FUTUREMAKERS FORUM
DISCUSSION SERIES

DRIVING ENTERPRISE AND
EMPLOYMENT WITH YOUNG
PEOPLE

AN INSIGHTS PAPER
DEAR COLLEAGUES

Welcome to Standard Chartered’s Futuremakers Forum. The Forum is a series of events which bring stakeholders together to build partnerships and create opportunities focused on young people.

It is part of our global Futuremakers initiative to tackle inequality and promote greater economic inclusion in our markets.

Social and economic inequality has a significant impact on disadvantaged young people; it limits their ability to access the skills and opportunities needed to improve their incomes and futures. Collective effort is needed to accelerate progress towards Sustainable Development Goal 8: to increase opportunities for employment, reduce the gender pay gap and reduce reliance on informal, insecure work.¹ The COVID-19 pandemic is expected to widen the inequality gap, increasing the imperative for sectors to come together to take action.

The Standard Chartered Futuremakers Forum brings together business leaders, policymakers, influencers and the next generation to shape the future of sustainable development through economic inclusion.

With its unique footprint, the Bank can play a convening role, connecting young people (aged to 35 years) with employers and connecting clients with other clients to address the social barriers to young people’s participation in the economy. Together with Business Fights Poverty, we have designed a series of online events for 2020. Three online events will take place as follows:

**Tuesday 30th June, 9-10am BST:** Finding Innovative Ideas and Tangible Solutions For Financing Young Entrepreneurs

**Thursday 8th July, 9-10am BST:** Scalability, Sustainability and Participation in Value Chains

**Wednesday 15th July, 2-3pm BST:** Developing Skills and Quality Jobs for Young People

We are grateful for the valuable insights provided and questions posed by the clients, beneficiaries and partners who have contributed to this paper.

JULIE WALLACE
Global Head, Community Engagement, Group Sustainability, Standard Chartered

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The aim of this paper is to provoke and stimulate ideas prior to the online Futuremakers Forum. The paper outlines the issues the Forum will tackle, posing questions for the reader. The questions aim to ignite thinking on the solutions to the issues raised.

This paper was generated from a series of interviews with young people, practitioners in the area of youth employment, philanthropists and Standard Chartered’s clients during March and April 2020.

The interviews revealed three overarching themes that have significance for people engaging on the topic of youth education, enterprise and employment. During the Forum, each theme will in turn be robustly discussed and debated through a webinar to find solutions and stimulate actions.

The themes are:

1. Finding innovative ideas and tangible solutions for financing young entrepreneurs

2. Scalability, sustainability and participation in value chains

3. Developing skills and quality jobs for young people

Click to go to the section
Globally, more than 200 million young people - often disproportionately impacted by the challenges of inequality - are out of work or live in low-income poverty.²

Young people in low-income countries are particularly affected - as many as 66 per cent of Africa’s 420 million young people are unemployed or vulnerably employed, and only one in six is in waged employment.² According to the African Development Bank, by 2025, 263 million young people will lack an economic stake in the systems that govern their lives.³

It is therefore essential that young people are given the opportunity to succeed in any entrepreneurial ventures they undertake. Yet, they continue to face barriers to success. It is important that different actors - including from the private and non-profit sectors, academia, government and intergovernmental organisations - work together to drive systemic change. Private and corporate clients, development banks and other donors all have a role to play in creating opportunities and transforming the environment in which young entrepreneurs operate.

Young people around the world, and particularly in low income countries, have made great strides in starting businesses of their own, finding ways of generating income and creating employment. When it comes to obtaining finance, to scale up or further develop their businesses, they face numerous challenges. The difficulties that micro, small and medium sized enterprises (MSMEs) and entrepreneurs face in accessing finance are well documented.⁴ Young people experience additional barriers, such as not having sufficient collateral, underdeveloped track records, immature networks and having weak credit ratings. They may be unfamiliar with the requirements of a business plan, or the information needs of investors and they may not know

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who to approach for funding. A lack of educational opportunities and very few role models add to the challenges young people face.

Access to finance is particularly difficult for women, and young women may face some of the highest barriers to generating bankable businesses. Some interviewees noted that male founders tend to source and secure investment faster, while women lacked confidence in seeking out investors and role models to show them the way. The challenges facing young women are multifaceted and complex. Due consideration needs to be given to provide equal opportunities for women-led businesses; enabling them to find the right financial backing in order to thrive.

Despite these challenges, many of the ideas that young people put forward are innovative, future-focused and bankable. Forward-thinking investors and philanthropists know this and are keenly seeking out businesses led by young people, in which to invest. An area of shared interest, therefore, is looking at ways of connecting young entrepreneurs with those who wish to invest in them.

