

## Policy Forum - June 14

### Promoting Youth and Female Entrepreneurship: Evidence-Based Policy Options

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#### Lessons from the UN Women's flagship project on Women's Economic Empowerment in advancing youth and women entrepreneurial capacities in the region

## The Context

- Over the past decade Africa has been among the world's fastest growing regions, with improved governance and economic reforms helping to galvanize annual growth of more than 5% on average. The continent is home to a third of the planet's mineral reserves and a tenth of the oil while foreign direct investment (FDI) in the continent has grown in the past decade, despite global stagnation. In spite of this promising data, unemployment in Africa was estimated at more than 15% in 2015 with some countries reaching up to 30% a situation that has fueled persistent poverty as well as economic migration due to the lack of local businesses able to generate employment opportunities. **However economic growth is not inclusive.**
- While widespread **unemployment** on the continent has negatively affected virtually all segments of the population, it has **most strongly affected women and youth**. Gender gaps in employment are high, with women dominating informal sector employment and vulnerable work. In addition, **African youth – both men and women represent 60% of the continent's unemployed**, hindered by lack of employment opportunities and inadequate access to quality education and vocational training.
- Women's rights to economic equality and opportunities and their critical importance for sustainable development are recognized in a number of **multilateral normative frameworks**, including CEDAW, the Beijing Platform for Action, and the Sustainable Development Goals (SDGs).
- Recent developments, present new opportunities for transformative change for women and youth in Africa. 2015 marked the adoption of historic agendas for the continent at both the global and regional levels, including the **2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs)**, and the **African Union's Agenda 2063, the continent's 50 year transformative agenda for development, peace and security, and its First Ten – Year Implementation Plan**.

Both frameworks seek to achieve inclusive growth and sustainable development in Africa, with particular emphasis on women and youth. **Goal 5** of the SDGs, for

example, aims to achieve gender equality and empower all women and girls, while **Goal 4 on inclusive and equitable quality education** features specific targets related to increasing the number of youth who have relevant skills for entrepreneurship. In addition, **Goal 8, which aims for sustained, inclusive and sustainable economic growth**, features targets towards substantially reducing the proportion of youth that are not employed or receiving education.

Emphasis on women and youth can also be found in the African Union's Agenda 2063 and its **First Ten - Year Implementation Plan**. Aspiration 6 of the Agenda explicitly calls for an Africa whose development is people –centered, relying on the potential offered by African people, especially women and youth, while the Agenda's Ten Year Implementation plan aims to achieve a **25% reduction in unemployment by 2023** and to specifically reduce youth and women's unemployment by 2 % per annum. The promotion of entrepreneurship as a possible source of job creation, empowerment and economic dynamism

- **Entrepreneurship is a key driver** towards structural economic transformation envisioned by the SDGs and the AU Agenda 2063 with the potential to create millions of jobs. Actions are required from all stakeholders through innovative partnerships (new enterprises with strong social and environmental orientation) strengthen capacities of African Universities to offer educational programs for entrepreneurs.
- As of 2013, **49.1 per cent of the world's working women were in vulnerable employment, often unprotected by labor legislation**, compared to 46.9 per cent of men. The gap is higher in Africa. For instance, women were far more likely than men to be in vulnerable employment in North Africa (54.7 per cent versus 30.2 per cent) and in Sub-Saharan Africa (nearly 85.5 per cent versus 70.5 per cent)<sup>1</sup>
- **Gender gap:** Several recent studies and reports have given evidence that the cost of the **gender gap is too heavy to bear not only for women but for society as a whole:** **The** U.N. Development Program's 2016 Africa Human Development Report argues that economic and social discrimination against women is costing Africa more than \$100 billion a year.
- Women make enormous contributions to economies, whether in businesses, on farms, as entrepreneurs or even when doing unpaid care work at home. In fact, research indicates that global GDP could rise by as much as **2% or 1.5 trillion dollars** if women and men entrepreneurs could participate equally (source Boston Consulting Group 2014).

## Q1: What are the key policy lessons emerging from the PEP research on youth and female entrepreneurship?

Do these lessons seem reasonable or applicable in terms of policy solutions? Would there be major constraints to their adoption or implementation by authorities?

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<sup>1</sup> <http://www.unwomen.org/en/what-we-do/economic-empowerment/facts-and-figures>

## Policy recommendations:

Women's and Youth Entrepreneurship Development needs **six framework conditions**:

1. Existence of a gender-sensitive legal and regulatory system: Countries need explicit **policies** explicit policies on youth and gender,. Significantly, such policies should be properly integrated with key macro and sectoral policies in order to avoid treating youth livelihoods and entrepreneurship as an isolated activity.
2. an effective policy leadership and coordination for the promotion of Women and Youth entrepreneurship development,
3. access to gender-sensitive financial services,
4. access to gender-sensitive BDS services, (Skills training, business counselling, mentor support, access to working space, business expansion networks and creation of support networks)
5. access to markets and technology and
6. Representation of women entrepreneurs and participation in policy dialogue.

