YOUTH FOR THE FUTURE

working to empower youth

Youth Entrepreneurship Project
Executive Summary

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Background

Youth for the Future (Y4F) is a five year program of the International Youth Foundation (IYF) funded by the United States Agency for International Development (USAID) which mobilizes and empowers key actors at the local and national levels to work together in harnessing the productivity and potential of at-risk youth in Jordan. As part of this mission, Y4F is testing new employability models for at-risk youth, including in the area of entrepreneurship.

Micro and small enterprises (SMEs) are an engine of economic growth and essential provider of goods and services in all economies. Particularly in Jordan, these businesses play a significant role in the day-to-day survival of many poor, underserved, and remote populations, especially among youth. The SME sector typically has a highly-dynamic life cycle. There is a very high rate of new business entries, but an even higher rate of exits. With a low level of formal education, micro- and small-scale entrepreneurs often lack the business acumen, managerial, technical and marketing skills to choose the 'right' business venture and remain competitive in the marketplace. Youth are at an even greater disadvantage in terms of their ability to access capital to start and sustain a business.

In 2011, IYF designed and piloted a comprehensive entrepreneurship training program tailored to meet the needs and interests of highly-disadvantaged youth. Through this initiative, IYF has gathered important lessons learned about "what works" in designing entrepreneurship programs targeting marginalized youth populations. This report provides a summary of the overall design of the pilot, key findings, as well as recommendations based on IYF's implementation experience.

Under the *Youth Entrepreneurship Project*, over 133 youth received business skills training, mentoring, and technical support to launch and manage first phase, business start-ups with the objective of not only sustaining themselves and their families, but also giving meaning and purpose to their lives. All youth selected to participate in the program came from Y4F's targeted geographical areas and met Y4F's participation eligibility criteria – i.e. youth who are unemployed and live in economic hardship, have dropped out of school, and who are between the ages of 18 and 24.

To implement the intervention, IYF engaged a consortium of partners including:

1. Arabian Business Consultants for Development (ABCD) as Consortium Lead: ABCD was responsible for the co-design and full management of the entrepreneurship project from the service provider side. ABCD served as the main coordination body between IYF and the other consortium members and was also responsible for providing technical assistance to the new entrepreneurs.
2. Mowgli–YEA (referred to in this proposal as Mowgli): YEA is the local Jordan partner of the UK-based Mowgli Foundation. Mowgli trained mentors and matched them with youth who had completed the business skills training. The mentor-mentee relationship was scheduled to last for one year.
3. Strategic Centre for Organizational Performance Improvement (SCOPI): SCOPI provided business skills training to the youth which encompassed conceptualization of business ideas and preparation of business plans.

Program Design

To meet its goals, the Youth Entrepreneurship Project integrated the following core design elements:

1. Selection and recruitment of potential entrepreneurs while raising their awareness of the benefits of self-employment;
2. Business skills training over two weeks for a total of 50 training hours;
3. Mentoring support of fledgling businesses by trained mentors for one year; and
4. Technical support to start and run the new enterprises by senior consultants, also for one year.

Qualified trainers, mentors, and consultants were engaged to support and guide the youth on their journey of social and economic development. Furthermore, youth mentors at community-based organizations (CBOs), which have signed grant agreements with IYF and through which the youth are recruited for various Y4F interventions, received capacity-building training to upgrade their abilities in guiding and supporting the new entrepreneurs.

The following graphic represents the pipeline of services and components that was designed to support youth in the launch and maintenance of their own business:

Entrepreneurship Exposure Activities: This phase included open days held in each community for youth and their parents. During the event, the youth worked in groups of up to six participants to craft business ideas based on the needs of the community and their viability within the market. Social enterprises that focus on Jordan's primary issues – water, energy, and the environment – were encouraged. Mowgli's mentors and mentees were invited to support the open days and work as facilitators within the groups, helping them to articulate their business concepts.