Important topics of discussion include how to: become investment-ready; work with the finance sector to extend finance to young people; and connect suitable financiers with young entrepreneurs. Developing a mutual understanding of the needs and challenges of stakeholders on both sides is important to find new innovative solutions to bridge the gap.6

Until recently, entrepreneurs - and particularly young entrepreneurs - turned to family, friends or their extended community to raise capital to fund their ideas.7 For some fortunate young entrepreneurs with networks, knowledge and sponsorship, access to venture capital or impact investment is happening. The opportunity is to enable all young entrepreneurs to have the access to this finance. To break through the norms and develop new funding coalitions, new mechanisms and approaches are needed.8

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5 World Economic Forum. To improve women’s access to finance, stop asking them for collateral; https://www.weforum.org/agenda/2019/06/women-finance-least-developed-countries-collateral/


8 Entrepreneurial finance: new frontiers of research and practice; https://www.tandfonline.com/doi/full/10.1080/13691066.2016.1259733
While the COVID-19 pandemic has a profound impact on the availability of financial resources of any kind to fund new ventures, it may also present a catalyst to create new innovative means of engagement between entrepreneurs and investors, and to place young people at the forefront of rebuilding from this crisis.

**The COVID-19 Effect**

Central to the thinking on this topic are the new challenges to economies, jobs and livelihoods that have rapidly been brought to the fore by the COVID-19 pandemic. As stated by the International Labour Organisation (ILO), the world of work is being profoundly affected by the global virus pandemic. In addition to the threat to public health, the economic and social disruption jeopardises the long-term livelihoods and wellbeing of millions. Thousands of small enterprises around the world, particularly where people can’t get access to healthcare, are especially vulnerable and cannot afford even a short-term cash flow disruption. The ILO estimates that the global working hours in the second quarter of 2020 are expected to be 10.5 per cent lower than in the last pre-crisis quarter. This is equivalent to 305 million full-time jobs.

While this crisis has a profound impact on the availability of financial resources to fund new ventures of any kind, it may also present a catalyst to create new innovative means of engagement between entrepreneurs and investors, and to place young people at the forefront of rebuilding from this crisis. As the pandemic evolves, questions arise: What new models need to be created to ensure young people can thrive in spite of this crisis and beyond? Where will new quality jobs come from? And how can this positively change the access to finance for young entrepreneurs in the future?

It is only by bringing together the key stakeholders that affect, and are affected by, financing of ideas and ventures that we can begin to make shifts in this area. Frank conversations about needs, unseen obstacles and bold solutions, backed up by commitments to action, could create the kind of sustainable change that is urgently needed in this area. The webinar discussion will look to identify partnering opportunities and explore how we can co-create new dynamic models that incentivise youth-focused investments and ultimately create positive outcomes for young people.

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How can the COVID-19 crisis catalyse new paths of access to finance for young people and what are the immediate next steps?

How can young entrepreneurs who have an idea, the will and a plan, be given an easier chance of making the connections necessary to obtain finance?

Where do young people start? Where can contacts be found? How can they be nurtured and grown?

What do investors look for?

How is it best to structure the financing?

Where are the investment opportunities for women entrepreneurs?

How can young women in particular access the networks and investors to reach new markets with their business offerings?

What do young people know that could help investors during the crisis to find the best place to invest?

Who are the rising stars? How can investors access them?

How can investors come together to co-create, fund and potentially invest in young entrepreneurs?

What are the roles of the private sector and investors?

What are innovative investment models that incentivise youth-focused outcomes?

What are (and how do we promote) innovative blended investment products that make it easier to invest in SMEs?

What kind of financing needs do young entrepreneurs have and how can these partnerships be structured?

How can we help young entrepreneurs manage the immediate challenges posed by COVID-19 and seize the potential opportunities - whether through better cash-flow management, harnessing digital channels, or adapting their products, services or business models?
2. SCALABILITY, SUSTAINABILITY AND PARTICIPATION IN VALUE CHAINS

Supporting youth-led enterprises is good for business and vital for inclusive economic growth. According to the World Bank, SMEs represent about 90 per cent of businesses and more than 50 per cent of employment worldwide. In emerging markets, SMEs create 7 out of 10 formal jobs and formal SMEs contribute 40 per cent of GDP. When informal SMEs are included, the contribution of SMEs is even more significant. SMEs also have an important role to play in delivering the Sustainable Development Goals by promoting inclusive and sustainable economic growth, creating employment and providing decent working conditions.

