopted, the United Nations and its partners conducted the MYWorld global survey⁴¹. Individuals worldwide were asked which six out of sixteen possible issues they believed would significantly impact their lives for the better. Over 9.7 million people voted of which 5.2 million were between the ages of 16 to 30. These youths indicated their priorities are firstly a good education (3.5 million), secondly better healthcare (2.9 million) and thirdly better job opportunities (2.8 million). The Building Bridges Foundation identified the last concern as one that can be addressed, not only by governments and institutions, but also young individuals. Youth entrepreneurs not only help with SDG 8 Decent work and economic growth, but with their ventures they also work towards achieving all other SDGs.

“All countries stand to benefit from having a healthy and well-educated workforce with the knowledge and skills needed for productive and fulfilling work and full participation in society.”

*United Nations General Assembly, 2015*⁴⁰

“As we embark on this great collective journey, we pledge that no one will be left behind.”

*United Nations General Assembly, 2015*⁴⁰

A grassroots approach

The Building Bridges Foundation prides itself on taking a grassroots approach. Only if youth entrepreneurs from all walks of life are asked about, and able to share their experiences and challenges, can fruitful recommendations be proposed. This includes going into the more remote and rural areas as well as townships and urban areas of the eight examined countries. A grassroots approach is the only way to fully understand the complexities of the day to day running of youth enterprises, including registering a business, cultural and societal responses, market barriers and governmental restrictions they might encounter.

Governmental policies, NGO support and foreign embassy initiatives should not merely focus on aid, but support the development of youth entrepreneurship across all social classes and localities. It should take into account the experiences of youth entrepreneurs and focus on promoting youth entrepreneurship in all industries – not only technology – all areas – not just the urban centers – and all social classes – not just the highly educated. In order to provide all stakeholders with insights into how they can play a role in the effective implementation of the Sustainable Development Goals through grassroots development, this study was conducted.

“A strength of the NGO community is its capacity to link micro- and macro-levels of development and bring grassroots experiences to international development debates.”

*UN NGLS, 1995*⁴³



Figure 4



African Context

Youth unemployment in Africa

The global trend of an aging population is contrasted by the Sub-Saharan African experience where the majority population is under 35 of age. This means that Africa is facing certain unique challenges to ensure flat development and equal opportunities for youth. Poverty remains a major development challenge especially since the number of people living in extreme poverty has continued to grow since 1990⁴⁴.

This is partly due to the fact that Africans are not only facing unemployment challenges, but also underemployment or vulnerable employment. In Sub-Saharan Africa over 70 percent of the workers are in vulnerable employment, notably youth and women face a higher risk⁴⁵. Underscoring this issue is the fact that in developing countries 52.6% of employed youth continue to live in poverty⁴⁶.

However, when considering youth unemployment in Sub-Saharan Africa it is important to consider each country's specific history and local issues. There is no "one-size-fits-all" solution for youth unemployment. Furthermore, migration has further complicated the issues with many youth crossing country borders in search of employment opportunities and a better life.

The economic growth rates of most African countries regularly exceeded 5 percent per year since the early 2000s⁴⁷. Especially Eastern Africa is leading the charge, followed by Western Africa. However, the economic growth has not led by significant formal employment creation⁴⁸. Most citizens remained in the informal economy where they remain vulnerable⁴⁹.

Unemployment of youth 15-24 as % of total labor force ⁵⁰



Figure 5

In reality, increased economic growth does not translate into more employment creation due to the fact that most governments focus on the winning and exporting of natural resources for the export market. This makes these African countries vulnerable to global economic crises as was the case in 2008 and 2009. In order to create a more sustainable and self-sufficient economy, some African countries are focusing on upskilling youth as a development tool.

Many governments, stakeholders and even the media see unemployed African youth as a problem or even "ticking time bombs". According to a joint report by the African Development Bank, the OECD and UNDP, public protests between 2013 and 2015 were mainly motivated by the poor economic conditions and public services⁵¹. A 2011 World Bank survey indicated that close to 40 percent of the youth join rebels or gangs because of unemployment or idleness⁵².

The Africa Commission suggests that the African region has a **young population which presents a unique opportunity to Sub-Saharan Africa**. "If capital is available and if the skills needed to compete in the global economy are nurtured, the continent's youth will constitute a major comparative advantage⁵³." Youth could play a major role in a restructured economy especially when it comes to services, technology and innovation.

In recent years, access to and the quality of education has improved remarkably, especially primary education. Yet, school dropouts and child labor remains a problem. Those who do finish tertiary education, often face a mismatch between their qualifications or skills and the expectations of the job market. It is therefore important to include youth in policy formation because their experiences are crucial to understanding what can be done to improve matters.

By 2025, one in every four young people in the world will come from Sub-Saharan Africa. Yet, it is in these countries that youth have been and remain largely absent and unrepresented in most, if not all, policy debates.

Sustainable Development Goal 8: Decent work and economic growth

Global unemployment has increased from 2007 to 2012 of which about 75 million are young people. 470 million jobs are needed between 2016 and 2030. Stable and well-paid jobs will help eradicate poverty.

Highlighted targets

8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least **7 per cent gross domestic product growth per annum in the least developed countries**.

8.2 Achieve **higher levels of economic productivity through diversification, technological upgrading and innovation**, including through a focus on high-value added and labor-intensive sectors.

8.3 Promote **development-oriented policies** that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage **the formalization and growth of micro-, small- and medium-sized enterprises**, including through access to financial services.

8.5 By 2030, achieve **full and productive employment and decent work for all women and men, including for young people and persons with disabilities**, and equal pay for work of equal value.

8.6 By 2020, substantially **reduce the proportion of youth not in employment, education or training**.

Figure 6

Stakeholder initiatives & policies

In reaction to the high youth unemployment rate combined with a very young population, African governments have taken measures specifically aimed at youth. Most countries on the African continent have designed and adopted individual Youth Policies addressing the specific situation in their country.

In addition, the African Youth Charter guides youth empowerment and development across the continent. The African Union Commission prepared the African Youth Charter. It was adopted on the 2nd of July 2006 at the Seventh Ordinary Session of the Assembly. The Charter addresses the key issues youth face not limited to employment, education, skills development, law enforcement. Currently, 42 out of 54⁵⁴ of the member states have signed the Charter and 38 countries have ratified it⁵⁵. The Charted officially entered into force on the 8th of August 2009.

The African Youth Charter considered earlier provisions of declarations and charters, the NEPAD Strategic Framework for Youth and the UN Millennium Development Goals. The main objectives of the Charter are:

1. to provide a framework with the rights, duties and freedoms of youth;
2. to ensure youth involvement in the development agenda on the national, regional and continental level;
3. to provide guidelines and responsibilities with regards to education, skills development, poverty eradication, peace and security, law enforcement and all other aspects which influence one's livelihood; and
4. the responsibilities of youth for their individual as well as national and continental development.

The African Youth Charter provides the first African continent-wide initiative addressing youth. It thereby signals that youth will play an important role in the development of Africa. At the same time, the Charter considers African values and cultures, thereby becoming a more suitable framework for Africa.

Despite the best intentions and efforts, the implementation of the African Youth Charter remains a challenge. In 2013 the African Youth Commission, formerly the African Union Youth Working Group, was formed. The vision of the Commission is to become the youth version of the African Union Commission and to make youth a key stakeholder of the Agenda 2063.

A final international organization concerned with youth affairs is the Commonwealth Secretariat. It currently has 52 member states including 18 from the African region. Together they created a Plan of Action for Youth Empowerment (PAYE). The aim of the PAYE is to not only lay the framework for governments, but to also guide other development partners.

Regardless of all initiatives and action plans, youth participation and youth unemployment continue to be a significant development issue. A positive sign is that local governments, foreign governments the private sector and NGOs have started to work together in order to scale solutions up. Their combined efforts include adaptation of the education curriculum, specific skill developments, entrepreneurial courses and fairer distribution of resources between the urban and rural areas amongst others.

Yet, the fact remains that youth continue to play a minor role in policy-making and in development action plans. Despite the best intentions, youth demands continue to not always be heard.

“Convinced that Africa’s greatest resource is its youthful population and that through their active and full participation, Africans can surmount the difficulties that lie ahead.”

African Youth Charter, 2006⁵⁶

Country specific youth policies

South Africa
National Youth Policy 2015-2020

Problem areas: quality of education and educational outcomes, and the high youth unemployment rate.

Mission: integrate youth development into all government policies, programs and national budget and build the capacity of young people.

Mozambique
National Youth Policy Guideline 2013

Problem: relatively high school dropout rates and lack of jobs for the youth who enter the labor force every year leading to un- and under-employment.

Mission: expanding economic opportunities for youth through employment and entrepreneurship as well as mainstreaming youth issues into government plans.

Zimbabwe
Revised National Youth Policy 2013

Problem: high unemployment or underemployment rate partly due to being unskilled, school dropout or lacking access to productive resources especially for young women, youth with disabilities and rural youth.

Mission: provide youth with the necessary education and skills, work together with all stakeholders to empower youth and provide youth with a clear sense of national identity.

Malawi
National Youth Policy 2013

Problem: the potential of young people is under-realized, under-utilized and at times misdirected which results in high unemployment, inadequate training and high level of adolescent fertility.

Mission: aim to create productive youth through minimum standards for youth programs, allocation and use of resources, gender equity and all-inclusiveness.

Tanzania
National Youth Development Policy 2007

Problem: high unemployment rates, poverty, high prevalence HIV/AIDS among other sexually transmitted diseases and environmental degradation.

Mission: promote and protect the social well-being of youth and to create an enabling environment through increased schooling and youth participation.

Kenya
National Youth Policy 2006

Problem: not enough employment opportunities, increasing school and college drop-outs, abuse and exploitation and lack of representation.

Mission: provide youth with an equal opportunity by mainstreaming youth issues and that programs are youth-centered.

Uganda
The National Youth Policy 2001

Problem: rural-to-urban migration increases the pressure on urban facilities and amenities, youth poverty, youth unemployment and dropout rates.

Mission: mobilize resources to promote youth participation and integration in national development.

Rwanda
National Youth Policy 2005

Problem: youth poverty, youth unemployment, illiteracy and limited possibilities of accessing education as well as direct and indirect consequences of the genocide.

Mission: coordinate the development of youth-focused national programs with a focus on education, sensitization of rural life, promote youth health and train youth for technology sectors.

Entrepreneurship as a solution

For years the African narrative has depicted the continent as being poor and in constant conflict. Foreign aid was the answer, but some, like Zambian-born international economist Dambisa Moyo argue that foreign aid has led to slower economic growth, poverty and even corruption⁵⁷. The argument goes that local communities need to be empowered, not made dependent. One potential solution as suggested by the UNDP is to create a self-reliant and forward-looking Africa is local entrepreneurship.

With millions of unemployed youth on the African continent, job creation by the private industry and government alone will not be enough. Entrepreneurship is considered a key driver for sustainable and structural economic transformation. Advocates of entrepreneurship argue that it has the potential to create millions of jobs, innovate in technology, transportation and the traditional agricultural sector, and can empower African youth⁵⁸. In addition, it also creates a stronger sense of community⁵⁹.

Entrepreneurship is not the definite or only solution to high unemployment rates, but it can be a part of the solution⁶⁰. In addition, social entrepreneurs are also contributing to development by attempting to solve a local problem. These young people are on the ground and have often a better grip and understanding of the situation than outside aid organizations. Indeed, almost all of the African governments have dedicated space to entrepreneurship in their national youth policies and some have implemented entrepreneurship strategies.

International institutions have also stepped in and provided their insights on the stimulation of youth entrepreneurship. In an attempt to further encourage governments to invest in entrepreneurship, the Commonwealth Secretariat in partnership with the United Nations Conference on Trade and Development developed a Policy Guide on Youth Entre-

preneurship. On the African continent, Tanzania and South Africa, for example, have already taken the efforts to implement some of the suggestions and they have organized capacity-building workshops.

In addition, many local governments, NGOs and private companies have started to invest in facilitating youth entrepreneurship on the African continent. An example is the Memorandum of Understanding the African Union Commission signed with the E4Impact Foundation in May 2016 aimed at enhancing agribusiness and agricultural entrepreneurship. The partnership evolves around inclusive quality education provided in partnership with African universities and major Italian companies.

Other initiatives are entrepreneurial fellowships offered by for example the Tony Elumelu Foundation or the Young African Leaders Initiative established by former United States President Obama. They provide not only entrepreneurship training, but also mentoring, forums, networks with other entrepreneurs and seed capital funding.

Besides these programs, there are many more partnerships to stimulate entrepreneurship in Africa. However, there is no perfect program for youth entrepreneurship. Cultural, societal and economic circumstances further affect the possibility of youth entrepreneurship to successfully combat local issues such as high unemployment, disparity between rural and urban, and environmental degradation. Just copy-pasting what works overseas won't do. The local experiences need to be carefully considered and taken into consideration when creating change.

“Entrepreneurship is a useful way to promote self-employment among the young only if they get help with access to infrastructure, seed money, advice and other services that can be used set up micro enterprises.”

Anna Tibaijuka (UN-Habitat), 2007⁶¹

“Entrepreneurship creates new jobs and new businesses, new ways to deliver basic services, new ways of seeing the world — it is the spark of prosperity.”

Barrack Obama, 2015

African youth entrepreneurs

The current number of youth entrepreneurs operating on the African continent is unknown. Not only because the region is vast, but also because many of them formally register their business. There are various boundaries such as the length to register, cumbersome administrative procedures and lack of information⁶². These issues are even further complicated by the urban/rural divide. Nonetheless, unregistered and informal businesses should still be considered as these businesses do provide a livelihood. In fact, the informal sector in Sub-Saharan Africa provided about 55 percent of the GDP and even 80 percent of the labor force in the region⁶³.

Considering the existence of informal and formal enterprises, which youngsters are potential entrepreneurs? A 2015 Global Entrepreneurship Monitor report on youth entrepreneurs in Sub-Saharan Africa gives us an idea of the current status.

1. Young people are three times more likely than adults to be unemployed. In Sub-Saharan Africa, while education is lacking, young people are the most likely to have followed some entrepreneurial or business training.
2. Youth entrepreneurial activity or the interest in becoming an entrepreneur is considerably high on the African continent. In some countries the young people who are interested in entrepreneurship, starting a business or running one is higher than 50 percent.
3. Levels of fear of failure were lower than 25 percent. This may be because there are fewer other opportunities and thus less of a possibility of losing out. However, legal and social ramifications of failure can deter young people.
4. Youth are more likely than adults to believe that they have the skills and knowledge to start a business and to indicate that they want

to start, but they were less likely to be classified as entrepreneurs compared to the adults.

5. The researched youth have high positive attitudes towards entrepreneurship and see it as a good career choice. This may also be because for many, entrepreneurship may seem the only option. In this case, they may act more out of necessity than opportunity.
6. Gender plays a role: businesses owned by female entrepreneurs were less likely to hire employees at all or they hired fewer when it came to high-growth businesses. In addition, men were 1.5 times and two times more likely to run medium or high-growth potential enterprises.
7. More than half of the youth entrepreneurs are involved in retail, hotel and restaurant trade.
8. Education plays an important role when it comes to growth expectations. Those youth entrepreneurs who completed secondary, post-secondary or tertiary education are more likely to run high-growth businesses. In addition, improved business support and advice, more provision of business capital and financial support and more ICT and technology exposure could assist with a higher success rate.
9. Youth entrepreneurship generally has a positive impact on the livelihood of the entrepreneur. However, they may not always generate enough employment opportunities for others.
10. Policy support is needed in order for youth entrepreneurs to achieve their aspirations. In turn this will also lead to a greater economic impact.

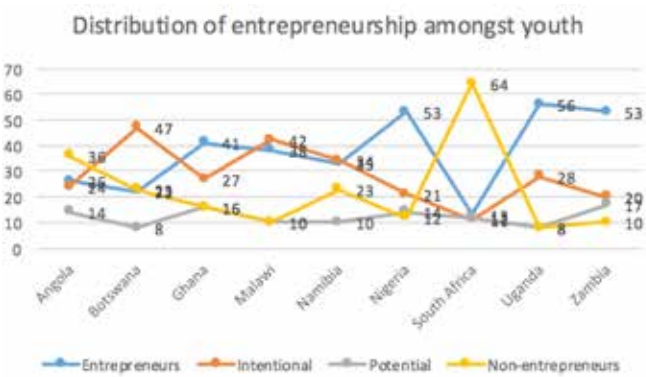


Figure 7

How do we know what works and what does not work? Why do we not listen more to youth entrepreneurs across their countries rather than merely focusing on those in the urban centers?

Impact: Frederico, a Mozambican entrepreneur



ACHIEVEMENTS

- Created 13 jobs
- Developed a user-friendly USSD technology to connect skilled workers in the informal sector with potential employers
- Driver behind the startup community in Mozambique
- Looking for expansion opportunities on African continent

Frederico is a 33-year old university graduate born and raised in Mozambique. “I didn’t face half the hurdles of an average Mozambican. It could have been 10 times harder. My parents weren’t rich, but they could afford private school, studies abroad and travel,” says Frederico. Upon graduating he followed the expected path and worked in big corporates for seven years. The aim was to get to the top of the ladder. Life was going well and I had everything I needed.

That is when it hit him. “I couldn’t live with myself knowing that I’ve all these good things while I’m surrounded by people that don’t. My parents raised me with the idea that you can help people who never had the chance to dream.” Frederico saw the gap between the poor and rich widen. According to Frederico Mozambique has been one of the fastest growing countries economically, but when it comes to the human development index, the country is still ranked among the last countries.

His inspiration for his business came from working in the tech industry. “Tech can have a huge social impact without any considerable investment.” The social problem he wants to attack is that Mozambique has a gap in terms of providing labor market information. The largest newspaper had sold 10 to 15 thousand copies a day for a population of around 26 million. “That’s a huge discrepancy. Most job ads don’t reach the people.” That is what Frederico wants to change. “Technology is a way to democratize the information in the labor market.”

Moving from the corporate world to the startup community was not easy for Frederico. From one day to another, he earned less than a fifth of what he was used to. He had to give up his house. “But I put it in the perspective of a young Mozambican who might be the first graduate in their family and has a lot of pressure to get a job and pay the bills. How would they cope? So I have to step up and help create an entrepreneurial culture.”

In their first month Frederico and his two co-founders got 168 visits on the website. They spent a lot of time skimming through newspapers for job ads. After they started growing, companies approached them directly. In order to earn enough money, they sold advertisement space to big companies. Before their first-year anniversary the website was averaging

around 46,000 visits per day. Then it hit Frederico. He was making a profit, but his platform was only relevant to internet users. “We were far from our initial goal to democratize the information in the labor market.”