Youth Recruitment and Selection: All youth expressing interest in starting new businesses were screened to determine their entrepreneurship "readiness" to participate in the program. Specifically, candidates were selected based on their commitment levels and business ideas expressed during the youth recruitment open days, as well as through written screening questionnaires. This was followed by one-on-one interviews with short-listed candidates.

Business Skills Training: The training was primarily based on the European Business Competence License (EBCL) program, Europe's number one entrepreneurship program. Based on the consortium's experience in dealing with this particular target group, the training course was tailored to meet the educational level of the youth by using participatory methods and interactive activities including ice breakers,

energizers, and learning games; and hosting guest speakers. The training was geared towards changing the mindset, work ethic, and behavior of these youth towards themselves, the community, and work. The training also covered financial and marketing principles, developing project feasibility studies, and conducting market assessments to ensure the project's success.

Mentoring: There were 3 levels of youth mentoring and follow up with the youth throughout the program: 1) CBO youth mentors conducted the initial youth screening and follow up with youth to attend technical assistance meetings within the CBO premises; 2) Local community mentors, trained by Mowgili, provided moral and psychological support to their mentees primarily through phone calls and visits to their respective CBOs. In addition, they provided positive guidance and advised the youth to be persistent in their efforts rather than give up in the face of challenges. They also played a major role in pointing the youth in the right direction and connecting them with key people; and 3) Senior Technical Assistants from ABCD followed up with the youth on their projects from the inception phase, which is described in more detail below

It is important to note that the role of local community mentors was to provide moral and psychological support. Since they are from the same communities as the youth, the mentors were able to experience some of the same concepts and participate in a similar self-examination designed to open them up to new ways of supporting young people within their communities. Their role was to provide ongoing moral support to youth as they start their businesses to prevent them from dropping out after facing challenges. The mentoring program sought to build connections and provide youth with positive support on their way to success.

Accessing Capital: The consortium worked with microfinance institution (MFI) partners to research and identify viable lenders and grantors in local communities to help the youth access start-up capital. These institutions included the Development and Employment Fund (DEF) and the Agriculture Credit Corporation.

Business Technical Assistance: The technical consultants advised the young entrepreneurs on technical matters after helping them diagnose the technical challenges their businesses faced. In effect, the consultants took over from the business skills trainers and helped the young entrepreneurs articulate and fine tune their business ideas within the context of local community needs. The consultants were instrumental in conducting feasibility studies and marketing plans for the businesses and guiding the entrepreneurs in adjusting their business concepts to make them more likely to succeed. Advice and, in some cases, visits to formalize the businesses through registration and licensing were the consultants' main contributions. They also researched potential lending institutions, negotiated terms with the lenders, and often accompanied the entrepreneurs on their visits to seek funding for their projects.

"I wanted to change people's perception of females. In our traditions it is a disgrace to allow females to work or establish their own business. This is what motivated me to participate and I want to establish and run a business that I like. It actually worked and changed the way people perceive us."

Female entrepreneurship participant, age 25

Implementation of the Model

The project started in March 2011 and consisted of two rounds or cycles. Youth were recruited by the CBOs in their communities. After participating in a series of career guidance sessions, those who were identified as potential entrepreneurs were invited to a one-on-one interview with the CBO to inform them about entrepreneurship and probe their entrepreneurship readiness. A total of 133 youth (60 male and 73 female) were recruited from a pool of 208 applicants.

Of the 63 youth who completed training during these two rounds, 54 completed the business skills training during which their business ideas were translated into business plans, out of which 23 youth pursued their projects and funding resources. Some of the trainees modified their business ideas based on the needs of their local communities or on the outcome of their project and the recommendations of the trainers and technical consultants.