Entrepreneurship can catalyse the entry of young people into the labour market at the same time as developing skills, creating jobs, increasing innovation and fostering role models for others. Linking young entrepreneurs into the value chains of multinational enterprises and domestic firms is a powerful way to generate long-term, sustainable and productive livelihoods. In turn, this creates reliable demand and can facilitate the transfer of technology, knowledge and skills, and increase access to finance and markets.

Large businesses, both domestic and multinational, are ideally placed to make a dramatic difference to the success and impact of small and medium sized enterprises led by young people.

Large businesses

Large businesses, both domestic and multinational, are ideally placed to make a dramatic difference to the success and impact of SMEs led by young people. Intentionally creating space for youth-led SMEs in corporate value chains - as suppliers, distributors and service providers - can provide young people with transformative opportunities. This seemingly simple action enables young people to develop their businesses within an assured market, learn from

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other more experienced members of the value chain, and create secure livelihoods for themselves, their families and employees.

Despite the innovation and drive that youth-led SMEs can offer, these enterprises are often excluded by traditional procurement methods. In a survey of enterprises in Kazakhstan, Papua New Guinea, the Philippines, and Sri Lanka, SMEs identified five critical success factors for integrating into value chains. Whilst product quality was deemed the most crucial factor, the education, experience and international exposure of the owner were also cited as a key determinant of success. This may place youth-led SMEs, in particular, at a disadvantage when competing with larger and more seasoned suppliers. Besides this, access to finance and the ability to forgo significant expenditure to integrate into existing processes also presents significant challenges for all SMEs who wish to participate in large value chains.14

There are success stories of young entrepreneurs integrating effectively into value chains, but unfortunately these only represent a tiny proportion of young entrepreneurs globally. The majority struggle to make the leap into global, or even local, value chains. And yet with support and integration into networks that assist with enterprise development, these barriers can be overcome.

Bigger businesses that have already taken the lead to diversify their value chains are in a position to share best practice, both in terms of how to engage youth-owned enterprises and also how to help them grow and succeed - securing long term quality, scale, and reliability.


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POLICY MAKERS

Recognising the economic benefits of more diverse value chains, some countries, for example Rwanda and Kenya, have legislated to require that a fixed percentage of government spending be allocated to procuring goods and services from enterprises owned by youth and women. In Zambia, a joint project between the Zambian Government, FAO and ILO engaged private sector actors within soybean and aquaculture value chains. They facilitated cooperation between different players within the chains, connected small growers to larger businesses and supported skills development. The Yapasa project created and improved nearly 3,000 jobs for rural youth in Zambia and helped over 5,000 youth-led rural enterprises achieve greater success.

17 CTA. 2019. Why expanding value chain access is important for young agripreneurs. https://www.cta.int/en/youth/all/article/why-expanding-value-chain-access-is-important-for-young-agripreneurs-sid095e18780-12be-49da-867a-121a26eb90ee

YOUNG WOMEN

Young women find it particularly hard to integrate into existing value chains. They are already vastly under-represented in the active economy and often find it even harder to find places within established value chains and organisations, which are typically more male-dominated. According to the Business for Social Responsibility Report on Women’s Empowerment in Supply Chains, every sector benefits when women are empowered and every sector must do its individual and collective part if there is to be any chance of a sustainable future.

An integrated and strategic approach is required to accelerate women’s engagement in domestic and global value chains.

THE COVID-19 EFFECT

COVID-19 has impacted value chains around the world, particularly in certain industries. According to the ILO, more than 436 million enterprises face high risks of serious disruption. These enterprises are operating in the hardest-hit economic sectors, including some 232 million in wholesale and retail, 111 million in manufacturing, 51 million in accommodation and food services, and 42 million in real estate and other business activities.20

Furthermore, Business Fights Poverty’s recently-produced COVID-19 Action Toolkit, entitled “Supporting Micro Small and Medium Sized Enterprises (MSMEs)”,21 provides guidance on how multinational corporations can help to address the severe impact that COVID-19 is having on MSMEs in every country in which it is present. The toolkit explains how, even in good times, small business owners and workers face many challenges, but the global health emergency is making these much worse. This effect is particularly pronounced in developing countries, where the impact of a short-term business closure is devastating because the company owners are likely to carry little or no cash reserves and cash flow shortages have brought businesses to a halt. The report goes on to highlight that even where large companies do not have SMEs integrated in their value chains, they can still provide support by partnering with suppliers, business partners, donors and NGOs who have established networks and relationships and are able to help and support young entrepreneurs.