Frederico started to develop a new system based on the USSD technology. But then he ran into a much bigger problem. “There are only 700,000 formal jobs in Mozambique. With a population of around 27 million people, there is a big gap.” Frederico shifted gears and set up a second company focusing on the informal sector. “Our two strategic business units are a holistic solution to disrupt the labor market.”

But things do not always go smooth. “Mozambique is a pretty conservative market,” says Frederico. “Customers are reluctant to adopt a product from a new company led by young people.” Frederico believes that this is because they think you do not have experience and therefore lack credibility. Also when Frederico started his business, a startup culture was non-existent. There were no investors for innovative solutions.

When he started his business, Frederico did not know what a social entrepreneur was. All he knew was that he wanted to make a social impact and somehow monetize it. “People may not be happy in their jobs, but with our platform they have options to look for new jobs. We are looking at giving people the opportunity to bring food to their homes.” Frederico’s biggest challenge is to replicate the business in five countries. He needs funding, but this is difficult to get while facing the same tax burden as major corporations. To help other starting entrepreneurs, Frederico is working on creating a startup culture in Mozambique. He gives presentations, but also invites major pitch competitions to come to the country. “It is all about exposure; partners, funding and an idea of what’s happening on the African continent.”

“I saw the gap between poor and the rich widening and saw technology as a catalyst for development and change.”



Methodology

Methodology

Research

In order to fully understand the experiences of youth entrepreneurs, their challenges, and their ability to employ other youth, the Building Bridges Foundation developed a research approach that included a quantitative and qualitative component.

Surveys were distributed to pre-identified youth entrepreneurs in order to ensure their eligibility in terms of geographical location and age. In order to discuss and validate some key findings the research team visited entrepreneurs in the eight countries to discuss and further understand the key survey findings. The adoption of mixed methods allowed the Building Bridges Foundation to get to the core of the lived experiences of youth entrepreneurs and to fully grasp their challenges and potential enabling factors.

The research team consisted out of two full-time researchers who visited all entrepreneurs for the qualitative component. In addition, in each country, except for South Africa, local Building Bridges Foundation volunteers attended the interviews to ensure that the team would fully grasp the local issues and subtleties that may have otherwise been missed. In addition, having local volunteers involved in the research, the Building Bridges Foundation also ensures that no ulterior motives were present such as discrediting local policies or government officials.

Finally, in order to address ethical considerations and issues, the research team consisted out of one black African and one white European team member, in addition to the local volunteers. As such we attempted to eliminate any hierarchical boundaries that may have existed due to colonial legacies. Sensitive topics such as corruption, historical happenings and personal issues were addressed in a careful manner, and the emotional state of each respondent was monitored.

Survey respondents background		
South Africa	26%	79
Kenya	18%	54
Uganda	15%	45
Malawi	13%	38
Zimbabwe	10%	31
Tanzania	7%	22
Rwanda	6%	19
Mozambique	4%	14
Total	100%	302
Formal	71%	214
Informal	28%	86
Other	1%	3
Total	100%	302

Figure 8

Survey development

A quantitative survey was developed in order to understand the entrepreneurial journey of the youth entrepreneurs. The survey included 58 questions for the entrepreneurs from Zimbabwe, Malawi, Tanzania and Kenya and a total of 81 questions for South Africa, Mozambique, Uganda and Rwanda. This was because for the last four countries, additional questions were added to examine if and how previous conflicts, namely Apartheid, Civil War, political conflicts and the Genocide, impacted youth entrepreneurs.

To ensure that the survey contained clear and concise questions while capturing the entire entrepreneurial journey, the researchers tested the survey with youth entrepreneurs and adapted it accordingly. In order to minimize the interviewer bias, the survey was phrased in an as neutral manner as possible. The researchers strove to keep the survey within 30 minutes, but due to slow internet access in remote areas, some respondents took much longer.

In South Africa the survey was distributed in person and respondents filled the survey in person on a hard copy. It was then decided to administer the survey online to give respondents the appropriate time to do the survey at their own convenience especially considering that not all informants were equally conversant in English. In Mozambique the survey was provided in Portuguese whereas for some other youth entrepreneurs, friends acted as translators due to language barriers.

For more information on the survey, contact the Building Bridges Foundation at info@buildingbridges.nu.

Sample size

The exact number of youth entrepreneurs on the African continent is unknown. The Building Bridges Foundation worked to survey a random sample, with entrepreneurs located in both urban and rural areas and coming from diverse backgrounds in terms of educational attainment and socio-economic background. A total of 964 youth entrepreneurs

applied to be visited, of which 80 were selected, and all of these 964 were sent the survey. A total of 616 entrepreneurs responded, which is a response rate of 63%. However, only 302 fully completed the survey and are therefore included in this report. Though the sampling may be small, the Building Bridges Foundation is confident that statistically-significant findings can still be drawn due to the diverse background of respondents.

Research methods

A Simple Random Sampling is the preferred method, however, due to the sheer number of youth entrepreneurs and the four months' allocated to the research, it was impossible to randomly select from the entire target population. The research team sought to have a good distribution among the eight identified countries as well as the respondents. It was therefore critical that the sample included respondents from the rural and urban areas, the formal and informal sector as well as from both genders.

In addition, each respondent was asked to also introduce the study to their friends and relatives who were youth entrepreneurs too, thereby using Snowball Sampling. In order to ensure anonymity, respondents were not asked if they were introduced to the study by friends so therefore it is impossible to know which method led to the most responses.

Respondents were given the flexibility to take as long as they needed to complete the survey, and to pause at any time. All respondents gave their consent before starting the survey. In one country, the survey was available in another language, to ensure no entrepreneur would not be excluded due to language. The total successful response rate was 31%, 302 out of 964, and though this is low, it is not surprising considering the amount of time it takes and the distrust of government among the respondents.

After the data was gathered all identifying markers were removed to ensure absolute anonymity. A preliminary analysis was conducted to fully understand the entrepreneurial journey in order to contribute to the policy agenda of governments, embassies and other stakeholders.

Interviews

In order to validate the survey findings, 80 youth entrepreneurs were selected for personal in-depth follow-up interviews. These entrepreneurs were selected based upon their nationality, location within the country, business case as well as gender. In each country ten entrepreneurs were selected to ensure that each country was represented equally. A total of 51 male and 29 female youth entrepreneurs were visited. Although the research team attempted to visit an equal number of male and female entrepreneurs, it was clear that especially in the rural areas, most youth entrepreneurs are male.

The interview sessions lasted between 45 minutes to two hours and were used to validate the research findings, ask questions that had arisen, and to examine exactly what policy changes youth entrepreneurs like to see in order to scale up. For five interviews, the local research volunteers acted as interpreters. Three of these entrepreneurs were located in Mozambique, and one in Kenya and Rwanda respectively.

All interview respondents were made aware of the invitation through email and phone calls to obtain their consent. All youth entrepreneurs were visited at their place of business to ensure that they felt comfortable and to also see the locations and state of their day-to-day operations. Prior to each session, the interviewees were asked to confirm their consent to participate in the research and any related publications.

Each interview consisted of two sessions. The first session included teams ranging from three to eight researchers. The youth entrepreneurs started with introducing and explaining their business, and voicing their concerns and challenges they experience. Afterwards a smaller research

team of maximum four researchers, discussed the challenges to get a deeper understanding of their personal entrepreneurial journey.

Limits of research

Sampling. While the Building Bridges Foundation attempted to have an as random sample as possible, the time limit – three and a half months – made it impossible to achieve a full random sampling. Regardless of this, the data remains valid and provides a rare insight into the lived realities of youth entrepreneurs. Nonetheless, there remains scope for further research based on this results of this report.

Time constraints. The Building Bridges Foundation had a mere three and a half months to conduct all its research. As such it was only possible to conduct 80 in-depth interviews and all youth entrepreneurs could only be visited once. Given this limitation, there is scope for further research to examine exactly the impact of constraints on and challenges faced by youth entrepreneurs.

Coverage of research. This study provides recommendations for government officials, NGOs, foreign embassies, the private sector and other stakeholders. Nonetheless, this study does not make any claims for other African countries. In addition, it has not fully examined the current policies in place. Rather it focused on the lived experiences of youth entrepreneurs. As such there remains room for research on specific policies for youth entrepreneurs and their effectiveness from a holistic viewpoint.

Research statistics



Figure 9



Road to Nairobi Project

This research report is one of the outcomes of the Road to Nairobi Project which was led by the Building Bridges Foundation. The project was supported and commissioned by the Dutch Ministry of Foreign Affairs as part of the chairpersonship of Lilianne Ploumen, Dutch Minister of Foreign Affairs, to the Global Partnership for Effective Development Cooperation (GPEDC).

In December 2016, the Second High-Level Meeting (HLM2) of the GPEDC has been held in Nairobi. One of the key focusses is economic empowerment of women and youth. This research report has fed directly into that session. This is also why the research project has been called “Road to Nairobi 2016”. The entire research period has been spent on the road and all youth entrepreneurs were visited by a team of youth who travelled across the Southern and Eastern countries with a minibus.

In each visited country, local multi-stakeholder events were organized to propose better policies on the ground and to foster partnerships between youth entrepreneurs, NGOs, the private sector and others. The aim is that everyone involved learns from the grassroots in order to work on youth driven solutions for youth employment and entrepreneurship.

Independence

Any research has the potential to become biased when it has been commissioned by a government institution. There are always the dangers of impacting research findings or politicizing them when research has been commissioned by a government entity, especially when that research is

conducted on foreign soil. The Building Bridges Foundation has taken measures to avoid any such bias and potential impact on its data.

The Building Bridges Foundation is not aligned with any particular ideology. The Foundation has the freedom to examine, review, critique and applaud government policies regarding youth entrepreneurship solely based on the experiences of youth entrepreneurs.

In order to ensure transparency, local volunteers were asked to participate and attend the research sessions to avoid any potential bias. All research sessions were held independently from any government institutions. In Kenya a government delegation from the Youth and Gender Affairs joined the field visits. They were part of the first session where the youth entrepreneurs introduced their business, but they were not part of the smaller research session.

The findings in this report are gathered independently with no ulterior motive or agenda.

Project principles



Figure 10



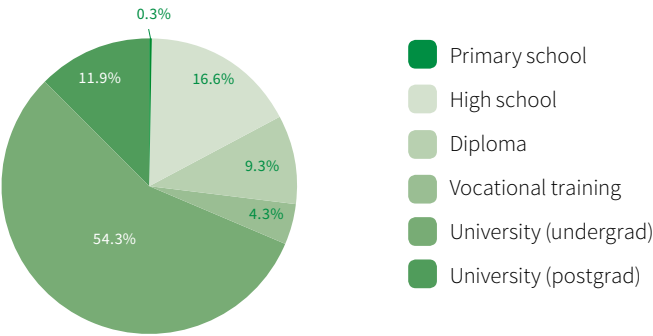
Key Findings

Surveyed Youth Entrepreneurs

Of surveyed youth entrepreneurs:



Education matters



Legal status

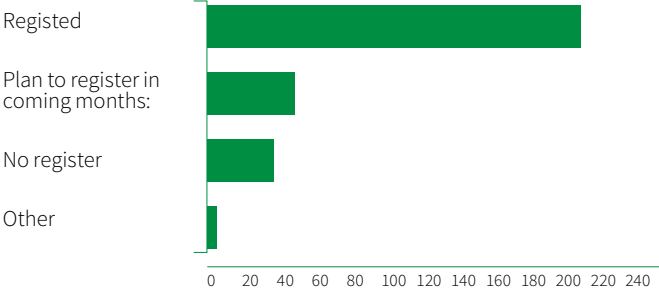
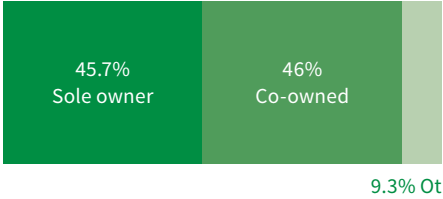
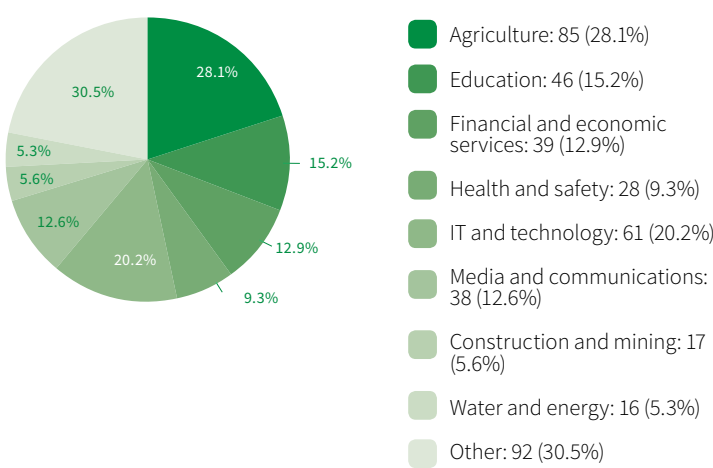


Figure 11

Making waves in



Research outcomes

The individual entrepreneurial journey is important, but also needs to be seen within the wider context of youth entrepreneurship in Southern and Eastern Africa. It is important to go through the same motions as youth entrepreneurs do when establishing and running their businesses. That said, individual experiences are important to acknowledge and therefore case studies of individual young entrepreneurs will be presented at the end of this chapter. The findings in this chapter are generalized to provide a broader picture, but it should be acknowledged that country context plays an important role. An analysis of country specific restrictions, barriers and challenges is provided at the end of this report.

Youth entrepreneurship celebrated or criticized?

Previous studies have indicated that an entrepreneurial culture is lacking on the African continent⁶⁴. Many of the surveyed entrepreneurs indicated that entrepreneurship had never been taught, either at school or at home, as a viable career path. Instead, societal norms dictate for children to study hard, prosper in school and find well-paid white collar jobs.

“It needs to be a normal thing for a black kid to think: what if I start a business? Now they think: I need to get an education and a good job to get out of poverty.”
Youth entrepreneur (23) from South Africa

“My parents don’t understand why I dropped out of medical school. I saw people struggling and had seen results in my own life. So I decided to make it into a business. My parent’s didn’t understand. They wanted me to become a doctor.”
Youth entrepreneur (28) from Zimbabwe

It is a common assumption that youth entrepreneurs will earn less than when they are in formal employment. Even though unemployment is high

many parents prefer their children to be looking for jobs than creating self-employment. Interestingly enough, even youth entrepreneurs whose parents had created their own businesses, were pushed to not become youth entrepreneurs.

“My father is an entrepreneur himself. But when I ask him for support, it’s like a Third World War. He asks me: why don’t you get a job?”
Youth entrepreneur (26) from Mozambique

Overall societal supportiveness towards youth entrepreneurship on a scale of 1 to 10

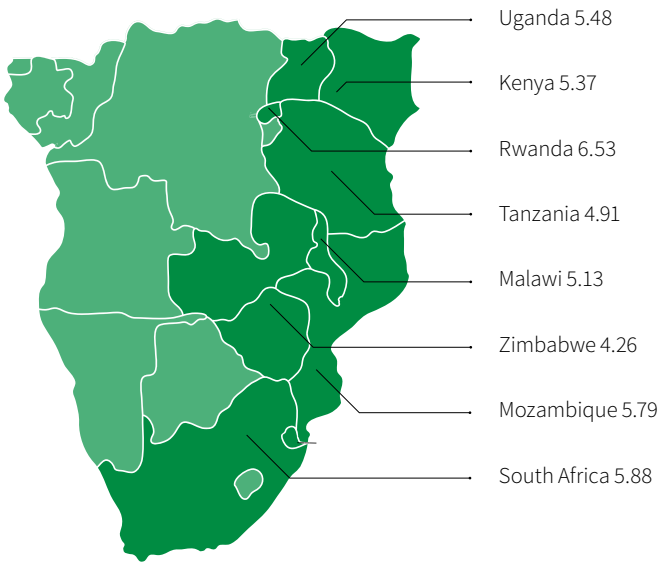


Figure 12

Embarking on the entrepreneurial journey

Most youth entrepreneurs surveyed are driven by both an interest and desire to play a larger role in society. A study by GEM and YBI found that in Sub-Saharan Africa about one third of the youth commence their businesses out of necessity⁶⁵. In this study 15.9% (48) of the surveyed youth entrepreneurs started their business due to their inability to find stable paid work. Another 7.9% (24) were driven by their unhappiness with their current employment situation.

“After university I faced an unemployment challenge. It’s very common here. So I decided to come up with something that could help me earn something and to do something for the community.”

Youth entrepreneur (29) from Tanzania

Indeed, of the 302 surveyed youth entrepreneurs 203 started their businesses because they identified a business opportunity. It may be due to the fact that the youth in this study were more interested in participating in this research because this allowed them to voice their opinions for policy making or because they were eager to see their businesses growing as they started them out of opportunity. Regardless, it indicates that when policies are involved, youth who are dedicated to their businesses will take advantage of opportunities offered.

However, it should be kept in mind that youth may also start their companies both out of necessity and out of opportunity. Quite a few respondents were proud of the fact that they never worked in formal employment. Nine created their businesses while they were still studying.

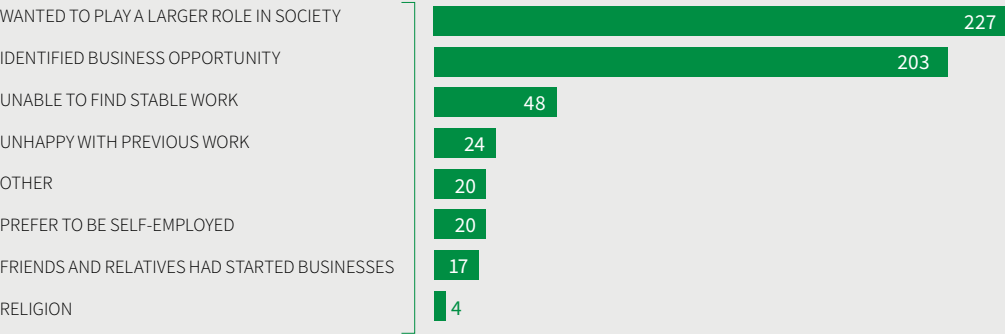
Another eight youth entrepreneurs started their business after they graduated and never worked for an employer. Some of these young people were unable to find jobs, but the opportunities they saw in their businesses were the main drivers. They were jobless, but at the same time were driven by a desire for wealth, social status and independence – indicators of necessity-driven youth entrepreneurs.

Many of the interviewed youths are also driven to decrease youth unemployment as a side achievement of their entrepreneurship. A few started their business specifically to give other youth hope for a better future, or with the aim of employing young people. Others did not start their business to create employment, but as their businesses evolved they started to see the importance of training, inspiring and employing other youth. As such, it is important to consider an extension of the reasons for becoming entrepreneurs, and include a third category of driven out of wanting to do good.