The following are key issues that emerge from a survey of the literature on youth/gender policies in many countries, especially LDCs:

- There are no proper policy/programme linkages
- Youth policies are not properly integrated with key macroeconomic policies
- Youth policies are not properly integrated with key sectoral policies,
- There is a dominant welfares' perception of youth, and
- The policies lack effective implementation and monitoring mechanisms.

Q2: Are you aware of examples of successful or failed policy initiatives from which lessons can be learned?

Access to Government Procurement Opportunities in Kenya

Q3: What are the key knowledge gaps and issues related to entrepreneurship policies for women and youth?

- Women entrepreneurs face enormous structural barriers, which limit their growth and development. These barriers include:

**I. Limited access to financial capital:**

One of the major **factors limiting the size and growth of women-owned businesses and preventing them from reaching their full potential is lack of financing**. Women typically start their businesses with less capital and have less access to financing than men, which limits their ability to start and grow their businesses;

- a. Women lack access to collateral. Most financial institutions require some sort of collateral to secure a loan. This often means a fixed asset in the form of a land title or property deed. In many countries, however, women do not own

or have rights to land and therefore lack the collateral with which to secure loans.

- II. **Limited access to social capital** (including limited opportunities to markets and distribution networks). In particular, women tend to have difficulties establishing robust business networks and connections with individuals and organizations that can actually generate business. They tend to rely more heavily on family connections and informal networks for business; missing out opportunities that are needed to grow their businesses;
- III. **Limited access to human capital**, especially regarding entrepreneurial and management skills;
- IV. **Limited access to information and networks** that prevents women from responding to procurement calls. This reinforces a negative cycle and prevents them accessing markets, developing their supply capacity;
- V. **Discriminatory social norms** which lead to the women's disproportionate responsibilities for unpaid domestic care and work;
- VI. **Lack of gender sensitive procurement and investment policies.**
  - As a result of these structural barriers, women entrepreneurs and business owners have been largely unable to seize opportunities from government spending and international sourcing.
  - **Knowledge and data on the impact on women of the decision of procuring entities, international financing institutions (IFIs) and corporations is also limited.** For instance, the fact that women owned businesses are smaller and more dispersed makes more expensive for procuring entities to identify female suppliers. These higher **transaction costs create a low incentives for procuring entities to invest and source goods from women entrepreneurs.** Furthermore, asymmetric power relations between buyers and suppliers along global value chains marginalize smallholders, who are often disproportionately women. (UN Women FP)

## Our solutions: the priority areas of work for UN Women

UN Women interventions to address the structural barriers faced by women entrepreneurs mainly focus on the following areas:

- i. Compelling evidence in support of the need to initiate or improve the entrepreneurship education of youth. Foundation for entrepreneurship is provided in the formative years of their education. Entrepreneurship education should focus on key entrepreneurship concepts, as well as the fundamental linkages between the dynamics and assumptions of a competitive market system and the concepts and practices of entrepreneurship. Two examples of educational programs that meet the particular needs of female youth with respect to these

issues, as well as other key requirements for entrepreneurship education, are described in the final section of the study.

- ii. **Addressing the gender gap in education** thus requires an integrated approach, which considers adolescent girls' overall well-being and combines formal education, life-skills training – including the use of ICTs- and social support with access to financial services and employment. The gender gap is particularly significant in secondary and tertiary school. For secondary education, in 2011, gender parity index is 0.83 in sub-Saharan Africa while at the tertiary level, the disparities are greater, 0.61 in sub-Saharan Africa. <sup>2</sup>

The **most effective vocational training programmes for women often incorporate “soft skills and life skills” development**, as well as on-the-job training (internships or apprenticeships). Soft skills, such as communication and leadership skills that are valued on the labour market, are deeply affected by gender norms; investing in such skills can improve women's self-confidence and job prospects.-

Recent World Bank evaluations of programmes to support adolescent girls found that life skills programmes can empower and guide learners to think critically about how gender norms and human rights shape their interactions with others and affect their behaviours.<sup>3</sup>

Example from the Region:

Through global partnerships with The Coca-Cola Company and Intel®, UN Women is implementing two programmes in our region, one in South Africa which trains and supports women micro-entrepreneurs in relation to business skills development, and the other in Kenya, Nigeria, and South Africa which seeks to improve the digital literacy skills of women.