The question is: can this global crisis present an opportunity for reconstructing value chains that better integrate young people and create new opportunities for jobs and employment?

Piecemeal projects to create jobs for young people, while useful for their individual beneficiaries, are not sufficient to create sustainable prosperity for young people in robust employment ecosystems. A systemic, strategic and well-integrated approach is required. So how can we best link young people and their good ideas into existing value chains or broader ecosystems to allow for longer-term success and greater job creation? And in order to support young people’s futures, what more can be done to grow value chain opportunities in particular for SMEs?

Conversations with stakeholders and thought leaders on this topic reveal that there are examples of how like-minded companies in the same value chain are coming together to integrate SMEs, employ and empower young people, and build sustainability. We invite participants in these value chains, and those who would like to be part of them, to engage with us in a robust discussion that can lead to new actions and commitments.

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**CO-CREATING AND SHAPING THE TOPIC**

The webinar aims to be a collaborative and interactive exercise. To help us shape this, please consider the following questions, tell us which you feel are most important and whether there are others that need addressing.

**SHARE YOUR THOUGHTS**

- [VIA OUR SHORT SURVEY CLICK HERE](#)
- [TO EMAIL CLICK HERE](#)

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**QUESTIONS RAISED BY:**

**YOUNG PEOPLE**

- Click on a question to email a response*

  - How do young people identify and access opportunities in domestic or global value chains?
  - Where should I focus on strengthening my business in order to seize the value chain opportunities that may emerge?
  - In the current COVID-19 crisis, how can larger companies help young people led enterprises within their value chains manage the immediate impacts and rebuild better?

**INVESTORS, PARTNERS & VALUE CHAIN OWNERS**

- Click on a question to email a response*

  - What benefits are there for large businesses in adding young entrepreneurs to their supply chain?
  - How can large businesses actively create new value chain opportunities for young entrepreneurs, and how can they strengthen the capacity of these small businesses to meet the requirements in terms of quality, scale, and reliability?
  - Given the existing limitations, what can be done to integrate young women better into value chains and business ecosystems?
  - How can businesses support young entrepreneurs in their value chains both in the immediate term, and as we start to rebuild?

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* Your email address will not be used for any other purpose.
“There are 1.8 billion young people between the ages of 10 and 24 today - the world’s largest ever group of young people. Every month, 10 million reach working age - and they’re finding that yesterday’s skills no longer match today’s job market.”

These words from UNICEF Executive Director, Henrietta Fore point to a growing crisis for an entire generation of young people. Today, 71 million youth are unemployed and 150 million young people are working, but living on less than US$3 a day. In a survey of 10,000 young people across 160 countries, the message from young people was clear: 35 per cent of respondents saw job opportunities as the most urgent priority for action and 26 per cent demanded better education. A full 63 per cent agreed that business leaders must do more to help young people succeed in our globalised world. At the same time, the world of work is shifting. Automation and technology offer both opportunities and threats to entry-level jobs and new job roles are emerging. By one estimate, 65 per cent of children entering primary school today will work in completely new job types that do not yet exist. In this uncertain environment, it is crucial - for our young people, and for the credibility of a globalised economic system - that the aspirations of this generation for good quality education and work are met.

**DEVELOPING SKILLS AND QUALITY JOBS FOR YOUNG PEOPLE**

**Having the right skills to run your own business or be ready for the jobs market is key to success, but traditional education only goes so far in delivering and consolidating these skills for young people.**

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Having the right skills to run your own business or be ready for the jobs market is key to success, but traditional education is only able to go so far in delivering and consolidating these skills for young people. Well-established businesses have an essential role to play in providing opportunities for job-shadowing, mentoring, well-structured internships and partnerships with educational institutions.

Existing businesses and potential investors are already supporting educators to upskill young people for the future of jobs, but often this is piecemeal and relies too heavily on future-focused, agile educators. Is there now the opportunity for educators, employers and investors to deepen their collaboration and double down on their impact in educating young people? Could cross-sector collaborations and advocacy partnerships re-shape the system helping more young people to get the skills they need to succeed and prosper?

An important component of this is the role that organisations play in providing paid work placements, internships and apprenticeships. How can more opportunities be made available to young people that are relevant and accessible and what role can the private sector play in delivering these?