“The aim was not to create employment. But the beauty of being an entrepreneur is that you add employees in the process. It doesn’t contribute a single percent to the unemployment figures, but it changes someone’s life.”

Youth entrepreneur (31) from South Africa

Reasons for starting business



Most respondents started because they wanted to contribute and/or identified a business opportunity.

Figure 13

What motivated the interviewed youth entrepreneurs to start their businesses?

“My work bored me. So I decided to do what I really love. I want to see it grow. For my community I want them to know that we can do things for ourselves. Yes, there are no jobs, but we can do something for ourselves with what we have.”

Female youth entrepreneur (28) from South Africa

“My family is all in business so everything was about business. I was 17 years old when I started my first business in key chains. I wanted to solve a problem in the community where I’m from so that’s when I started to look at agro produce. Once it’s sustainable, I’ll move on and do something else. There is so much potential.”

Male youth entrepreneur (26) from Tanzania

I’m driven by purpose and not money so much. I give a bigger percentage to purpose than money. I’m a social entrepreneur: I want to create social impact.”

Female youth entrepreneur (21) from Uganda

“I grew up admiring my grandfather shaping metal into products. Then I dropped out of primary school for many reasons. I went to live with my grandfather to learn his art. After he died I moved and farmed cows until I had enough money to start for myself. I saw a gap in the market: I’m addressing societal needs.”

Male youth entrepreneur (25) from Kenya

“I worked in finance for one of the big four. Since I was at school I’ve always wanted to be involved in development, but I didn’t know what. I learned a lot. Then I started to hear about social venture capital and was very interested. I believe in the power of business so social entrepreneurship attracted me. I saw that many small businesses aren’t developing because there’s not enough support or money. Many of the big investors are not interested in them, but they have good ideas. I realized there is something I can do to help SMEs grow and develop.”

Male youth entrepreneur (33) from Mozambique

“The government is in a bit of a situation; their service delivery has been slowing down. So from a social perspective it’s my responsibility, as a black guy, to try and do whatever I can in my business endeavors to make sure that I’m empowering other black people from their socio-economic conditions. The social aspect is the most important aspect of my business. It’s what drives me.”

Male youth entrepreneur (23) from South Africa

“My parents died when I was young. A relative paid for my school fees, but I have to provide for myself and my younger sister. I started making bags and jewelry. I doubled my initial investment and realized it had the potential to be bigger.”

Female youth entrepreneur (20) from Malawi

Setting up the business

Everyone starting a business has a choice to formally register it or remain in the informal sector. 70.1% (214) of the respondents had registered their business formally. Four respondents were in the process of registering their business which can be a lengthy, complicated and time-consuming process depending on the country the respondent was in. In Rwanda most respondents were able to register their business within a day, whereas in other countries it took anywhere between five days to six months.

“It can take anywhere between 3 weeks to 3 months. I’m waiting for documentation, then I need to go get tax clearance. Queue for half a day, then go to another office and queue up again.”

Youth entrepreneur (25) from South Africa

Respondents registered for a variety of reasons. Most youth entrepreneurs registered their business because they considered it to be the logical next step. Some youth entrepreneurs registered their businesses because they wanted to apply for loans, funding, or partner up with more established companies. This would only be possible with an official license, and in some circumstances product certification. Others registered out of fear for the consequences if they weren't registered such as having to pay a fine, being prosecuted or being asked for bribes.

“ I was working on my office and was told I need a license. I went to apply for it, but was told I need a business license. I told them the license is not issued yet. They asked for a bribe. If you don't pay the bribe and register, they can arrest you. ”

Youth entrepreneur (30) from Kenya

28.1% (85) of the respondents had not registered their company. Some had wanted to register, but were unable to find the necessary information online or from their friends. Even when they approached the responsible government departments and officials, they were given the cold shoulder or provided with the wrong information. One entrepreneur mentioned he had started the application process, but did not want to disclose sensitive information such as finances and names of current employees.

Many youth entrepreneurs of unregistered business have wanted to register their business, but lack of information and high registration fees means that they decided to remain in the informal sector.

Some of the interviewed youth entrepreneurs had not yet registered their businesses because they were unsure what they wanted to register their business as, a social enterprise or normal enterprise, and were worried about the impact of registration on their business.

“ I haven't registered yet. I want to do it, but I don't know yet what I want to register as. I thought of doing it as a consultancy company, but then I realized I can also do it as an investment company. I want to register as a group of companies and get influential people on board. Then we can register the business.”

Youth entrepreneur (24) from Zimbabwe

Finally, for some youth entrepreneurs, the registration costs were too high and the youth entrepreneurs were unable to pay the fees considering they were still in school, had low salaries or were unemployed.

“ When you're unemployed, it's too expensive to pay for everything. Get tax clearance and certificates and the registration fee. **”**

Youth entrepreneur (23) from South Africa

Indeed, for 20.9% (63) of the youth entrepreneurs, business and licensing permits were the biggest obstacle to the successful running of their businesses.

The youth entrepreneurs spent an average of US\$1109 on business licensing. This includes all costs such as certificates required, taxes, administrative fees and so on. It should be noted that the registration fees varied per country, but especially per industry. For example, those operating in the medical or financial services, were required to pay much more for their registration than those who were providing a service that was not as heavily regulated. About 12% (27) of the youth entrepreneurs did not pay anything for their registration, whereas 40% (89) paid between US\$1 to US\$100.

Spending

Interestingly enough, more young women run informal businesses than men. 65.2% (58) of the female respondents have registered their business compared to 70.1% (149) of the male respondents. In addition, of the male respondents who had not yet registered their business 18.4% (39) plan to do so in the coming months, leaving 7.1% (15) expected to remain in the informal sector. For women, 14.8% (13) plan to register in the coming months, whereas 14.8% (13) plan to remain informal.

Expenditure on registration

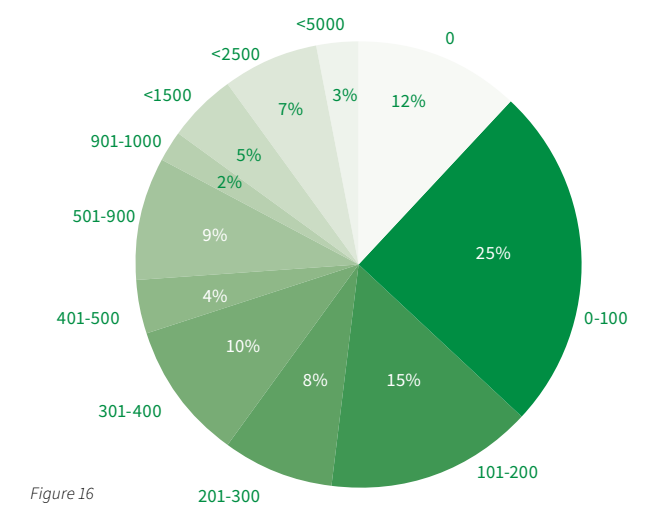


Figure 16

Reduced or subsidized business registration fees would incentivize youth entrepreneurs to formalize their business in a legal and administrative sense, especially for women.

Official business status

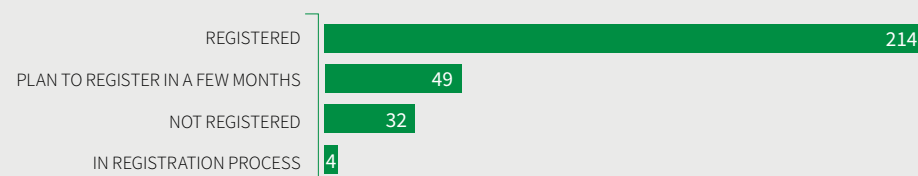


Figure 14



Figure 15

Support of youth entrepreneurs in personal circles

An enterprise culture is missing or lacking in many of the researched countries, especially for youth. Of the respondents, 30.8% (93) indicated that their family was not supportive or indifferent to them setting up their businesses. However, in the follow-up interviews, many of the youth entrepreneurs explained that their parents were initially not pleased with their decisions to start their own businesses because it meant less monetary support for the family, but eventually came to accept it.

“ My mother was very reluctant at first because my younger brother is still at university. It’s my responsibility to support where I can. When you leave a secured job that pays you a salary, it’s was a very anxious time when I quit my job and started working on my business full-time. ”

Youth entrepreneur (23) from South Africa

Indeed, 12 respondents indicated that the biggest challenge they had to overcome was family disapproval. Most youth entrepreneurs who faced a lack of family approval were discouraged and demotivated. The respondents indicated that it was important for their parents to appreciate what they are doing and many spent considerable amounts of their time trying to explain the business to their parents, or to prove them wrong.

“ My family’s response was very mixed. Initially it was negative. But after I began to show my parents what my business is all about, they started to understand what I’m doing. Now my dad is even promoting my business to his own clients! ”

Youth entrepreneur (28) from Zimbabwe

In some instances, only one of the parents was supportive, in all three cases, the father was skeptical and disapproved. This may be because of the patriarchal role the father plays in many African families, and he is expected to be the main breadwinner.

Interestingly enough, the difference between male and female entrepreneurs in terms of parental support is insignificant. For female entrepreneurs, parents were supportive for 68.2% (60) of the respondents while for the male respondents 69.3% (147) of the parents were supportive. The exact reason for this is unclear, and need to be further examined.

“ I didn’t tell people that I’m doing this business. I wanted to give it room to fail so I don’t make a fool of myself. My mom just says I’m a businesswoman. And that I met Obama. But it’s easier for her to tell people what my sister does. ”

Youth entrepreneur (33) from Kenya

For those who were married, they not only had to gain support and understanding from their parents, but also from their spouse. For one informant, he only decided to go and work full-time on his business after his wife gave him the green light and convinced him that his business had the potential to grow and become big.

The importance of family can also be seen from the fact that many youth entrepreneurs rely heavily on their family, friends and acquaintances in order to upscale their businesses.

“ Most of the friends and family that I reached out to, gave me a helping hand. They supported me financially and gave me moral support not to give up on what I was destined to achieve. Together we steered the enterprise together up to where it is now. ”

Youth entrepreneur (26) from Uganda

Friends and family did not only try out the products or services of 27 youth entrepreneurs, for 57 youth entrepreneurs, the relatives and friends also introduced them to potential customers or partners. Furthermore, family and friends offered advice to youth entrepreneurs to discuss business plans, how to raise funding and other important business cases.

Most important, family members also provide significant financial support to the youth entrepreneurs. 33.1% (100) of the youth entrepreneurs received funding from their family including from parents, siblings and their spouses. Another 29.1% (88) received funding from their friends and community members.

“ My friends mostly helped in getting early funding, providing small contributions and legal advice about the business or connecting me to people who did so. ”

Youth entrepreneur (24) from Rwanda

Male youth entrepreneurs tend to receive more funding from family and their friends. Female entrepreneurs get respectively 31.7% (19) from their family and 20% (12) from their friends. For men it is 38.2% (81) from family and 35.8% (76) from friends, which may be due to their expected role as breadwinner. Nonetheless, funding from family and friends plays a significant role in the establishment of youth enterprises for both men and women.

How do youth entrepreneurs make use of their personal networks?

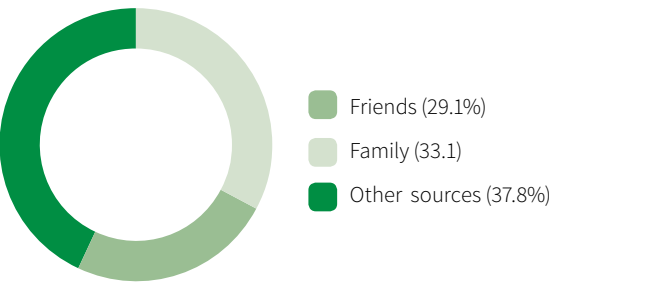


Figure 18

Youth entrepreneurs thrive when they receive support from their personal networks including family and friends.

Family support of youth entrepreneurs starting business

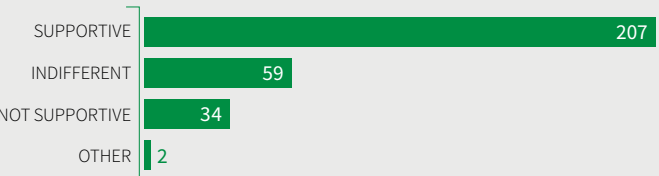


Figure 17

How do youth entrepreneurs make use of their personal networks?

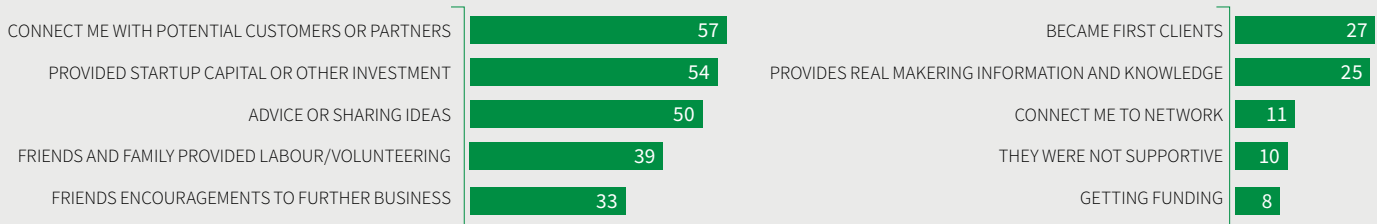


Figure 19

Formal support for youth entrepreneurs

Youth entrepreneurs cannot do without support from not only their close circles but especially other entrepreneurs, mentors, and formalized business support. All youth entrepreneurs were asked to rank the overall support to youth entrepreneurship in their country. 4.3% (13) youth entrepreneurs gave the highest score of 10, whereas 2% (6) youth entrepreneurs gave the supportiveness in their community a 1. The mean was at 5.43. It should be noted that differences existed between countries, with Rwanda scoring the highest with 6.53 and Zimbabwe scoring the lowest with 4.29. Needless to say there are also vast differences within the countries especially between the rural areas and urban centers.

“Geographically we’re at a disadvantage. We’re far from the commercial activities. People don’t sign deals with us because we’re located further.”
Youth entrepreneur (35) from Malawi

“In this area they don’t focus on ICT stuff. It’s always a challenge having to travel all the way for a course or to find resources. There’s a lot of information in Johannesburg and Cape Town, but not here.”
Youth entrepreneur (35) from Malawi

“Most support comes from large corporates. It’s a buzzword: enterprise development. So they run initiatives for youth development, but their focus and mandate is just a tick-box for compliance and scorecards.”
Youth entrepreneur (25) from South Africa

In addition, most business hubs providing support to youth entrepreneurs are located in the bigger cities and focus on technological innovations. Undeniably, entrepreneurs who were related to or had close connections with people in business hubs, received support and help with issues like registration, access to information and financial support. Furthermore, hubs were also places where entrepreneurs were able to meet up and link with other likeminded individuals, thereby disadvantaging those in the rural areas.

The GEM argues that entrepreneurship works like a ‘pipeline’, whereby people who move along it are aided by those who are in previous parts of the pipe⁶⁶. Although not every entrepreneur manages to become a successful business owner, it is clear that the support of fellow entrepreneurs is crucial. 238 youth entrepreneurs mentioned that business connections, including connections to other youth entrepreneurs, is one of the most important things they lack.

At the same time, youth entrepreneurs are already quite well connected. Only 7% (21) respondents had no friends who were youth entrepreneurs at all. 19.2% of the youth entrepreneurs had one or two friends who were also involved in entrepreneurial activities. However, many youth entrepreneurs mentioned that they are worried and afraid to share too much of their business out of fear for it being copied and thereby losing the competitive advantage.

“They know how to copy very fast. They see somebody is doing something. So you don’t share information because you’re afraid someone will copy.mercial activities. People don’t sign deals with us because we’re located further.”
Youth entrepreneur (27) from Rwanda

Another important aspect that is missing according to many youth entrepreneurs is the availability of mentoring opportunities, specifically by people who are entrepreneurs themselves. 57% (172) of the surveyed youth entrepreneurs, had no mentor. Interestingly enough, 50% (44) of the women had a mentor, whereas for the male entrepreneurs only 37.4% (79) had a mentor. It is unclear why this gendered difference existed, but

a potential reason may be that women are more willing to ask for outside support when they deem it necessary.

According to the youth entrepreneurs, mentorship can provide them with insights on how to handle business-related issues, but also on how to balance the business and having a personal life.

“Mentorship is a journey that everyone who aspires to be a leader in business should undergo. We need people to correct us and speak business and our personal lives. I’ve learned so much about the power of business integrity and the value that your employees bring to the business. I also learned the power of caring for your customers; they’re the heart of your business.”
Youth entrepreneur (30) from South Africa

Unfortunately, not all mentorship is provided for free. Six survey respondents indicated that they had actively looked for mentorship, but were unable to find suitable mentors for free. All six had considered paying for mentorship, but had made the decision that at this point, although they needed it, they were unable to afford it.

Youth entrepreneurs scoring entrepreneurship supportiveness (10 is highest)

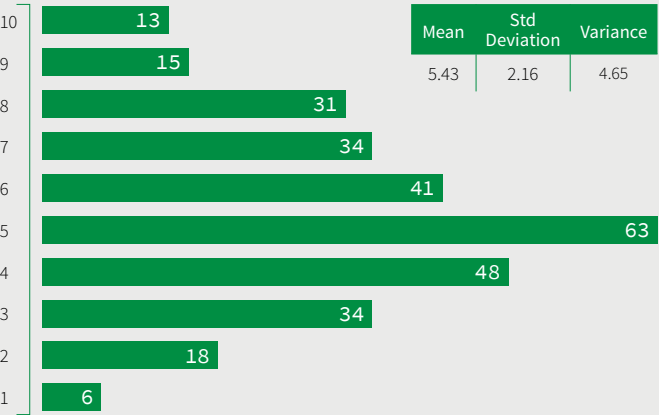


Figure 20

What youth entrepreneurs are missing in business support

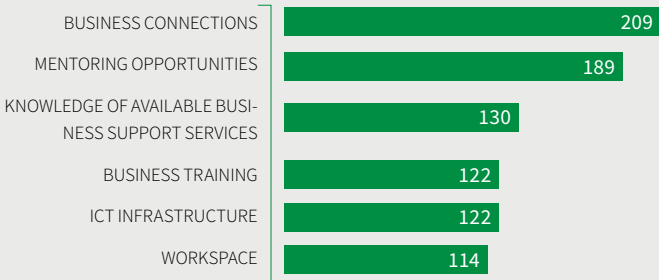


Figure 21

Number of friends who are also youth entrepreneurs

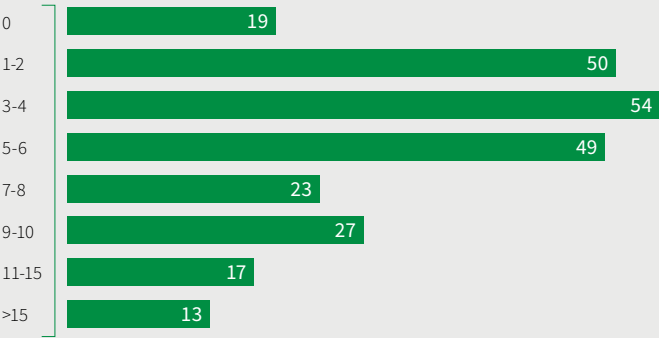


Figure 22

Having a mentor overall and per gender

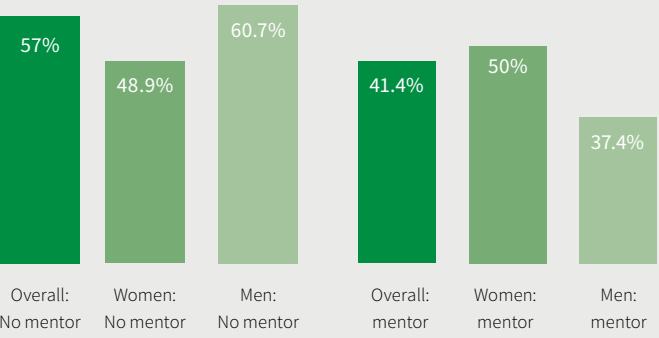


Figure 23

Role and impact of formal and business education

Formal education is perceived as having an impact on the ability of youth entrepreneurs to scale up and growth potential⁶⁷. In Eastern and Southern Africa, access to basic education has remained a challenge despite governments taking proactive measures⁶⁸. Education is believed to play an important role for youth entrepreneurs.