Working with marginalized women:

Funded by the Government of Japan, UN Women works to build resilience of displaced women and girls and their host communities in South Sudan.

The project aims to build resilience through promoting access to sustainable livelihoods opportunities including: vocational skills-training tailored to the job market; entrepreneurship skills development; facilitating market access; functional literacy and numeracy Programs; computer education opportunities; micro-finance services; value-additive processing and supporting the development of women focused community assets.

- iii. **Gender-responsive public procurement:** Procurement policies can stimulate demand for goods and services produced by Women-Owned Businesses by setting specific targets and quotas for sourcing goods and services from companies owned by women.

Example from the Region: This practice is already in place in Kenya. Since 2013, as a result of the UN Women support, procuring entities are required to allocate at

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<sup>2</sup> UN Women FP Economic Empowerment of Young Women through Relevant, Quality and Second Chance Education & ICTs

<sup>3</sup> LEAVE NO ONE BEHIND A CALL TO ACTION FOR GENDER EQUALITY AND WOMEN'S ECONOMIC EMPOWERMENT

least 30% of their procurement spend on procuring goods, services and works from micro and small enterprises owned by youth and women.

UN Women assist women entrepreneurs and women's associations in Kenya to take advantage of the opportunities unleashed by this regulation and increase women's participation in the supply chain. In collaboration with partners, we 1,500 women entrepreneurs and we are now taking the training to the county level.

iv. **Gender-responsive budgeting**

Example from the Region: Through UN Women's support to Uganda's National Planning Authority (NPA), gender equality and women's empowerment is now a national development obligation within the country's National Development Plan II (NDP II, 2015-2020). It is also one of the overarching strategies for meeting targets on inclusive growth and social development. This was achieved through creating spaces to engage between the NPA, various government ministries, other stakeholders and UN agencies.

Agreed-upon priorities include: improving women's access and control over economic resources within agriculture, tourism and extractive industries; enabling girls to transit into secondary and vocational schooling; skills development for women entrepreneurs; and preventing and responding to all forms of violence against girls and women. The selection of these priorities derived from baseline studies of the situation of women and girls in Uganda. The information collected was then incorporated into a gender issues paper used to guide consultations with government agencies (at national and sub-national levels), civil society organizations and development partners.

The involvement of Ugandan women community leaders was instrumental in the process. UN Women supported the Uganda Women's Network to engage in collaborative and research-driven advocacy around the mainstreaming of gender. The Network effectively collaborated with over fifty women community organizations in the country to set a unanimous agenda for engaging government agencies on identifying and addressing the gender gaps are in planning and budgeting. With technical support from UN Women, the Uganda Women's Network and partner community organizations were able to gather evidence on gender issues and gaps within each priority area, and use this evidence to gain the attention of key decision-makers in the drafting of the NDP II.

UN Women's networking, convening and catalytic role helped ensure that institutional processes and expertise at a national level were linked to the needs of women and girls in local communities. Important next steps since the adoption of the NDP II include a nation-wide women entrepreneurship support Programme, designated as one of the pipeline projects to be financed by the government in subsequent years. In addition, the NPA is receiving support from UN Women to roll out National Gender Planning Guidelines to sectors and local governments—at least 10 sectors and 50 local governments—with the aim of equipping planners, statisticians and officials with knowledge on how to mainstream gender in development plans.

v. **Engendering international public and private investment:** IFIs can engender their investment decisions by embedding requirements for borrowers that promote positive economic outcomes for women. This begins with conducting gender-

impact assessments that analyze the opportunities for women's entrepreneurship and employment and creating reporting requirements and collecting data to hold borrowers accountable to creating opportunities for women owned-enterprises.

- vi. **Gender-Responsive Corporate Procurement:** by adopting gender responsive procurement policies that promote supplier diversity and collect gender-disaggregated supply chain data, companies can stay accountable and create opportunities for women. Corporations are also assuming responsibility for action within their purview through the **Women's Empowerment Principles (WEPs)** promulgated by UN Women and the UN Global Compact.
  
- vii. **Capacity of women-owned businesses to benefit from procurement strengthened:** This includes capacity building of WOB to lobby for changes in procurement policies and investment and hold governments and corporations to account. It will also include strengthening their capacity to respond to procurement calls, including through better leveraging of ICTs. On a sector basis, the capacity of WOB will be strengthened to move up the supply chain; especially in the agriculture and the energy sector. In this regard, it's worthy to mention two UN Women Global Programme: (i) "Women's Entrepreneurship for sustainable energy" to increase women's access to sustainable energy and opportunities in the energy sector and (ii) "Women's empowerment through climate-smart agriculture" that aims at improving and strengthening the climate-resilience of women farmers within the context of climate change.