While the training was being delivered to groups of around 20 youth of a single gender at a time, a Call for Mentors was announced both online – per the Mowgli Foundation standard procedure – and through leaflets at the CBOs in the target geographies. Mentor candidates from the local communities and from Amman were interviewed and selected based on criteria pre-set by the Mowgli Foundation. The mentors received training on the meaning and value of mentoring and the expectations for their one-year relationship with the mentees. A mentor-mentee matching session was later conducted, after the fledgling businesses had a business plan and feasibility study to defend it, and ten mentor-mentee pairs were established.

Key Findings

Based on IYF's experience, there are a number of key findings and lessons learned about supporting at-risk youth in starting their own businesses. These findings are organized under the intervention's core phases as follows:

Selection and Recruitment: The profile of the target group and communities posed the biggest challenge to implementing this project. Youth, ages 18-24 years, who have low academic achievement due to dropping out of school and family circumstances find it hard to commit, even if well intentioned, particularly as they often live in an unsupportive and sometimes hostile social environment. For instance, some males in the target group reported that their fathers had little faith in them and often made them feel unworthy because they were either unemployed or temporarily employed.

Highlights:

Changes in youth as a Result of participating in the model

"Determination and desire to change my community. It has given me the strength to prove myself … I now have confidence in my abilities"

Female entrepreneurship participant, age 21

"I feel like I have a goal for my life now… We were nothing before participating in the entrepreneurship program and did not have a voice, but now we do and we know how to communicate it."

Male entrepreneurship participant, age 23

Business Skills Training: The youth participated in IYF's *Passport to Success* (PTS) life skills training as a prerequisite to the business skills training , which aimed to boost the youth's confidence and self-esteem and challenge them to contribute actively to their communities. As a result, youth became more knowledgeable about starting their own businesses as an alternative to relying on public or private sector entities for employment opportunities. It was nonetheless challenging to retain participants from the selection stage through the mentoring and technical support phase. A number of the youth displayed a lack of commitment to the program, appearing late for interviews or meetings with no explanation, skipping meetings altogether, or keeping their phones turned off so that they were unreachable. This lack of commitment during the early phases of the program may explain the low proportion of selected youth who attended trainings, and the even smaller number of youth who ultimately completed the training and developed their business ideas into business plans.

Unlike most youth capacity-building projects, male participants in the entrepreneurship project demonstrated a higher level of commitment than their female counterparts. This may be attributed to the fact that the females realized early on that even though their parents allowed them to attend the training, it would eventually prove difficult to gain permission to actually start and run

Highlights of youth project ideas:

1) ***Production kitchen – Zarqa***
2) ***Wedding Hall – Shouneh***
3) ***Delivery services – Sahab***
4) ***Documentaries and short firms production – Irbid***
5) ***Car wheel repair – Waqas***
6) ***Poultry shop – Deir Allah***
7) ***Pastry shop – East Amman***

a business; another factor was that the girls wanted safe jobs close to their homes, and showed more interest in other technical trainings rather than starting their own businesses.

Technical Assistance and Mentoring: Technical support was typically provided to the youth by senior consultants at the youth's respective CBOs. It was often hard to contact the youth but in general this phase clearly revealed the youth who were passionate about pursuing their businesses to fruition.

Another hindrance to the effective implementation of the project was the range of the CBO youth mentors' capabilities. Some lacked the know-how or the incentive to provide strong mentorship to the youth. Some CBOs' youth mentors received the Youth@Risk training to provide them with tools for effective communication with the target group. Furthermore, a training course for CBO youth mentors was conducted in December 2012 in which a pre- and post- knowledge assessment on the meaning of entrepreneurship and training revealed that most coaches could not distinguish between 'entrepreneurship' and 'leadership,' even after the one-day training session. Furthermore, youth would sometimes turn to their CBO mentors for technical guidance, however these mentors did not fully comprehend the distinct phases of the project, and were therefore less prepared to fully support the entrepreneurs.