In this study, 0.3% (1) had only finished primary school, 16.6% (50) had obtained their high school diploma. All other youth entrepreneurs had received vocational training (4.3%) or obtained their professional diploma (9.3%), undergraduate diploma (54.3%) and postgraduate diploma (11.9%). Therefore, the respondents in this study may not be representative for youth in Southern and Eastern Africa, although it indicates that those with higher education take advantage of existing programs more than those who have lower qualifications.

“The lack of education holds me back because I don’t have the skills to keep business records. Because of my lack of education, I can’t optimize on all the opportunities coming my way.”
Youth entrepreneur (25) from Kenya

Many of the respondents believed that both formal and business education plays an important role in preparing one to run their business. Almost three quarters of the respondents believes education plays a fundamental role (score 8 to 10) in the running of a business.

“A degree doesn’t practically prepare you for owning a business or entrepreneurship. The two things that I think you benefit most from is confidence in trying things and learning new things. And secondly, the tools I’ve learned in finance help me in running my business. But those could have been learned in two months as an entrepreneur.”

Youth entrepreneur (25) from South Africa

4.3% of the respondents indicated that the education they received was lacking in terms of quality and practicality and 28.5% (86) explained that the education they received did not prepare them adequately for running their own business or the job market in general. Especially female respondents felt this was lacking, 33% (29) compared to male respondents, 26.5% (56). Finally, finance was considered one of the biggest challenges for accessing quality education.

Besides formal education, business training and workshops also played a major role in the personal and professional development of youth entrepreneurs.

“What helped my entrepreneurial journey was being part of the Young African Leaders Initiative [YALI] regional version in South Africa. I got training in business and entrepreneurship and managed to become part of a regional business network in Southern Africa.”

Youth entrepreneur (33) from Zimbabwe

Out of all the youth entrepreneurs that participated in this study 73.8% (223) had followed some sort of business training. Of those, five learned on the job while 16 followed business related courses at university such as Finance, Business Administration and Commerce.

“I have studied business and technology in school. I have worked in several startups that have allowed me to learn a lot. I have also had several mentors that have taught me a lot of necessary business skills and I have been in different exchange programs.”

Youth entrepreneur (28) from Zimbabwe

201 youth entrepreneurs followed business trainings offered by hubs, governmental organizations, the ILO and many others. Especially the American initiative YALI launched by American President Obama in 2010, has reached a lot of young entrepreneurs in Southern and Eastern Africa.

However, some challenges remain when it comes to the business training. Many complained that the business training is not practical enough, especially when it is delivered by academics or corporate leaders.

“These business programs aren’t designed by entrepreneurs for entrepreneurs. They’re designed by executives sitting in board rooms. They don’t understand what we [entrepreneurs] go through. Every time I go to a training, the first topic is: what is an entrepreneur. It’s copied from a business management class 101. It’s not going to impact or change how I’m doing things.”

Youth entrepreneur (33) from South Africa

Importance of education (10 highest)

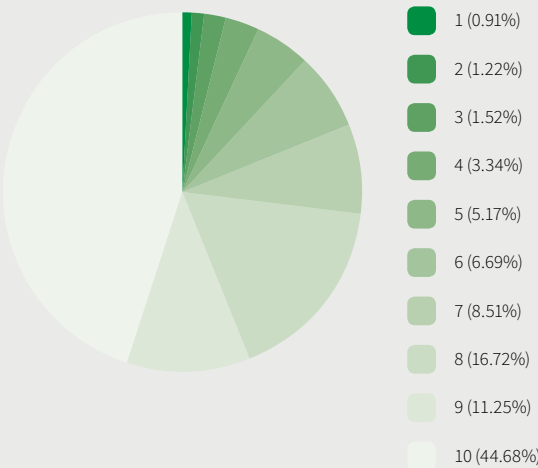


Figure 24

Biggest challenge of education

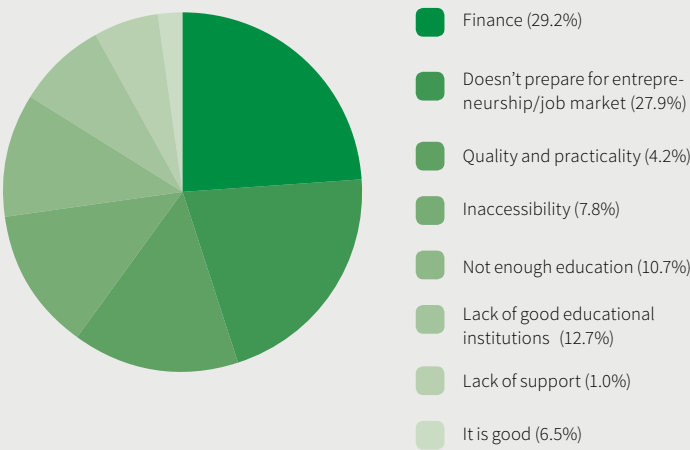


Figure 25

Have you followed any business trainings?

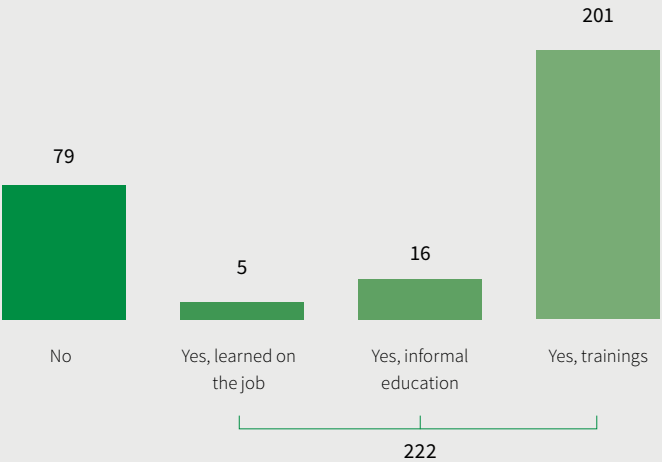


Figure 26

Youth entrepreneurs rating the business training they received (10 is highest)

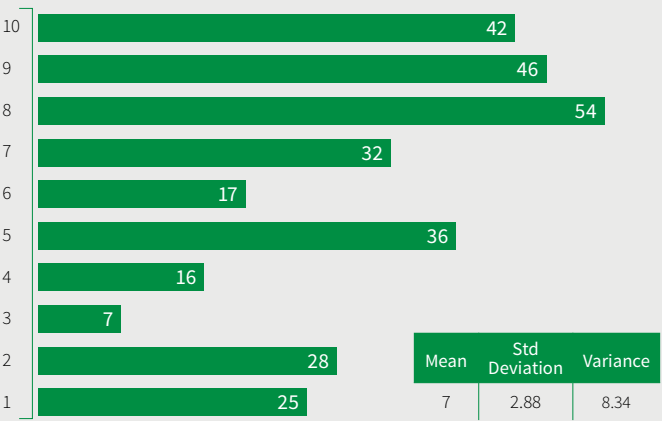


Figure 27

Bureaucratic hurdles

The government can play a significant role in enabling, but also hindering youth entrepreneurship. Even though the individual governments in the examined countries have all taken measures to support youth entrepreneurs, their initiatives rarely reach the entrepreneurs on the ground due to lack of information, knowledge or unrealistic expectations.

For 80 of the youth entrepreneurs the registration and administration process was their biggest bureaucratic struggle. 111 of the respondents had a fairly positive experience registering their business, but that was mainly because they had the resources to outsource the process. Those with bad experiences found it stressful to deal with the red tape, the unfriendly experience and the lengthy process.

The second and third significant issues youth entrepreneurs face is lack of support and time. The fourth issue is corruption, but for many youth entrepreneurs this goes hand in with bureaucratic procedures because it is the procedures which gives officials the leeway to ask for cutbacks and money.

“I applied for a tender from the government. It took me three years to get all the necessary documents. When I got them, someone approached me and asked for money. How can I give them money or products? They told me I would never get the tender.”

Youth entrepreneur (29) from Mozambique

Corruption

“Corruption is holding people back. There are many policies for youth entrepreneurship on paper, but the practice that’s another thing. Corruption is my main challenge.”

Youth entrepreneur (34) from Zimbabwe

Corruption is a major obstacle to the success and ability of youth entrepreneurs to contribute significantly to the unemployment rate.

Four of the interviewed entrepreneurs explained that due to the state of affairs of civil servants, they have given up on having any expectations from the government and instead try and make it on their own.

Youth entrepreneurs are proactively finding ways around existing barriers through their networks and innovative countermeasures. Some youth entrepreneurs have already done this by outsourcing the registration process, but not everyone has the resources to do so. Others are willing to play the political game and find allies within different government departments.

Without proactive government policies aiming at lowering the barriers for youth entrepreneurs and increasing transparency and accountability, issues of unemployment and lack of decent work will remain. Youth entrepreneurs would like to see changes in the ease of access to finance and assets, support for entrepreneurship through making entrepreneurship education part of the mainstream curriculum and creating a culture of entrepreneurship. Finally, access to information should be streamlined and available to all interested parties.

What do youth entrepreneurs suggest for change?

“The government needs to influence and change the curriculum in secondary schools and include classes on entrepreneurship for young people.”

Male youth entrepreneur (25) from Mozambique

“The biggest problem is paying tax. Tax incentives will help youth entrepreneurs to employ more people. They will be able to save on taxes and can hire more people. Giving youth a tax holiday for a few years allows them to scale up and become sustainable.”

Male youth entrepreneur (26) from Tanzania

“Entrepreneurs need to have the right platform to to exchange ideas and find information about what they are doing. The youth need to be motivated”

Female youth entrepreneur (23) from Kenya

“There should be a national system which enables people to access entrepreneurship information easily. The system should even allow you to register your businesses by using your mobile phone regardless of if you have a smartphone or not.

Male youth entrepreneur (24) from Malawi

Bureaucratic struggles faced by youth entrepreneurs

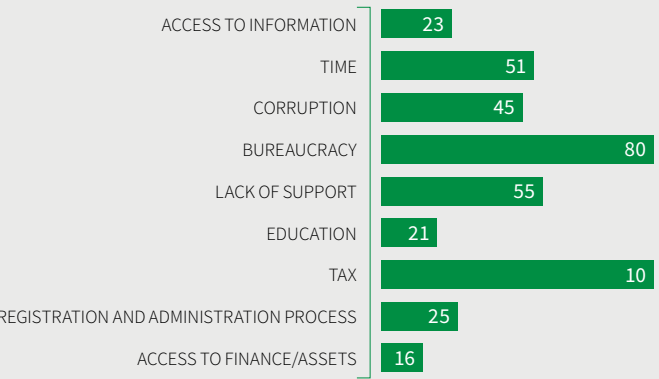


Figure 28

Ease of doing business

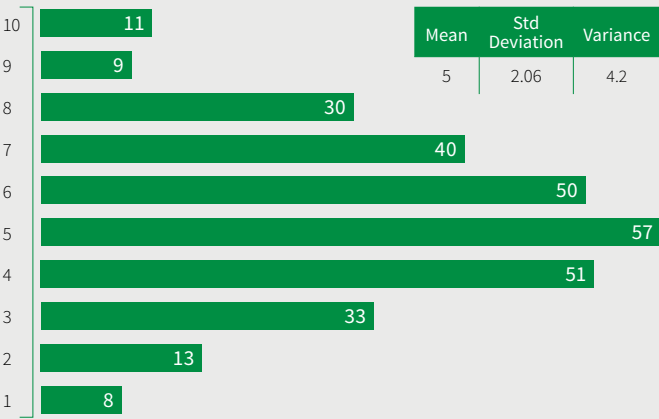


Figure 29

Were you ever asked for a gift or bribe

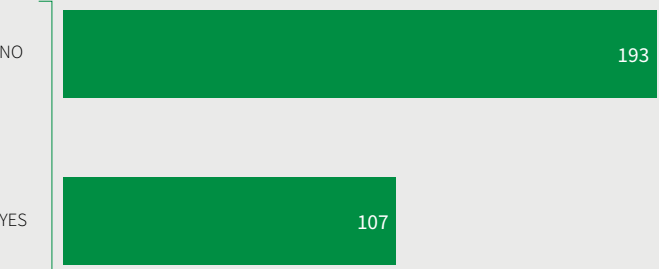


Figure 30

What youth entrepreneurs want to see changed

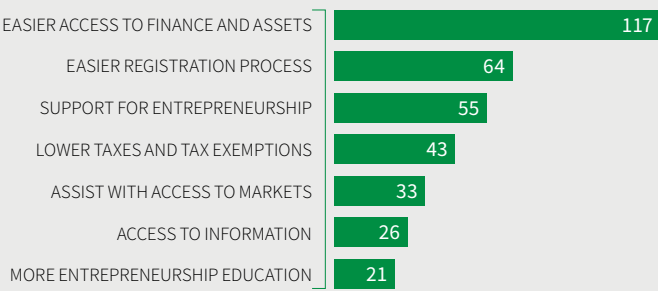


Figure 31

The story of finance

In order to run a successful business, an entrepreneur needs cash flow. All youth in the interviews discussed the difficulties they face on the financial side of running a business. It limits the ability of youth entrepreneurs to contribute to economic development, and hiring employees.

221 entrepreneurs started their businesses by using their own capital or combining it with funding they got from family or friends. Indeed, as mentioned above, family, friends and close knit communities are important support systems when it comes to sourcing the finances to start the business. 29 youth entrepreneurs had successfully approached investors, and five had received support from local authorities. Participating in local and international competitions was also a strategy, though only three entrepreneurs were successful through this method.

“My sister provided me with the first capital. She gave it to me from her savings. I said I’ll pay you next month, but she knew I was lying. There was no way I could pay her back. She told me to pay her back if business picks up.”

Youth entrepreneur (23) from Kenya

The reliance on oneself and personal networks, begs for the question of sustainability. With unemployment being high and many families struggling, how sustainable and enabling is the current situation? The biggest challenges youth entrepreneurs in this study faced is being able to get loans or funding due to the lack of a collateral and other strict

requirements such as high interest rates, no grace period for paying back the loan or distrust of youth entrepreneurs.

“Most financial institutions find it hard to trust the youth, hence investing in the youth is a little tricky, some practically turn them down, without assessing the viability of the product.”

Youth entrepreneur (20) from Kenya

In fact, many youth entrepreneurs believe the collateral requirement is so high for the youth due to the lack of trust in young people. At the same time, 44 youth entrepreneurs felt it was their own lack of skills. For example, writing a business report or presenting a business case that hindered them in the process of applying for a loan.

Most youth entrepreneurs lack a good credit history and have no collateral as of yet, unless their family is willing to be a guarantor. Nonetheless, every youth entrepreneur needs funding, regardless of what industry they are in. They need it for buying raw materials, for importing or buying machinery, for paying manpower and so on.

However, of all the surveyed youth entrepreneurs only 30.8% (93) have applied for a loan. Many are aware of the stringent regulations that exist and therefore do not even attempt to apply for loans.

“No I haven’t applied for loans, but in this country it would be a waste of time anyways. Hundreds before me have tried and failed.”

Youth entrepreneur (21) from Uganda

When it comes to gender, women are less likely to apply for loans than men. Only 25% (22) of the women has applied for a loan compared to 33.6% (71) of the male youth entrepreneurs. This can have an impact on the ability to raise funding and scale up.

At the same time, being able to secure a loan can also lead to difficulties as interest rates are high and banks do not offer flexible payment schemes.

“Every month I’ve to put money into the account to pay off the loan. The interest rates are too high. I don’t have any profit because all the profit margins go to paying the loan back.”

Youth entrepreneur (29) from Kenya

Because of this, many youth entrepreneurs look to other sources of funding such as investors. 47.4% (143) of the youth entrepreneurs had approached investors, though only 28 (20%) were successful. Many believe this is due to local investors not believing and wanting to invest in youth entrepreneurs.

The lack of affordable loans and finances makes it difficult for youth

entrepreneurs to start, especially when relying on family or friends for resources. It also hampers growth after the initial proof of concept and thereby the impact on the economy.

Suggestions by youth entrepreneurs

“There should be a 0% or low interest rate for youth. You can’t give grants to every youth. But if there will be a loan where users can get access to funds. There is way they can pay that money. When I finish paying the loan, then someone else can benefit from that money.”

Male youth entrepreneur (29) from Kenya

“The government or private investors can provide the capital, machinery or other assets needed and get shares in return. The entrepreneur will pay back the money and ownership will be transferred back to the entrepreneur. The investor will get his interest and return and doesn’t hold on to equity.”

Youth entrepreneur (25) from South Africa

How did youth entrepreneurs obtain their capital?