Example from the Region: In Rwanda, UN Women, in partnership with World Food Programme's Patient Procurement Platform (PPP), launched a digital, mobile-enabled "Buy from Women" platform. The digital, mobile-enabled platform connects smallholder farmers to the agricultural supply chain, providing them with critical information on market prices, awareness about gender equality and women's empowerment, and market opportunities via text messages. The platform improves farmers' capacity to produce marketable surplus, provides real time financial information and increases their market access, especially for women farmers, who were traditionally not involved in all parts of the value chain. Now both women and men farmers can negotiate better deals with buyers and financial institutions. "Before, we used to struggle to know the exact size of our land. Thanks to this new platform introduced by UN Women, we will now know," says Christine Mukarukundo, a maize farmer and member of Tuzamurane Cyeza Cooperative in Muhanga District, Southern Province of Rwanda. "This will help us to forecast our level of production, and negotiate better with buyers and financial institutions, and secure loans that reflect our production potential."

- viii. **The compelling business case and strategy** for corporation. There is the need to develop and communicate a compelling business case and strategy for corporations showing that investing in women-owned businesses and integrating them into corporate supply chains is simply "smart economics." For instance, in Kenya women own 48 per cent of all micro, small, and medium enterprises—

producing around 20 per cent of GDP - according to a study conducted by World Bank. <sup>4</sup>

Example from the region: UN Women, UNDP-UN Environment Poverty Environment Initiative (PEI) and the World Bank conducted in 2015 a joint study that provide a unique quantification of the **costs of the gender gap in terms of lost growth opportunities and an estimate of what societies, economies and communities would gain if the gender gap in the agriculture sector was addressed**. The gender gap costs Malawi USD 100 million, Tanzania USD 105 million and Uganda USD 67 million every year. Similar studies are being conducted in Kenya, Ethiopia and Rwanda.

### Q3: What should researchers do / take into account to make sure their research is useful to entrepreneurship policies for youth and women?

ix. **Gender Analysis:** More knowledge is needed on how to integrate gender issues more comprehensively into the design and implementation of policies.

In this regard, the academia and research institutes can play an important role in influencing the policies, generating gender -disaggregated data and developing more detailed analysis.

The lack of gender-disaggregated data – especially in developing countries – has contributed to a lack of awareness amongst policymakers on the different needs of women and men. Gender analysis that identifies and makes visible the different needs of men and women and gender gaps in the different sectors would help policymakers develop more gender-responsive policies and identify concrete targets and solutions to close gender gaps. <sup>5</sup>

In conducting research and studies, partnership between traditionally trained experts, usually academics, and members of the "community" or Civil Society Organizations (CSOs) should be encouraged. Including CSOs in research can offer many benefits, including higher acceptance of research outcomes and better quality of research findings. Indeed, participatory Research is increasingly being recognized as important in generating concrete knowledge and understanding that can guide changes in policy.<sup>6</sup>

This generated knowledge will ultimately contribute to develop a new narrative which clearly depicts women as active participants and agents of change<sup>7</sup>. It will also help integrate gender across all the different steps of the policy design and implementation rather than considered as a stand-alone issue.

Finally, we, as UN Women, will continue working closely with academia and research institutes to support and communicate their work to policy makers. UN Women, informed by research, will advocate to make sure that gender is considered in policy design, development and budgeting.

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<sup>4</sup> UN Women The power of procurement: how to source from women-owned businesses (2017)

<sup>5</sup> UN Women, UN Environment: Gender, Energy and Policy (forthcoming)

<sup>6</sup> Participation of Civil Society Organisation in Research, STACS (2009)

<sup>7</sup> UN Women, UNDP UN Environment PEI Africa (forthcoming)

**Example from the Region:** The Cost of the Gender Gap Report in Agricultural Productivity in Malawi has been used to influence the drafting of the National Agriculture Policy. The policy has 8 outcome areas, all of them properly gendered, and there is a stand alone outcome on women, youths and vulnerable farmers.

1. **Lesson learned from UN Women Evaluations.**
  - I. **Generation and collection of gender disaggregated data** need be prioritized to create an evidence-base and fill the current data gap. Gender needs assessments and baseline data that identify gender gaps should be used as entry points for building programs and setting realistic targets to advance the economic empowerment of women.
  - II. **Development of indicators** that are consistent and meaningful to measure women's economic empowerment is important for tracking progress. Especially at the Country Level higher efforts should be made to measure changes and progress against development goals and frameworks.
  - III. **Higher Investment in planning, monitoring, data analysis, programmatic learning and reporting:** Comprehensive M&E and data management systems are vital for the tracking of indicators and beneficiaries and to monitor Programme implementation. This includes dedicated resources and expertise.

**References:**

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