Inclusion of women in education and skills-development initiatives needs to be given special attention to address existing gaps. A study conducted in rural Egypt looked at the impact of large-scale training and empowerment interventions for 4,500 women in 30 villages in the region. The intervention provided a combination of life skills, core business skills, vocational training and guidance on how to start a business. It resulted in a significant impact on the labour market, economic aspiration and business knowledge of the young women. It also showed that interventions targeted at women work best when they are delivered according to a gender-sensitive design that eliminates barriers to women’s participation, including in planning the outreach projects, training spaces, flexible timing of classes and providing mentoring by local women. Maternity considerations and childcare options were recommended as part of training in the future.

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Standard Chartered’s flagship education programme, Goal, under the company’s Futuremakers initiative, aims to tackle inequality and promote economic inclusion. Goal uses sport, play and life skills education to transform the lives of adolescent girls from 12 to 18 years of age, in 24 countries around the world.25 A recent report evaluating the impact of this programme showed an overall positive effect on self-confidence, communication skills, ability to express self in public, standing up to violence and participation in family decision-making. It also had an impact on increasing the financial knowledge and savings behaviour of the young women. Studies like this are a useful example to understand what works and to identify where and how programmes can be further scaled and integrated for impact.

Young people will not only become employees, but will also be job creators through their own enterprises now or in the future. There is an opportunity to link young entrepreneurs with mentors, business opportunities and learning to equip them to grow their own ventures. This type of initiative not only impacts on the young people who receive training, but also catalyses further employment creation as the young entrepreneurs grow their organisations and act as role models to inspire others.

THE COVID-19 EFFECT

The topic of skills and jobs for young people is extremely timely. The COVID-19 pandemic has added significant pressure to unemployment figures and has had a particularly detrimental effect on the informal economy and small enterprises around the world. The ILO estimates that close to 1.6 billion workers in the informal economy (the most vulnerable in the labour market) have an immediate danger of having their livelihoods destroyed and 436 million enterprises face high risk of serious disruption.14

Lockdown conditions worldwide have stopped informal businesses - many of them run by young people - in their tracks, seriously damaging people’s capacity to earn a living. The consequences are severe. As Guy Ryder, Director-General of the ILO noted: “For millions of workers, no income means no food, no security and no future. [...] As the pandemic and the jobs crisis evolve, the need to protect the most vulnerable becomes even more urgent.”26

In the light of this crisis, developing skills and creating quality jobs for young people becomes an urgent priority for ensuring the future stability of society, reducing poverty and providing some means of survival for millions around the world. The creation of jobs for young people may now be an even greater challenge than before the pandemic hit, with competition for positions being all the more fierce once economic activity resumes. In light of the enormous shock that COVID-19 has had on our economic system, how can we think differently about what is required to ensure that young people have the right skills for the job and that more employment opportunities are created?

The webinar discussion on this topic will bring together: young people who are passionate about their skills; businesses who understand what it takes to be sustainably successful and weather difficult storms; individuals who have experienced the world of entrepreneurship - who have tried, failed and tried again; and educators who have expertise on how we learn best. The webinar will focus on gaining a deep understanding of the skills and jobs of the future and what concrete actions are needed to take us there.

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**QUESTIONS RAISED BY:**

**YOUNG PEOPLE**

- Click on a question to email a response*

- **What are the skills young people need for the future of work and to run their own enterprises?**
- **How can businesses better support young people into entry level quality jobs?**
- **What are the types of jobs and skills that will be available during and as a result of the COVID-19 pandemic?**

**INVESTORS, PARTNERS AND JOB CREATORS**

- **How can businesses or investors help young people to develop highly valuable business skills?**
- **How can paid internships, work placements and career progression paths be scaled to support more young people into quality jobs?**
- **What can young people teach business in terms of communication, technology and digital innovation?**

**EDUCATORS AND YOUTH ORGANISATIONS**

- **How can higher education institutions better support the development of young people for the jobs of the future?**
- **How and where can young people gain the skills they need to be successful entrepreneurs?**
- **How can we harness digital technologies to scale high-quality, lifelong learning?**

**CONCLUSION AND NEXT STEPS**

The insights and questions set out in this paper are the beginning of an in-depth and robust dialogue and a move to practical action that will take place during the online sessions and the in-person event next year.

Our aim is for the Futuremakers Forum to result in tangible commitments, agreements and decisions. As such, we invite you to come with an “open” mindset and encourage you to be a catalyst for change in your area of influence, to engage and develop solutions with young people.
GET INVOLVED

We invite you to come with an “open” mindset and encourage you to be a catalyst for change in your area of influence, to engage and develop solutions with young people.

We look forward to welcoming you and your views.

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REGISTER FOR THE VALUE CHAIN WEBINAR

REGISTER FOR THE SKILLS AND EDUCATION WEBINAR