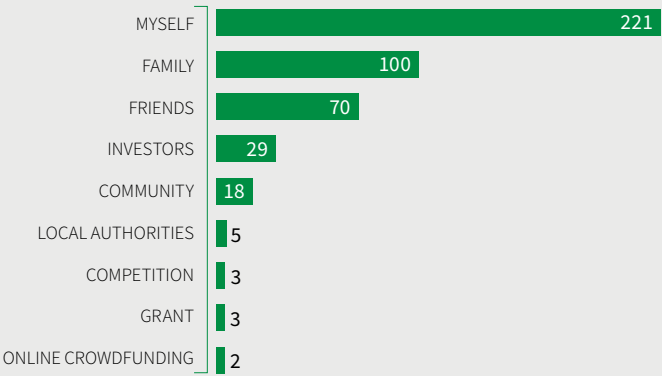


Figure 32

Challenges youth face when accessing finance

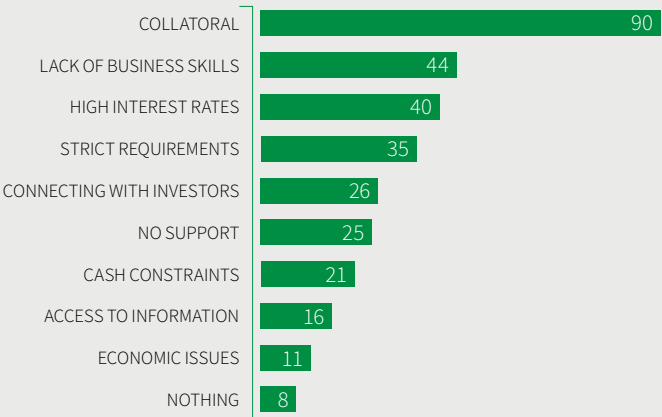


Figure 33

Have you ever applied for a loan?

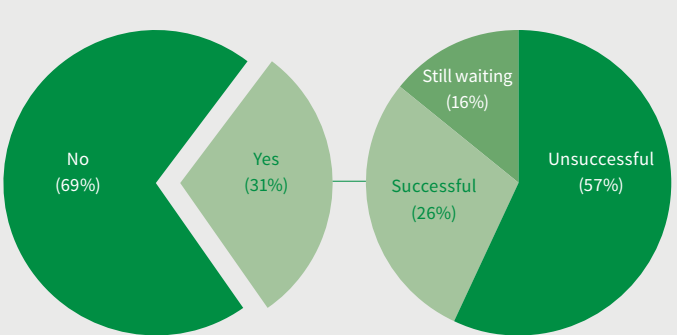


Figure 34

Have you ever approached investors?

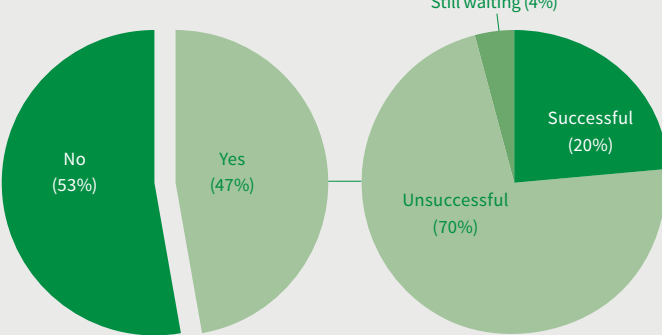


Figure 35



Case studies



Meet Alex:

What role does education play in youth entrepreneurship?

Alex, 25, from Kenya

Alex is a young businessman operating his business Iten Jua Cali from the small town Iten in Kenya. He is using his skills and creativity to design innovative products from scrap material for the lower income classes that are affordable and improve their lives. Alex has been running his business since 2012 and has been able to employ five people permanently and make a profit.

Alex is driven by his passion to provide solutions for modern day problems. His products include an eco-energy efficient cook stove, a windmill for small households and a generator which does not require fuel.

His innovations were acknowledged by the National Environment Trust FUND (NETFUND) in Kenya. They supported Alex with new tools and helped him to get electricity in his workplace. In addition, NETFUND also helped with publications materials and media exposure.

A primary school drop-out creating innovations

Alex did not become an entrepreneur overnight. He had to overcome numerous barriers from a young age. Due to personal reasons he had to drop out of primary school.

He went to live with his grandfather who taught him how to beat metal into shape. When his grandfather passed away, Alex moved to town and earned a living looking after cows.

He asked his employer to not pay his entire salary, but to keep it so that he could save. When he had enough money saved, he quit his job, took two of his grandfather's tools and started his own business creating items out of scrap metal.

Initially Alex did not have all the skills to make the products that he wanted to make. So he went out looking for a person who could assist him and teach him the necessary skills.

Eventually Alex was able to modify his own designs and create user-friendly and society appropriate cooking stoves. But he felt he had more to offer and designed a new product line.

Over time Alex became known in the community and clients would come to buy his products. He trained other youth in his town to the point where they were able to go out, set up their own businesses and become competitors.

Alex shows that while education is important it does not have to be a constraining factor to youth entrepreneurship. He is running his own registered business and has successfully hired people and even motivated other youth to start for themselves.



Meet Victoire:

How does gender influence youth entrepreneurship?

Victoire, 27, from Rwanda

Victoire is a trained bioscientist who took her passion for life and created a business. Her business is based in rural Kinigi in Rwanda though she aims to open a new office in Kigali. Victoire is using her acquired skills in bio science by cultivating earthworms in order to produce organic fertilizer (vermicompost). She started her business in 2015 which is currently in its beginning stages.

Victoire is dedicated to bring organic vermicompost to the 80% of the Rwandan population who are farmers. Currently, these farmers use chemical fertilizer which damages the soil and is damaging to the horticulture industry, which produces the third biggest number of Rwandan export products.

The earthworms not only provide an organic product for farmers, it also aims at offsetting the increasing problem of waste societies are faced with. As such, Victoire is creating solutions for a modern day Rwanda.

A confident woman taking her science background into business

Victoire stumbled upon earthworms while she was in India studying bioscience. She had always had an interest in biology, but only after she started studying, she fell in love with life and how human beings can contribute to the nature.

She enjoyed studying in India, especially the practical sides of the education system. One day they examined earthworms and their ability to create organic compost. Victoire thought about the situation in Rwanda and realized this could help farmers and the environment.

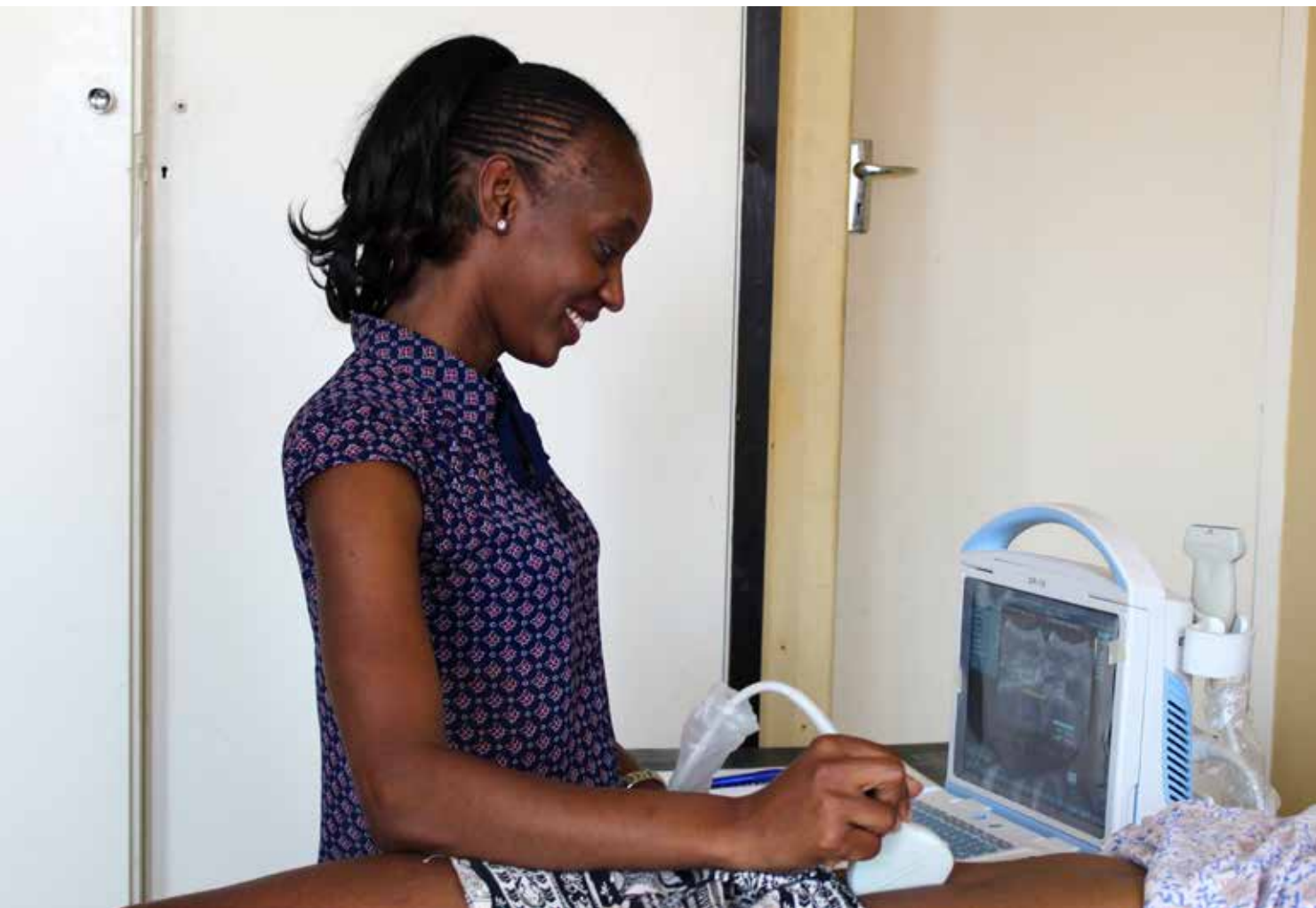
When she returned to Rwanda, after obtaining her bachelors and masters in India, she could not find a job. Thinking back to the vermicomposting that she had done in university, she decided to introduce it locally.

To her family it was not a surprise she set up her own business in science, they thought she was living a weird science life. But believe she could do better and get a well-paid stable job. They are especially worried as she is a young woman. They find it somewhat unacceptable for a young woman to run a business from a remote location, and want to know where she is at all times.

Victoire has a strong sense of responsibility and wants to provide for her parents and family. Responsibility is also something that she carries forward in the business. She wants to make it a success and empower women and youth in the society.

She also wants to empower farmers by giving them training on how to create their own manure by using earthworms.

Victoire is a confident woman who has found her niche in science. She has taken her skills and translated it into a business model whereby she not only generates income and hires employees, but also works towards waste management.



Meet Candice:

How does one’s upbringing influence one’s entrepreneurial journey?

Candice, 33, from Zimbabwe

Candice is running her business in and around the rural communities of Bulawayo in Zimbabwe. She is using her medical training to bring quality radiology services including ultrasound scans, to the rural and disadvantaged communities around Bulawayo. Candice has been running her business since 2015 and together with her co-founder they have hired two part-time employees.

With her business Candice wants to bridge the inequalities that exist in the Zimbabwean healthcare, specifically the vast differences between urban and rural and social classes within the urban centers. Instead of waiting for people to come for medical check-ups, she goes to the communities.

She hopes to reduce the unnecessary loss of lives by eliminating the travel time and cost. By bringing the services to the people, she also reduces the time period between initial medical consultation and the investigative procedures.

An entrepreneur driven by her past

Candice did not envision herself becoming an entrepreneur. She worked for ten years in the medical profession, before she decided to take the leap. She had never been told about entrepreneurship as a viable career path and only discovered it later.

Candice’s passion for radiology and dedication for eliminating inequalities in accessing medical care in Zimbabwe came from two unfortunate incidents that happened during her childhood.

Both her younger brother and father died because of late diagnosis. Her brother had a birth defect, a hole in his heart. Her father was misdiagnosed with malaria and had the much needed ultrasound scan too late. Her brother died a week before his scheduled surgery; her father died during.

It inspired Candice to take the diagnostic route in the medical industry. As she was working, she had many more patients who came to her when nothing could be done anymore. Instead of being defeated, Candice decided that something needed to change.

People in the countryside cannot afford to travel hundreds of kilometers of bad dust roads and lose precious labor time. Candice found the solution: bring the medical services to the patients who need it and rotate between different communities. She hopes to add an X-ray van to her services to diversify her offering and help more disadvantaged people.

Candice’s passion and drive comes from her frustration of the unnecessary loss of her younger brother and father. She is bridging the existing gap in access to medical healthcare that exists between the disadvantaged communities in the rural and urban areas.



Recommendations

Change needed

The recommendations set out in this report are developed based on direct suggestions made by youth entrepreneurs from all walks of life. The findings presented in this report indicate that there remains space for governments, foreign embassies, NGOs and other stakeholders to take action and create a more viable environment for youth entrepreneurs to enable them to set up their business and scale up. This study seeks to move the dialogue on supporting youth entrepreneurship further, especially since the successes of youth entrepreneurs will lead to more local employment opportunities and fewer restless unemployed youth.

Many policies and initiatives are already in place, but they are not far-reaching enough or do not impact all youth entrepreneurs equally. This research shows that stakeholders should focus on youth entrepreneurs from all walks of lives who are operating in their diverse industries and all localities. This study adds to the existing discourse on the impact entrepreneurship, and youth entrepreneurship specifically, has on reducing youth unemployment⁶⁹.

The evidence presented indicates a need for all stakeholders to work together in creating a viable and sustainable environment for youth entrepreneurs. It should take a grassroots approach and instead of merely implementing a top-down approach, include the youth in all discussions regarding youth entrepreneurship to create a better future for all youths.

On business registration and set-up

1. Provide better and clearer information for aspiring youth entrepreneurs regarding the existing requirements for youth entrepreneurs, assistance that can be provided, the registration process and any other relevant information. All information provided by government offices should be up-to-date and correct.
2. Create an easier and streamlined business registration process to enable more entrepreneurs to formally register their businesses regardless of their geographical location. Entrepreneurs should be able to complete the registration process in one department or even through a mobile application or online process.

3. Reduce the prices of registration so that more youth are encouraged to formally register their business instead of remaining in the informal sector. It will increase their official standing and the government is able to monitor youth entrepreneurs better.

On government support

4. Conduct a formal review to access the adequacy of current policies, laws and efforts to promote and scale up youth entrepreneurship on the African continent. The government should also ensure that all provided resources are allocated accordingly to benefit the youth entrepreneurs solely.
5. Provide incentives for aspiring youth entrepreneurs to start their own business in monetary, education or other appropriate forms.
6. Change fiscal policy whereby youth entrepreneurs do not pay tax for the first three years or a very small percentage, to allow them to scale up quickly and become sustainable.
7. Ensure equal access to opportunities for youth entrepreneurs across the country so that no youth is left behind due to their geographical location.
8. Facilitate cross-border dialogue and cooperation of youth entrepreneurs through regular bilateral and multilateral engagement to enable youth to scale up and create cross border partnerships.
9. Enact legislation to include an entrepreneurship subject in mainstream education to instill an entrepreneurial spirit in youth, enabling them to grasp opportunities later in life.
10. Include youth in decision-making processes in order to create bottom-up sustainable solutions.
11. Invest in promising youth enterprises to allow these business to grow faster. Shares can be sold back when the youth entrepreneurs pay back their money over time.

On the finance industry

12. Provide flexible collateral schemes to youth entrepreneurs where loans can be paid off over a flexible period of time corresponding with the business peaks.
13. Lower the interest rates so that youth entrepreneurs have to put less of their profit aside to pay back the loans.

On industry and corporate leaders

14. Support youth entrepreneurs by buying or stocking their products, supporting their initiatives with knowledge and act as mentors to entrepreneurs.
15. Create an entrepreneurial spirit by supporting youth entrepreneurs, showcasing their businesses and highlighting their achievements.
16. Set up hubs in their respective industry to fully enable youth entrepreneurs in the field to scale up quickly.
17. Eliminate one-size fits all business programs and provide tailored support so that youth entrepreneurs can take full advantage of the programs offered.

On international organizations and embassies

18. Redesign embassy initiatives to support youth entrepreneurs through the creation of hubs, linking country initiatives and companies with entrepreneurs in the same space.
19. Redevelop initiatives from money-giving to knowledge-provision in order to promote self-reliance and independence of youth entrepreneurs and their governments.

“Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.”

United Nations SDG 17.17⁷⁰

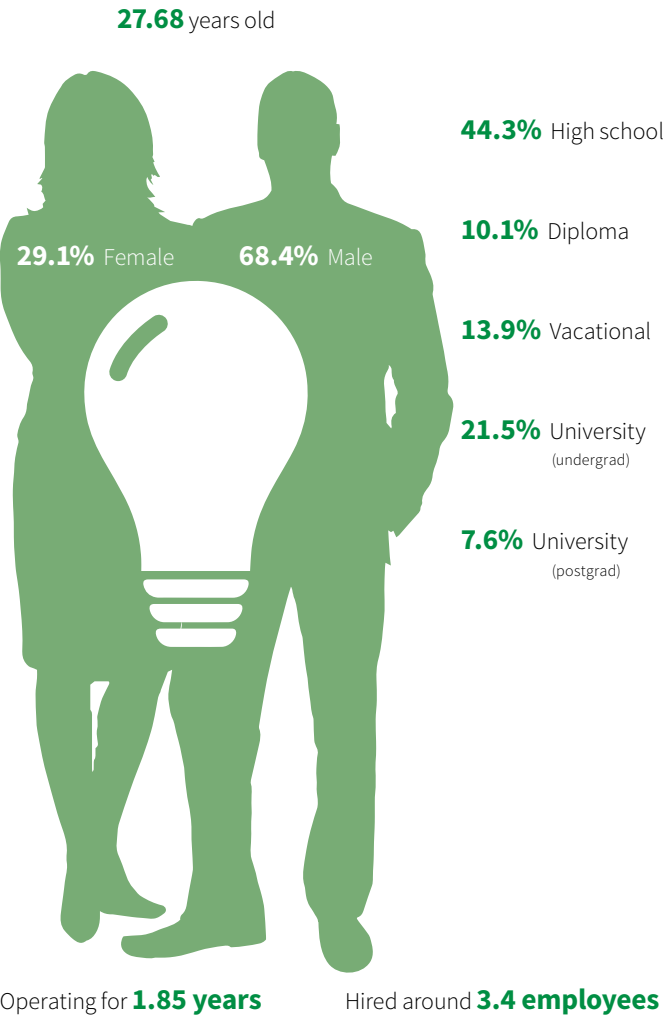
“As the largest generation of youth the world has ever known, you are in the driving seat of this change. You are the first generation that can end poverty and the last generation that can act to avoid the worst effects of climate change. Your voice, your actions, are essential.”

Ban Ki-moon, 2015⁷¹



South Africa

The South African youth entrepreneur



Status	Business
72.1% Registered	74.7% For-profit
21.5% Not registered and no plans	18.9% Social enterprise
2.5% Planning to register in 2-3 months	6.3% Not-for-profit
3.8% Unknown	

Based on Building Bridges survey

The economy of South Africa is considered to be one of the largest on the continent. In fact, in 2010 South Africa was added to the BRIC acronym and became one of the five biggest emerging international economies. The 2008 global financial crisis hit South Africa, as well as the rest of the world, but especially the more recent financial scandals and corruption controversies under President Zuma, have worsened the country's economic situation⁷².

Unfortunately, South Africa's youth bear the brunt. While South Africa's youth, aged between 15 and 34, make up for more than 42% of the population⁷³; they are disproportionately affected by a weakening labor market⁷⁴. This is partly due to entrenched structural weaknesses with regards to the duration and quality of education⁷⁵. In fact, close to 70 percent of the youth are unemployed. In addition, only one out of every three businesses is youth owned⁷⁶.

Entrepreneurship scene

Situation

Entrepreneurship is hot globally, but in South Africa numbers are lacking. The country's Total Early-Stage Entrepreneurial Activity (TEA) is below expectations at 9.2 percent in 2015 and a low 6.9 percent in 2016⁷⁷. The average TEA activity witnessed in similar economies is about 15%⁷⁸. In addition, the failure rate of SMEs is estimated between 70 and 80 percent. This significantly hampers the possibility for youth entrepreneurship to play any role in economic growth, to reduce unemployment and to contribute to solutions for social issues.

Policies

Governments should provide a viable and sustainable entrepreneurial environment. According to a 2015-2016 GEM Report South African policies are still lacking the above⁷⁹. This despite the fact that the National Youth Policy 2015-2020 puts entrepreneurship as an important component pillar. In fact, South Africa seems to have regressed in the ease of starting a business: in 2016 it took 46 days, up from 19 in 2015⁸⁰. Other bureaucratic regulations or restrictions hampering entrepreneurship are amongst others inefficient government bureaucracy; inefficient telecommunication, energy and transport sectors; restrictive labor legislation, and high tax rates.

Lived youth entrepreneurial experiences

The fact that South Africa's entrepreneurial activity is low, especially among young people, is worrying. What are the experiences of young entrepreneurs on the ground? What challenges and constraints do they face which not only tempers their own success, but also potentially scare off aspiring youth?

Becoming an entrepreneur

Over 68% of the South African respondents became entrepreneurs because they identified a business opportunity. This is in contrast with the 15 entrepreneurs (19%) who were driven by factors of necessity as they were unable to find stable work or stuck in underemployment situations. That said, the situation is not always black or white. For 40.1% of the entrepreneurs, playing a larger role in society was an important factor in starting a business. This indicates that any stakeholders involved in entrepreneurship creation should move away from the bifurcated conception of entrepreneurs being driven out of necessity or opportunity only, towards a more inclusive view.

Culture

Other factors crucial for a thriving entrepreneurial ecosystem is the local culture and the personal support systems. Time and time again young people mentioned that there are no entrepreneurial heroes in South Africa. This feeling was particularly strong among the black respondents. Those who felt there was a racial barrier often contributed it to a lack of family business history and socioeconomic situations. This indicates a potential Apartheid legacy which still indirectly affects black youth.

Government

The first struggle faced by South African youth entrepreneurs is the registration process. 25.3% of the youth entrepreneurs faced difficulty for a variety of reasons: it was too expensive, very time-consuming and difficult to understand what was needed. This is also besides taxation, one of the reasons why 21.5% of the entrepreneurs surveyed had not and is not interested in registering their business, even though they do have an expansion strategy. Yet, because they are not formally registered, they face difficulty accessing the market, reaching their full business potential and are unprotected in case someone copies the business case.

Access to finance

South African youth entrepreneurs feel at a disadvantage in access to finance due to a public distrust of youth, lack of credit history or companies' previous bad experiences with youth entrepreneurs. Most young people believe banks will not even consider giving them loans so they raise initial capital from their social circles. Afterwards they turn to private investors, but the success rate is low at 7.6%.

Education & training

The South African youth entrepreneurs considered formal education to be vital to the success of an entrepreneur. However, many argue entrepreneurship should be introduced in formal education as a viable and socially accepted career path. Interestingly, business training was ranked as less important. Most youth entrepreneurs indicated that they felt that the current training is too abstract and that they therefore learn more from the actual daily practice of running a business.

Entrepreneurship support

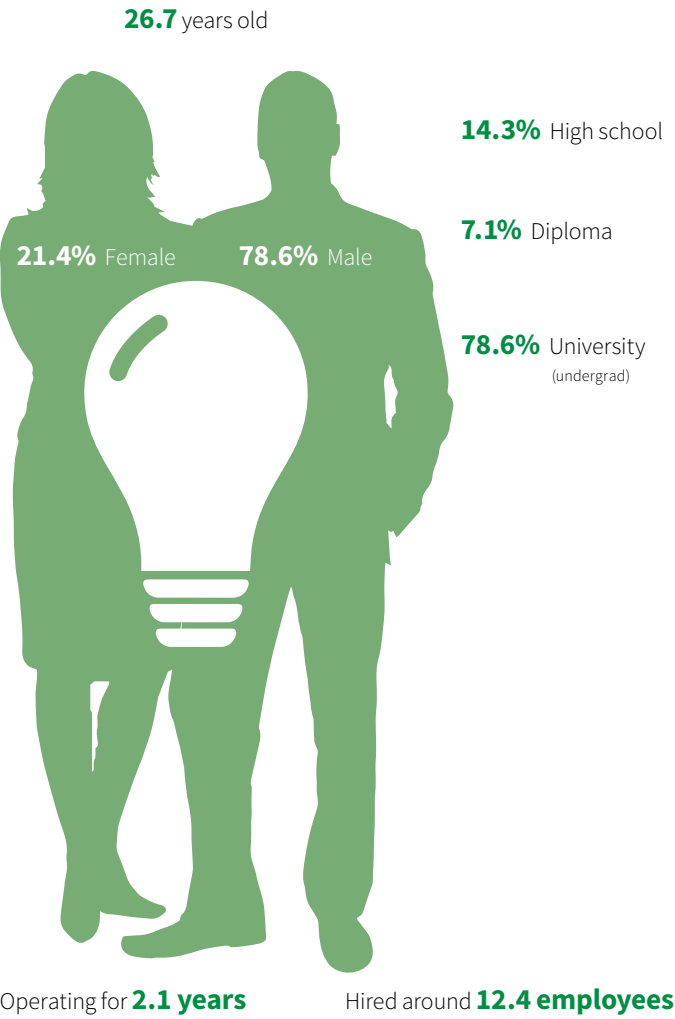
Youth entrepreneurs face significant barriers when it comes to support structures. Non-financial support is fundamental because it provides tools that increase the sustainability of the company. The most important aspects of support are mentorship, business connections, affordable workspace, business training and ICT infrastructure. However, despite the positive impact of non-financial support, the current provisions are lacking, especially when it comes to providing information online or at institutions.

Conclusion

Much remains to be done in South Africa, where its entrepreneurial climate is lacking behind those of its neighbors and of countries in the same development stage. The findings in this study seem to indicate that youth entrepreneurs in rural areas face more difficulty reaching local resources and that black entrepreneurs face more personal, financial and social constraints. It is therefore fundamental to provide a platform for all, but especially black entrepreneurs, to create more transparency on available government funding and non-financial support, to hold all involved accountable and to lobby for legislative changes to increase the ease of setting up and running a business.

Mozambique

The Mozambican youth entrepreneur



Status	Business
92.2% Registered	57.1% For-profit
3.6% Not registered and no plans	34.6% Social enterprise
3.6% Planning to register in 2-3 months	7.1% Not-for-profit

Based on Building Bridges survey

As a country Mozambique is facing many challenges such as public debt, fiscal risks and political tensions⁸¹ even though its economic growth was lauded for being of the fastest since the early 2000s. The country experienced a minimum annual economic growth of over 7%, but this has fallen to 6.3% in 2015⁸². Since 2016 various organizations like Moody’s, Fitch and S&P Global Ratings have downgraded the rating for Mozambique.

Even before the current economic crisis, poverty levels continued to be high in Mozambique. Despite the fact that the majority of Mozambicans are younger than 35, an estimated 70% are unemployed⁸³ or underemployed. The number of jobs has remained steady, even though the youth labor force is increasing close to 40% annually⁸⁴. Youth entrepreneurship could provide opportunities for the disadvantaged youth.

Entrepreneurship scene

Situation

In Mozambique, 98.6% of the formally registered businesses are SMEs, employing 46.9% of the population^{85 86}. This indicates that the Mozambican economy depends significantly on these entrepreneurial endeavors. However, many more businesses are operating in the informal sector where there is little protection of business interests. The current economic situation and barriers to entrepreneurship leave most youth entrepreneurs in a vulnerable situation.

Policies

Mozambique has implemented a National Youth Policy which calls for the development and adaptation of mechanisms which will facilitate entrepreneurship⁸⁷. Regardless of the political will to strengthen entrepreneurship, much remains to be done. Though the National Youth Policy is ambitious, its suggestions need to be streamlined and planned in order for them to be successfully implemented⁸⁸. However, 2016 initiatives like the Youth Entrepreneurship Strategy of the Youth Entrepreneur Association and the revised National Employment Policy provide possibilities for increased success of youth entrepreneurs. Yet, the current state is that the policy and regulatory framework limits SMEs to formally establish themselves and thereby hinders them in their ability to contribute to the GDP and to create more employment opportunities.

Lived youth entrepreneurial experiences

Mozambique’s startup scene is mostly based in its cities, especially in the capital Maputo. Does the current civil unrest and the economic downturn impact youth entrepreneurs? What does it mean to be a Mozambican young person trying to make it in the business world?

Becoming an entrepreneur

Most of the Mozambican entrepreneurs, 42.9%, became entrepreneurs because they were opportunity-driven. An additional 35.7% started their businesses because they saw an opportunity which would also impact society. Only one young person started because she could not find a suitable job upon graduating. The relatively low number of necessity-driven youth entrepreneurs, is probably due to the fact that our study was conducted in the city of Maputo. As such, our findings seem to indicate that young people in the city are more likely to see entrepreneurship as a career path rather than something that they started in the search of money.

Culture

Most of our respondents indicated that though entrepreneurship has existed for longer, especially a thriving startup scene is missing in Mozambique. Foreign investment is currently clustered around the discovery that the country has one of the largest untapped natural gas resources worldwide. This combined with the current economic downturn means there is little foreign interest in the Mozambican startup scene. But in recent years the local government, foreign embassies and NGOs have put themselves behind the creation of a youth entrepreneurial movement.

Government

Regardless of government attempts to create a more open and enabling entrepreneurial ecosystem, the ease of doing business is not yet ideal. The business registration process was a challenge for 28.6% of the respondents, to the point where those who had money preferred to outsource it. Other frustrations had to do with tax. Even though there some youth entrepreneurs who indicated that they were managed to receive a 3-year tax holiday.

Access to finance

Half of the Mozambican youth entrepreneurs obtained the startup capital by themselves. 28.6% of the youth entrepreneurs relied solely

on their family, while 14.3% used their own and their family’s capital. Only 21.4% had approached investors, but they felt the current climate was not good enough for startups. Finally, the interest in and success rate of obtaining a bank loan was low, mainly due to unclear regulations and high collateral requirements.

Education & training

The Mozambican youth entrepreneurs consider education as relatively important for the running of their business. Yet, they argued more needs to be done to include business into the current curriculum. 28.6% had never received any business training and though they learned by doing, they argued they could have saved time and resources if they had received some form of training. It should be noted that they do not necessarily advocate for a separate course, but rather for it to become part of existing subjects.

Entrepreneurship support

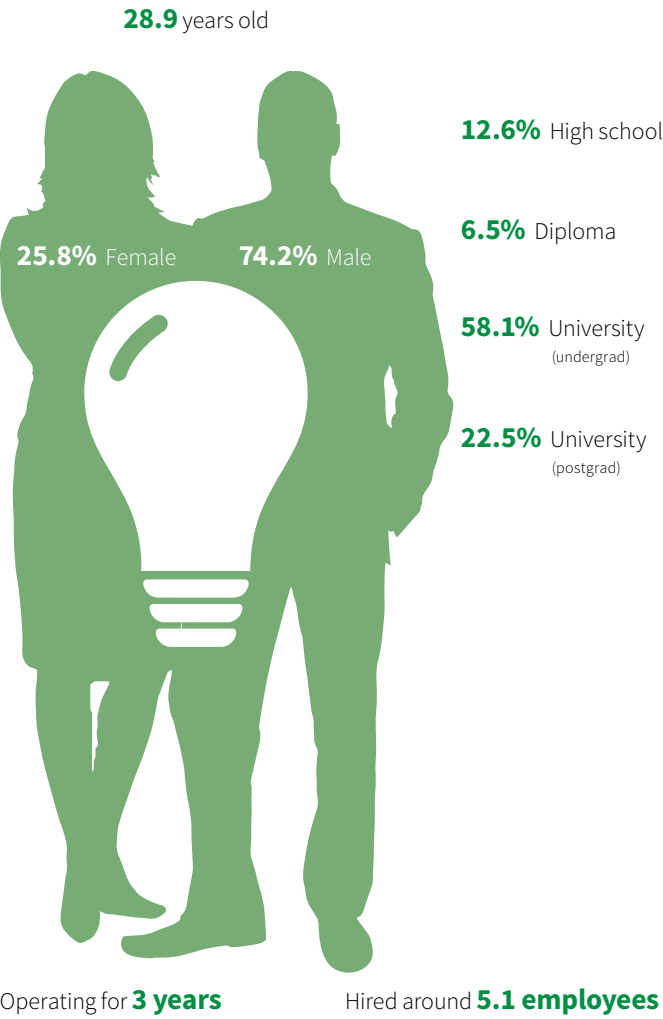
Finally, youth entrepreneurs in Mozambique indicate that they miss an enabling ecosystem. Networking is difficult and business connections are lacking, especially because young people are not taken seriously. In addition, there are few mentors available. 42.9% of the youth entrepreneurs have looked for mentors, but were unable to find someone suitable. As such, the current provisions are insufficient in the capital Maputo, which indicates the experience may be even less positive for rural youth entrepreneurs.

Conclusion

Mozambique is facing a few economic challenges, and while this diverts attention from youth entrepreneurship, it is also the right time for setting up a concise entrepreneurship framework. In terms of infrastructure, the internet penetration in Mozambique needs to grow so that young people can use it for their business as a tool. In addition, the ease of business must be improved. Financial business literacy trainings and an entrepreneurship curriculum in middle schools will contribute to the creation of job makers rather than jobseekers. Finally, foreign companies should be encouraged to not only focus on natural resources, but also on working with and enabling SMEs.

Zimbabwe

The Zimbabwean youth entrepreneur



Status	Business
71% Registered	87.1% For-profit
22.5% Not registered and no plans	12.9% Social enterprise
6.5% Planning to register in 2-3 months	

Based on Building Bridges survey

Zimbabwe’s economy has been struggling in the past years due to high public debt, drought, a cash crisis, institutional weaknesses and a weak domestic market⁸⁹. It is economic growth slowed down from 3.8% in 2014 to 1.5% in 2015. The projection is that the economy will grow in 2016 and 2017, provided the country can overcome its political uncertainties and reinstate the countries reputation⁹⁰.

Unfortunately, the economic situation has also severely impacted the Zimbabwean population. According to government sources, 95% of the population is involved in the informal market⁹¹. With the collapse of the formal sector, young people, 67% of the population, are left to fend for themselves and their families in less than ideal circumstances. Even those with high education levels are unable to secure a stable job, indicating the severity of the current unemployment situation⁹².

Entrepreneurship scene

Situation

In Zimbabwe, the economic downturn was accompanied by an increase of entrepreneurial ventures⁹³. One of the reasons is that people commence their own initiatives out of necessity as well as the absence of liquidity in Zimbabwe⁹⁴. However, a recent study has found that as many as 85% of these SMEs are not registered⁹⁵. This leaves these entrepreneurs particularly vulnerable in case of a crackdown on non-registered businesses as happened in 2005.

Policies

The Zimbabwean government is focused on the formal economy when it comes to business. Yet, according to the World Bank’s ranking of ease of doing business, Zimbabwe ranks 161 out of 189 countries. On a positive note, it reduced registration fees and reduced the corporate tax from 30 to 25%. Universities are also required to offer entrepreneurship courses, but they are not always compulsory or as high in quality as would be ideal⁹⁶. Finally, the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimAsset), the economic 2013-2018 blueprint, also underscores the importance of increasing economic opportunities for young people. Yet, a more enabling ecosystem needs to be created for young people to play a larger role in the rebuilding of Zimbabwe.

Lived youth entrepreneurial experiences

The economic situation in Zimbabwe, does not give current and starting youth entrepreneurs much confidence according to the respondents. So what challenges do youth entrepreneurs face in Zimbabwe? What does it mean to be a young person doing business in the current economic downturn?

Becoming an entrepreneur

In Zimbabwe doing good was the main motivator to start a business. 30% of the youth entrepreneurs surveyed in Zimbabwe, started their endeavors because they saw a business opportunity that would have a positive impact on society. Another 23.3% focused mostly on creating a better society whereas 20% did it also out of necessity. For 13.3% of the young people starting their business was only out of necessity. The importance of the doing-good business motivator in our study seems to indicate that not only the direct impact of the current economic situation motivates young people, but also the impact it has on their community.

Culture

Most Zimbabwean youth entrepreneurs focus on their own business case in a struggle to survive in tough economic conditions. The necessity to find a sustainable income source has made entrepreneurship a more viable solution, but at the same time it also means more competition. For only 6.67% the familial response was not positive, revealing that most families either were supportive of entrepreneurship or realized there were few other opportunities available.

Government

One third of the youth entrepreneurs faced difficulties when registering their business because it was too expensive, time-consuming, difficult and unclear. Those with financial resources outsourced the process, while those who had financial difficulty decided to wait with the registration. Another reason to avoid or delay the registration process is corruption. More than half of the respondents has at one point been asked to bribe or give a gift. Especially, the regulation and overseeing process of enterprises was considered cumbersome and complex. In order to create a more enabling ecosystem, the government will have to create a more transparent system and increase accountability of civil servants.

Access to finance

In the current economic state, the young entrepreneurs in this study predominantly secured their startup resources either from their own

resources or by turning towards family and friends. Slightly less than 50% of the youth entrepreneurs used only their own capital. Whereas 20% relied fully on their social circles. An additional 26.7% combined their own resources with those of their family and friends. The success rate of external funding was 20%, but only one in three entrepreneurs approached investors. This may be due to the current indigenization policy – majority share must be in Zimbabwean hands – which had scared off at least one potential investor. Therefore, half of the entrepreneurs had approached financial institutions - higher than neighboring countries.

Education & training

Overall the surveyed youth entrepreneurs strongly felt that education had impacted their business running. Despite the fact that institutions must include entrepreneurship in their curriculum, slightly less than half of the youth entrepreneurs had never followed any business training. Those who had received training, indicated it had not been sufficient to prepare them for the daily running of a business.

Entrepreneurship support

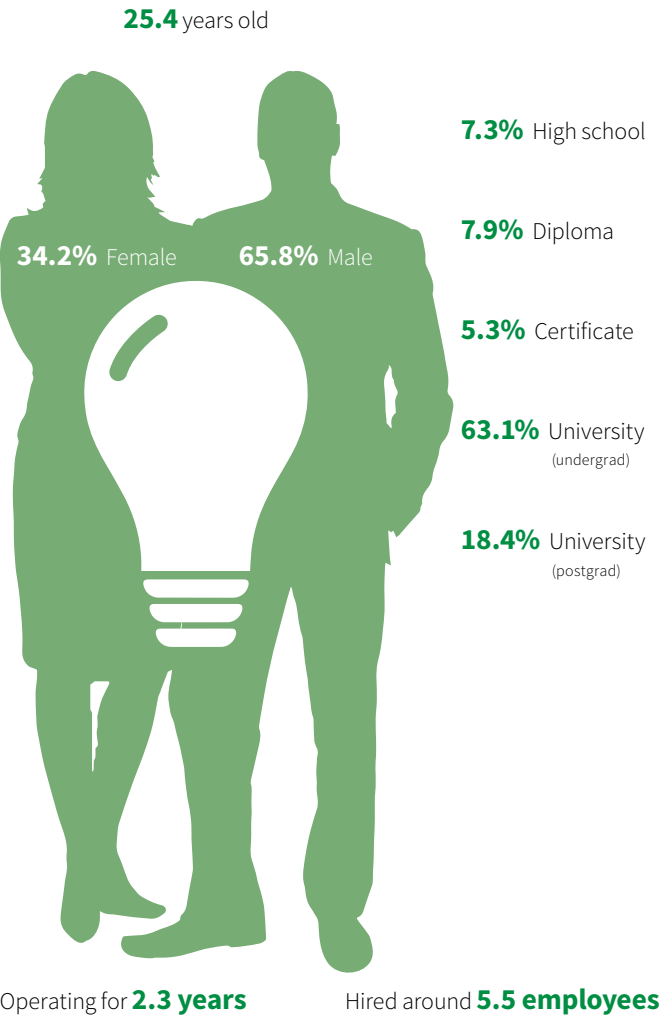
When it comes to support structures, the young people surveyed regardless of their geographical location in the country, stated that everything is lacking. The ICT infrastructure is insufficient even for those not running a technology startup, business connections are difficult, if not impossible, to make, there is a lack of mentors and there is a shortage of affordable workspace. A few youth entrepreneurs suggested that some of these resources did exist, but that they were unable to find more information on how to access them.

Conclusion

Entrepreneurship is most likely not a priority of the Zimbabwean government, but it could take a few simple measures to make it a feasible option. First of all, a centralized information system should be created as a one-stop shop for all youth entrepreneurs. This not only makes information more accessible, but also creates more transparency. Currently policies regarding FDI need to be revised in order to attract more investors. Finally, it is important to further incentivize young people to formally register their business through further tax exemptions and other business incentives.

Malawi

The Walawian youth entrepreneur



Status	Business
60.5% Registered	68.4% For-profit
21.1% Not registered and no plans	21.1% Social enterprise
18.4% Planning to register in 2-3 months	10.5% Not-for-profit

Based on Building Bridges survey

Malawi’s economy depends largely on agriculture which makes the country vulnerable to drought, floods and other climate related crises. As a result of unfavorable climate conditions in recent years, poverty remains widespread despite economic and structural reforms⁹⁷. The economic growth slowed from 5.7% in 2014 to 2.9% in 2015⁹⁸. In addition, Malawi has been facing large deficits and is working on tightening its monetary and fiscal policy⁹⁹.

Malawi’s status as being one of the poorest countries in the world also affects the availability of economic opportunities. According to the ILO, the unemployment rate was 21% in 2013¹⁰⁰. However, it should be noted that 89% of those working, do so in the informal sector¹⁰¹. This combined with the fact that two out of three persons works in the agricultural industry, leaves many Malawians vulnerable and poverty-prone.

Entrepreneurship scene

Situation

In Malawi, 55% of the work force is self-employed¹⁰². A GEM study found that 41% of young people aged between 25 to 34 is indeed involved in entrepreneurship¹⁰³. The entrepreneurial rate in Malawi is higher than the Sub-Saharan average, but it should be noted that not many businesses survive beyond the early startup stage¹⁰⁴. This points to the lack of an enabling environment or ecosystem which focuses not only on enticing people to become entrepreneurs, but also supports those already in business¹⁰⁵.

Policies

Malawi has kick started a few initiatives to enable young entrepreneurs. The Ministry of Trade & Industry has developed a policy strategy for Micro, Small and Medium Enterprises (MSMEs) to support their development, improve their competitiveness and to enhance the operational and regulatory environment¹⁰⁶. In 2005 the government reformed its Youth Enterprise Development Fund offering affordable loans to entrepreneurs. However, the government is struggling to recover all loans and there is a lack of transparency¹⁰⁷. Other policy initiatives are unfortunately also largely unsuccessful due to bureaucracy and lack of transparency¹⁰⁸. As such there is the need for the expansion and strengthening of current efforts.

Lived youth entrepreneurial experiences

Malawi’s young people are relatively active in terms of entrepreneurship, evidently due to its current economic situation. However, what is the actual business situation like for Malawian young people? What challenges do they face when they start up their businesses?

Becoming an entrepreneur

Different from previous research, our respondents predominantly started their businesses because they saw a societal need. Only 10.5% of the respondents were motivated out of necessity. 34.2% of the respondents answered that they started solely because they saw a need in their community. 31.6% of the respondents identified a business opportunity which would also have a social impact on society. It should be noted, however, that wanting to leave a social footprint also has to do with the current state of Malawi. As such the current economic situation did impact these youths and a better understanding of the notion of doing good in Malawi is required.

Culture

Most young Malawians in our study felt they received enough support from their family in their entrepreneurial journey. For only 5.3% of the entrepreneurs, family and relatives were firmly opposed to them starting a business. However, all informants indicated that there was a stark gender bias in business reflecting Malawi’s low rank on the UN’s Gender Inequality Index. Close to half of the respondents had experienced or witnessed unequal treatment of female entrepreneurs. This indicates that any entrepreneurship initiatives need to be designed with gender in mind in order to address existing inequalities.

Government

Malawi had a lower percentage of registered business, but of all those who had 54.1% was satisfied with the process. The remaining respondents including those who had not yet registered mentioned that the administration was difficult, time-consuming and somewhat expensive. That said, it seems that this is not a particularly strong barrier to registration, rather finances and other support act as barriers. This can be a result of the current poverty state Malawi is in which may change over time. Yet, it does reveal that in order to create a sustainable ecosystem the focus should be on financial and other support.

Access to finance

Malawian youth felt at a financial disadvantage due to their familial backgrounds. Even though 34.2% eventually obtained the startup capital needed from their own savings, they felt it was not enough to keep going. Family and friends’ savings partially or completely provided the resources needed for the startup. The young entrepreneurs in this study were torn about investments, especially those provided by NGOs because they wanted to be more self-reliant. Therefore, most youth entrepreneurs turned towards bank loans despite the high interest rates, stringing requirements and high collaterals.

Education & Training

The Malawian entrepreneurs in this study considered formal education important for entrepreneurship. That said, all of the informants seemed to have received more education than the average Malawian¹⁰⁹. Yet, even these entrepreneurs faced financial barriers in accessing education. Few have therefore followed specific business education or when they did receive it at school they felt it was too general and not practical. Because quite a few young Malawians drop out before high school, entrepreneurship workshops and courses should be offered at an earlier stage.

Entrepreneurship support

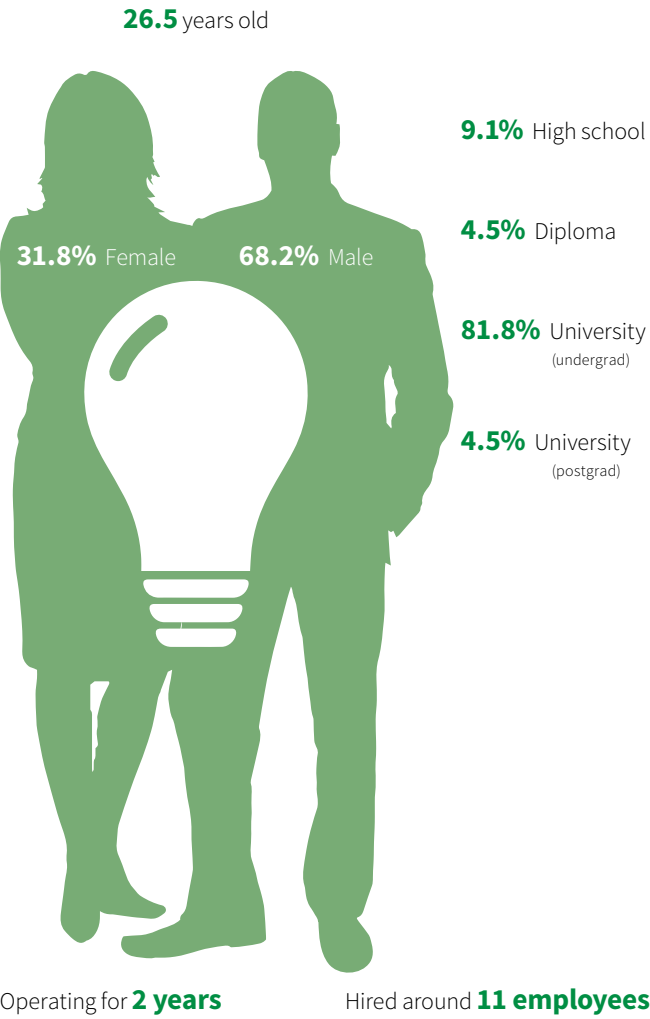
Finally, as mentioned previously good non-financial support is essential in Malawi and is currently lacking. Almost all respondents experienced difficulty accessing business connections due to their age and, for women, gender. Over 60% of the entrepreneurs also complained that good mentors were lacking. In addition, ICT infrastructures and lack of affordable and convenient workspace was lacking. Besides increasing the availability, the responsible institutions must also ensure information is widely available.

Conclusion

Even though a supportive environment is available for men, some changes can be implemented to reduce gender inequality and create a more thriving ecosystem which also reaches out to women. More transparent support should be provided to not only to-be, but also existing young entrepreneurs. In an increasingly connected world, especially ICT is an important pillar. In addition, the government could lobby for more support by financial institutions and others in the private sector.

Tanzania

The Tanzanian youth entrepreneur



Status	Business
77.3% Registered	63.6% For-profit
22.7% Planning to register in 2-3 months	27.3% Social enterprise
	9.1% Not-for-profit

Based on Building Bridges survey

Tanzania’s economic growth has remained strong around 7% between 2013 and 2015, higher than many other Sub-Saharan African countries. The country faced food-related inflation in early 2016, but has managed to lower it by mid-2016¹¹⁰. Currently the country runs a fiscal deficit due to its domestic revenue targets, less foreign aid and a volatile global financial economy¹¹¹.

Yet, despite the strong economic growth, the absolute numbers of poverty have not decreased¹¹². In addition, urbanization is posing a development challenge leading to higher urban unemployment rates¹¹³. Currently, 21.1% of young people are unemployed, especially affecting those with a higher education and women¹¹⁴. In the coming years, more formal employment needs to be created in order to provide sufficient livelihood opportunities for the 800,000 young people who enter the labor market annually¹¹⁵.

Entrepreneurship scene

Situation

In Tanzania, 95% of the businesses are small enterprises according to the Tanzania Chamber of Commerce, Industry and agriculture¹¹⁶. In addition, in 2011 Tanzania had about 3 million SMEs that contributed 27% of the GDP and generate up to 23.4% of the total employment¹¹⁷. The regional integration of East Africa opens up numerous opportunities for Tanzanian entrepreneurs, but despite efforts SMEs have not been able to fully tap into the available opportunities¹¹⁸.

Policies

The Tanzanian government has implemented a range of initiatives to promote entrepreneurship including a special SME Policy. In addition, its Ministry of Industry, Marketing and Trade also collaborates with the United Nations Development Programme, the World Bank and the International Labour Organization to provide entrepreneurial trainings and workshops. The government is also cooperating with financial institutions in order to provide better financial access for SMEs¹¹⁹. However, the current ecosystem does not yet fully provide an enabling environment for all young people who are or want to become entrepreneurs.

Lived youth entrepreneurial experiences

On paper the entrepreneurial ecosystem in Tanzania seems in relatively good shape, but what is the situation like for young people on the ground? How do they experience the current business environment in Tanzania?

Becoming an entrepreneur

More than half of the young entrepreneurs in Tanzania started their business out of opportunity and with the purpose of doing good. Only 13.6% of the respondents started their business primarily out of necessity. A handful of Tanzanian young people said that they did not expect the business to become profitable within the first year, but that the impact they were having was giving them the confidence that profitability would come.

Culture

Interestingly, in our Tanzanian sample none of the entrepreneurs had to deal with unsupportive family or friends. That said, many of the entrepreneurs with university degrees did mention that their families would have preferred them to end up in formal employment. This means that even though it seems there is no direct opposition, it is also not a preferred career choice. However, inexperience with business endeavors and a lack of entrepreneurial heroes, means that the creation of a truly vibrant entrepreneurial culture is needed.

Government

Business registration is a significant barrier to entrepreneurship for many aspiring young entrepreneurs. Nearly one in three finds it too expensive especially since they have no significant savings. For 31.8% of the youth entrepreneurs the process was too complicated and they felt that no or not appropriate assistance was provided by the government. Other complaints included that the process was too lengthy and at times even unnecessarily delayed at different stages. Nearly half of the young people also experienced being asked for kickbacks in order to speed things along or to get certification approved. Next, despite policy initiatives providing government support to all entrepreneurs, the young people in this study felt that they were not taken seriously, that funding specifically for young people was lacking and that the number of hubs and incubators need to be increased.

Access to finance

In Tanzania only 13.6% of the youth entrepreneurs relied solely on their own savings to start their businesses. Different than respondents from most other countries, 31.8% managed to obtain all startup capital needed from investors or by participating in business competitions. This indicates that some enabling infrastructure is already in place, although it is unclear if this is because there are more resources available, because these entrepreneurs had more connections or because their business skills were more convincing. When it comes to applying for loans almost three quarters does not take this route because they feel the requirements are too stringent and their age works against them.

Education & Training

More than half of the youth entrepreneurs had received some form of business training either in formal education, through their business hub, government provided workshops or online. Most of the Tanzanian youth entrepreneurs felt that the business training they received was as important as their formal education for their business. That said most informants did suggest that business trainings and workshops should become more practical and less theoretical.

Entrepreneurship support

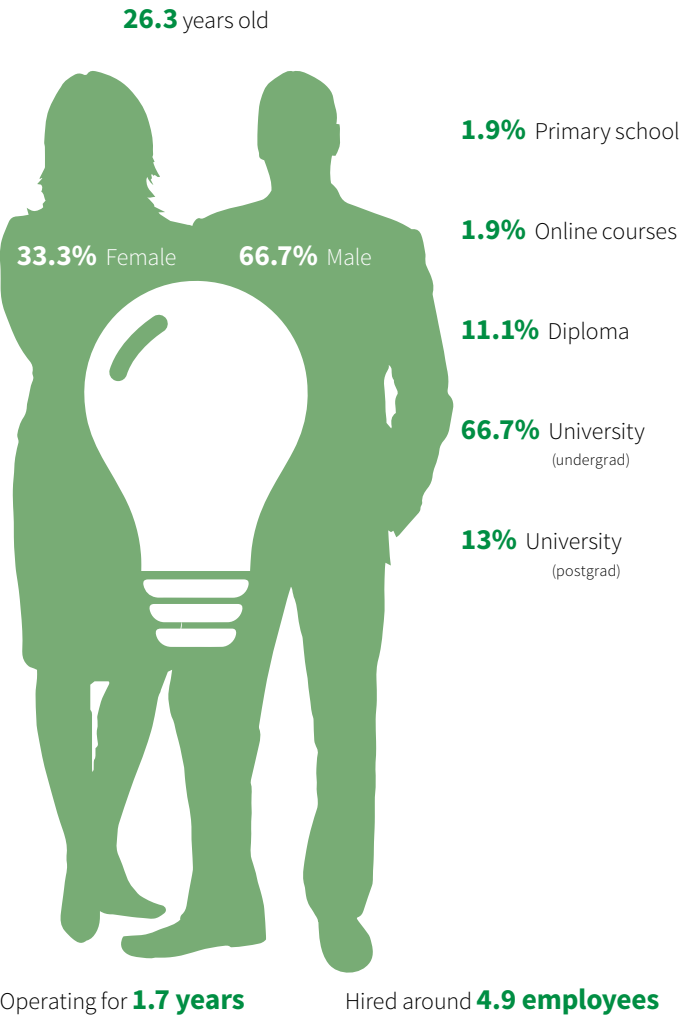
It seems that non-financial resources are generally lacking for the current young entrepreneurs. More than half of them lacked access to mentors, business connections and affordable workspace. In addition, the current ICT infrastructure is lacking which also prevents young people from connecting with other entrepreneurs and in the daily business operations.

Conclusion

To sum up, current youth entrepreneurs are facing a more enabling environment than neighboring countries. Though bureaucratic procedures need to become more transparent and less time-consuming and taxation needs to be relaxed if a thriving business environment is desired. In addition, the current business assistance and support provision needs to be improved through increased government provision and collaborations with NGOs and the private sector.

Kenya

The Kenyan youth entrepreneur



Status	Business
74.1% Registered	79.6% For-profit
22.2% Not registered and no plans	20.4% Social enterprise
3.7% Planning to register in 2-3 months	

Based on Building Bridges survey

Kenya’s economic outlook looks rather positive with economic growth averaging more than 5% in the past seven years. In recent years the country has restructured its economy and the implementation of devolution has strengthened governance¹²⁰. Trade deficit, a rising debt and global financial instability may cause some tension, but the economic future seems robust¹²¹.

Kenya’s economic growth is expected to increase the income per household and decrease the poverty rate which was over 40% in 2015¹²². However, the ILO suggests that youth unemployment has increased since 2005/06 when it was 25%¹²³. Formal employment has increased, but not at a rate equivalent to the growing labor force¹²⁴ and currently youth represent 80% of the unemployed population¹²⁵.

Entrepreneurship scene

Situation

Kenya’s mobile-money system, M-Pesa, introduced in 2007 was a local innovation which changed the way payments are made, but also the look towards innovation and entrepreneurship. A 2016 survey on MSMEs in Kenya established that 1.56 million businesses were licensed whereas 5.85 million businesses operated in the informal sector¹²⁶. Furthermore, close to half of these businesses closed down in the first year of operating mostly because of financial constraints, personal reasons and lack of customers¹²⁷. Even though Kenya ranks 92 in the 2017 edition of the World Bank’s Doing Business report, constraints and challenges remain.

Policies

Kenyan President Uhuru Kenyatta would like to see Kenya as a “startup nation”. The aim of the Micro and Small Enterprise Act of 2012 is to provide a more enabling and supportive environment for Kenyan businesses¹²⁸. Furthermore, one of the key components of the in 2010 implemented Marshall Plan, is the Youth Enterprise Development Fund which provides youth with low interest rates and longer repayment periods¹²⁹. In 2015 further policies were implemented in order to promote technological innovations with the aim to change current policies, creating incubators and provide optimal support for business success. But with the current failure rate and large informal sector, some challenges remain.

Lived youth entrepreneurial experiences

Many view Kenya as one of Africa’s entrepreneurial powerhouses. Yet, the question needs to be asked: how do youth entrepreneurs themselves experience the current business climate? What enabling factors are they missing?

Becoming an entrepreneur

Close to half of the Kenyan young entrepreneurs surveyed were opportunity- and doing good-driven. Another 14.8% and 18.5% started their businesses solely because they saw a need in the community or because they saw an opportunity. For the remaining entrepreneurs, 24.1%, necessity was a motivator, but entrepreneurship only became an option after they identified an opportunity.

Culture

The family and relatives of 9.3% of the respondents did not agree with their decision to become an entrepreneur and they either actively tried to convince the person to find a formal job or to quit their business. For most of the entrepreneurs the M-Pesa success story provides an extra motivation to keep going despite hardship. In addition, because the government actively supports entrepreneurship in the media and online and because quite a few corporates provide resources such as incubators, business hubs and competitions, youth entrepreneurs feel they have been provided with an enabling environment.

Government

Nearly half of the young people in this study faced few to no obstacles when it came to registering their business. That said, the common complaints regarding business registration also occurred in Kenya such as high fees, long process and difficult to understand the entire process. It should be noted that despite efforts to make the government more transparent, every one out of two entrepreneurs has been asked to pay or provide a gift to get things done. Some respondents refused to do so and they faced significant setbacks in their applications. Other aspects the government can improve for entrepreneurs are providing easier access to finance and other assets and provide tax incentives. This should increase the survival rate of businesses as it would provide entrepreneurs time to generate profits and increase the number of enterprises which are formally registered.

Access to finance

Young Kenyans relied predominantly on their own financial situation to fund their businesses at the startup phase. 14.8% of the youth entrepreneurs would not be able to run their businesses without family and friends. Interestingly, the only two youth entrepreneurs in this study who used crowdfunding platforms to raise funding were Kenyans. Even though it is difficult to generalize, it may indicate that the startup environment is more developed than the other countries in this study, especially when it comes to access to resources.

Education & Training

Most young Kenyans had received some form of entrepreneurial training with mixed reviews. Half of them felt it helped them in the daily running of their business. This indicates entrepreneurial training is appreciated, but needs to be adjusted based on the audience. A more general training can be provided for people who have no experience, but for those who are already entrepreneurs, the focus should be on practicality.

Entrepreneurship support

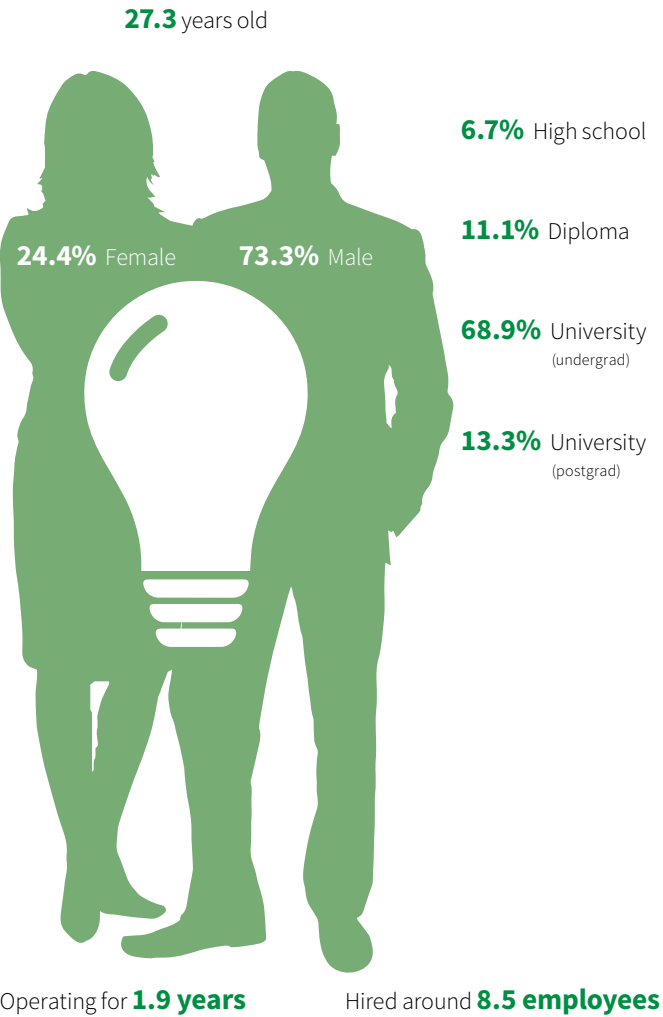
Regardless of seemingly more support structures in Kenya, improvements can be made. Most entrepreneurs have difficulty finding and leveraging suitable mentors as well as connecting with other businesses. They believe the main reason for this is their age and inexperience. However, when it comes to urban-rural division, those in the rural areas seem to be at a bigger disadvantage when it comes to networking, ICT accessibility and the provision of hubs. While this is understandable, at the same time, Kenya’s economy does rely on agriculture and as such some young people focusing on innovating agriculture are at a disadvantage.

Conclusion

Even though on paper, Kenya’s ecosystem is relatively well-established, the government can take more initiatives to improve it. Since some infrastructure is already in place, it will be good to include young people in policy making regarding entrepreneurship. This way officials ensure that their initiatives have the desired impact. Further deregulation, reduced business taxes, more transparency and streamlining of information dissemination, will all contribute significantly to a sustainable and thriving MSMEs environment.

Uganda

The Ugandan youth entrepreneur



Status	Business
73.3% Registered	46.7% For-profit
22.2% Not registered and no plans	37.8% Social enterprise
4.4% Planning to register in 2-3 months	15.6% Not-for-profit

Based on Building Bridges survey

In the first decade of the 20th century, Uganda experienced rapid economic growth, but in more recent years it has become more volatile¹³⁰. Even though the current economic predictions are positive, regional instability in South Sudan and the Democratic Republic of Congo, local political tensions, a slowing Chinese economy and currency depreciation could potentially put Uganda’s economy at risk¹³¹.

Despite a general positive economic outlook, Uganda does face an un- and underemployment challenge due to its young population. This has led to an increase in the rural-to-urban migration, fierce labor market competition¹³². The high youth unemployment rate is particularly affected by the high population growth rate, which leads to a large annual labor market increase¹³³. Between 1997 and 2009, the percentage of unemployed young people in relation to the total number of unemployment rose from 42 to 65%¹³⁴.

Entrepreneurship scene

Situation

Due to the current labor market situation, three out of four young people are self-employed operating informal businesses¹³⁵. In 2014, the GEM considered Uganda the second most entrepreneurial country of their study¹³⁶. Indeed, the TEA rate was 35.5% and the entrepreneurial intention was 60.2%¹³⁷ with the younger generations showcasing more entrepreneurial interest¹³⁸. Yet, Uganda is also leading in terms of business discontinuation or closure due to non-profitability¹³⁹. This leaves the already disadvantaged youth even more disadvantaged.

Policies

The Ugandan government has taken some measures to create a more enabling business ecosystem. The National Employment Policy 2011 hinted at measures to be taking to improve MSMEs, but the specific 2015 MSME policy has taken it to a legislative level. A few policies specifically aimed at young people have also been initiated. In 2013 the draft National Youth Enterprise Bill was presented. Other initiatives included a Youth Livelihood Program designed to provide youth with the skills needed for self-employment and job creation. A Youth Venture Capital Fund was initiated in 2011, but unfortunately it seems to only reach a small percentage of youth. As such governmental bureaucratic measures remain insufficient to promote entrepreneurship.

Lived youth entrepreneurial experiences

The fact that young Ugandans are interested in an entrepreneurial career is encouraging. But what are their experiences when running a business? What difficulties do they encounter and how do they overcome these?

Becoming an entrepreneur

In Uganda almost all of the young entrepreneurs surveyed were motivated to start their business because they wanted to impact their society. Besides doing good, most entrepreneurs had also identified a business opportunity which they believed would be sustainable and had potential. 20% of the young people became entrepreneurs because they were driven by wanting to do good, seeing an opportunity and out of necessity. It seems that in Uganda despite common understanding, young people primarily opt for self-employment because they want to contribute to society, and because they believe their innovative solutions will contribute to their country’s development.

Culture

Interestingly, despite previous research having shown that Uganda has a high rate of entrepreneurial spirit, parents and relatives are not as supportive of their children going into entrepreneurship. Of all the respondents 17.8% of their family was completely opposed to the business endeavors while 8.9% was indifferent. This seems to point to the belief that the older generation views entrepreneurship more as a last resort to sustain a living, rather than a good career path.

Government

A possible reason as to why despite the entrepreneurial spirit being high, few businesses are operating in the formal market is the registration process. Even though 73.3% of the entrepreneurs in this study was registered, they complained that the process was expensive, lengthy, unclear and difficult.17.8% of the respondents had resorted to hiring outside help to speed the process along, but they were only able to do so for they had the resources. Corruption also acts as a clear barrier to more than half of the respondents. Suggestions from young people for improvements include an easier and more transparent registration system, tax exemptions for starting businesses, and more support both financially and non-financially.

Access to finance

Out of all the youth entrepreneurs, 37.8% started their business relying solely on their own capital. All the other entrepreneurs had received fundamental support from their family, with 13.3% solely relying on this. Less than half of the entrepreneurs had approached investors and only one was actually successful in securing funding. Only one in three entrepreneurs had approached a bank, with only one entrepreneur being successful. Giving the fact that in Uganda almost all businesses fail due to financial constraints, the entrepreneurs said this was due to lack of collateral, high interest rates, and a distrust towards young people.

Education & Training

Young people in Uganda indicated that formal education provides certain skills which are needed when running the business. All of them had also followed some form of business education and felt that this was important, but that the current curriculum is lacking. Nearly half of the youth entrepreneurs, felt that it does not prepare one for the realities that come with running a business, overseeing all the processes and managing people.

Entrepreneurship support

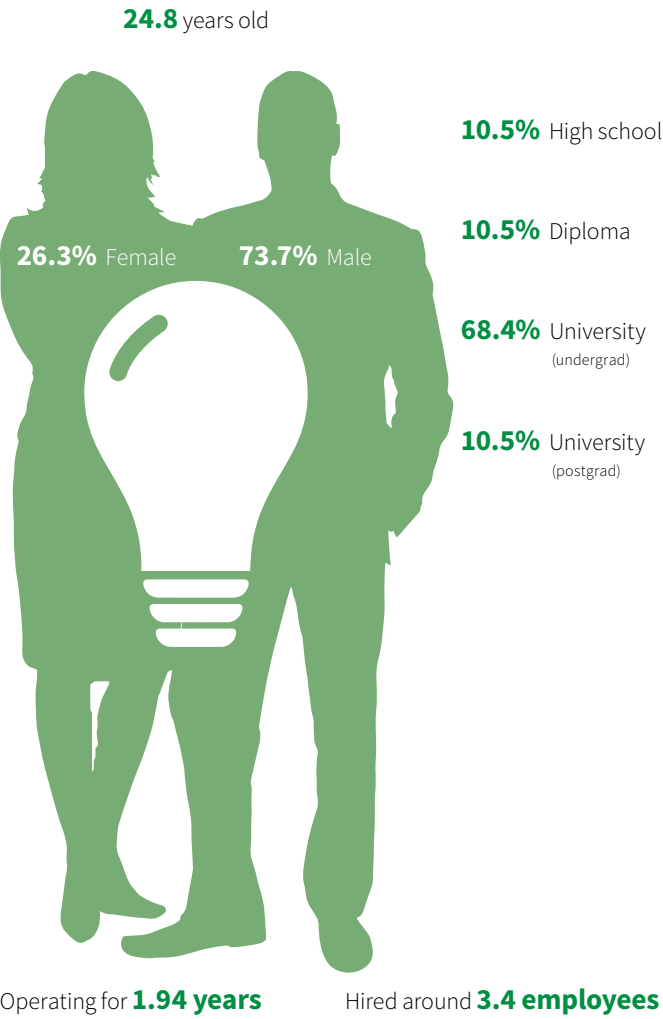
Finally, despite many young people having a keen interest in becoming entrepreneurs, the current non-financial resources available are seriously lacking. More than half of the entrepreneurs had been unable to secure a mentor, make business connections, and receive useful business training. For those outside the cities the ICT infrastructure was lacking. Besides financial constraints, the lack of available support resources, limits the young people in this study in their ability to run sustainable and profitable enterprises.

Conclusion

Even though the entrepreneurial spirit is high in Uganda, much remains to be done in order for these companies to contribute to the economy and reduction of unemployment. The Ugandan government should focus on not only providing incentives for young people to start businesses, but especially on how current entrepreneurs can be more sustainable. It is not realistic to expect the government to do this completely by itself so one solution would be to create partnerships with NGOs, private entities and other stakeholders.

Rwanda

The Rwandan youth entrepreneur



Status	Business
68.4% Registered	68.4% For-profit
5.3% Not registered and no plans	26.3% Social enterprise
26.3% Planning to register in 2-3 months	5.3% Not-for-profit

Based on Building Bridges survey

Rwanda has experienced rapid economic growth and its business climate has improved dramatically since the 2000s. Since the genocide in 1994, the poverty rate and inequality has been significantly reduced¹⁴⁰. Yet, development remains a challenge as foreign aid accounts for a relatively big chunk of its investment and potential reduction may provide economic backlash and instability¹⁴¹.

Unemployment is relatively low in Rwanda compared to its neighboring countries. However, despite economic growth, underemployment is considerably high, especially for young people¹⁴². This is because Rwanda’s economy continues to rely on agriculture and other low productive activities. Transforming the economy will not lie in shifting the activities, but in the provision of decent employment opportunities¹⁴³.

Entrepreneurship scene

Situation

In Rwanda, formal and informal MSMEs comprise 98% of all business. These MSMEs provide 84% of all non-agricultural employment opportunities¹⁴⁴. However, a high failure rate of MSMEs is believed to be due to a lack of entrepreneurial skills and entrepreneurial spirit, especially among Rwandan youth¹⁴⁵. This leaves many young people ill prepared to become entrepreneurs and hampers the potential economic and social impact enterprises can have.

Policies

In order to transform Rwanda to a knowledge-based and service-oriented economy, the country developed the Vision 2020 in 2000. One of the long term visions is to foster productive entrepreneurship. In 2015 the National Employment Programme built on this with training programs. In order to ensure youth entrepreneurs with enough financial capacity, the Business Development Fund was established in partnership with the Rwandan Development Bank. However, all these initiatives have not yet reached their expected full potential impact as entrepreneurs continue to struggle. As such the government will need to keep innovating and design new more effective policies in order to reach goals set in Vision 2020.

Lived youth entrepreneurial experiences

Rwanda’s entrepreneurial spirit is considered low, so in order to entice more young people to become entrepreneurs it is important to understand the current entrepreneurial experiences. What challenges do young people face?

Becoming an entrepreneur

Rwandan young people predominantly become entrepreneurs because they identified a possibility to play a larger role in society and provide a solution for a problem they identified. 57.9% of the youth entrepreneurs also identified a business opportunity. Only one entrepreneur went into self-employment because he was unable to find a decent job and he needed the money to sustain himself. This indicates that in Rwanda, young people are willing to take up more responsibility and do so in more innovative ways.

Culture

The young people in this study generally received positive feedback and support from their family. Only 15.8% of the youth entrepreneurs indicated that their family was not supportive and still nurtured hope that they would find a formal job. Family support is especially important when government or other stakeholder support is lacking. The youth entrepreneurs in this study relied on their family for advice, financial support, and as a resource to reach potential clients and networking opportunities.

Government

In Rwanda most young people were more than satisfied with the current registration process. The administrative procedures were considered relatively straightforward and easy, reflected in Rwanda being the second highest ranked Sub-Saharan African country in the World Bank Ease of Doing Business report. That said, not all respondents had registered their business yet, but this was mostly because they preferred to first ensure the business case was viable before registering. In addition, of all the countries surveyed, the rate of corruption was considerably low at 10.5%. Most youth felt the governmental environment was enabling, but tax reduction would be beneficial in order to increase the survival rate. In addition, access to finance and other resources were lacking.

Access to finance

Financial capability is fundamental to each entrepreneur. In this study two thirds of the entrepreneurs obtained their startup capital partly or completely from their own resources. 31.6% of the youth entrepreneurs also received a fundamental amount from their relatives and friends. As in other countries in this study, the youth entrepreneurs preferred finding private investors over getting loans from financial institutions.

Education & Training

The young entrepreneurs in this study found formal education to be fundamental to their business running. Nearly all of them had followed some form of business training, but as in other countries, this business training was considered inadequate. When it comes to running a business, the trainings lacked focus on creativity and innovation. That said, training and workshops did help some of the respondents in the early stage.

Entrepreneurship support

Like the other countries in this study, in Rwanda youth entrepreneurs also feel support systems are lacking. Business connections are difficult to be made when you are young, affordable workspace is missing, and there is a lack of available mentors. In addition, when resources are available, the young people in this study found it difficult to obtain the necessary information.

Conclusion

To conclude, despite the Rwandan government’s aim to move away from an agricultural society, young people are not yet fully empowered to significantly contribute to this goal. The current system surrounding businesses is generally positive, but more needs to be done to fully incentivize young entrepreneurs. Resources need to be increased and current policies need to be streamlined in order to avoid negative impact. One such example is the plastic ban, which decreases the competitiveness of entrepreneurs compared to neighboring countries. One obvious solution is to include youth entrepreneurs from all industries and walks of life in policy making so that a fully enabling ecosystem can be created.

End notes

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