Access to Capital: Obtaining loans as start-up capital for Y4F's target population is challenging. Due to their religious beliefs[1], many youth and parents were vehemently averse to borrowing from banks, funds, or MFIs, even when they were assured that loans by some MFIs, for instance, are Islamic. This created a barrier to participating in the project or to pursuing business plans when the time came to apply for a loan. Secondly, while overall terms of the loans were relatively favorable and customized for Y4F's target group, certain requirements were particularly challenging for Y4F youth to meet. Specifically, youth were required to identify one or two financial guarantors with steady income or who worked in the public sector as part of their collateral. For some target youth, this was almost impossible to accomplish as they had no next of kin who fulfilled the steady income condition, and no other contacts who could support them. In addition, IYF's main loan partner on the project required a lease as a pre-requisite for the loan to prove that a physical location had been secured for the business. This created challenges for three reasons:

1. Most landlords requested six months' payment in advance, an enormous financial burden for the youth and their families;
2. Most of the available spaces in the target geographic areas (suburban communities) cannot be legally rented as they have not been officially licensed by the municipality. IYF's main loan partner requires rent in a licensed property; and
3. IYF's main loan partner disburses the loan in installments, with an advance payment that would be consumed almost immediately for rent or other necessary start-up expenses, leaving the business owner waiting for future instalments to move ahead with their operation.

Some youth were under the false impression that this project would provide them with grants, not loans. Faced with the responsibility of meeting the prerequisites to obtain a loan and then repaying it, a number of youth who completed the business skills training declined to continue on with the technical assistance.

This misperception was also common among parents despite efforts to thoroughly explain the project to potential candidates and their parents during the selection and recruitment phase. Diligent effort was expended to explain the

Key Challenges:

- *Youth commitment*
- *Loaning process*
- *Lack of entrepreneurship knowledge within the CBOs*
- *Youths' expectation that this project would provide them with grants, not loans.*

[1] In Islamic religion is it prohibited to deal financial entities that impose
Islamic legislation

loans and their terms at the outset of the project and a question reflecting the candidate and their family's willingness to obtain a loan was incorporated in the selection questionnaire. Even parents who were not very engaged in their children's lives interfered with the youths' financial decisions, perhaps because of their lack of familiarity with the notion of social grants and entrepreneurship. That said, the Youth Entrepreneurship Project remains an ambitious initiative that has helped youth at risk in several disadvantaged communities explore a new space called entrepreneurship and create their own business. It has enhanced their business skills and opened their eyes to the needs of their communities and the opportunity to serve others and improve their quality of life. And through their experience managing this project, Y4F and its partners were able to clearly identify the cultural and technical challenges involved in the entrepreneurship process.

Recommendations

Now that the entrepreneurship program model has been tested in two rounds, and the initial findings and investment levels have been analyzed against the results and targets achieved, Y4F is pleased to share its recommendations. Moreover there are many lessons that should be incorporated in the planning of future interventions for similar projects targeting the same approximate group of youth. Below are suggestions and recommendations:

Project Design

The goal of building an entrepreneurial culture in suburban communities can only be achieved over the long term. Therefore, an entrepreneurship training project should consider the following key design elements according to the following sequence:

1. **Provide vocational training** for youth who are interested in entrepreneurship training (according to their preferences and the established needs of their community). Technical skills are an asset as they help the youth identify their passion and ensure commitment to their businesses, in addition to increasing the number of youth who are prepared to become business owners rather than employees;
2. **Raise the awareness** in the local community of the value and benefits of entrepreneurship through printed leaflets, lectures, workshops, etc.;
3. **Build partner CBOs' capacity** in effective communication, engagement, and support of at-risk youth, and on the concept of entrepreneurship and psychological mentoring;
4. **Raise the participants' awareness** of potential opportunities available to them at their current skill level. Expanding the horizons of youth through discussion of opportunities available to them in their local communities or actually physically mapping these opportunities through field visits can greatly benefit youth with limited exposure to the workplace;
5. **Organize internship opportunities** for interested candidates with partner organizations or businesses for 6-8 weeks. As mentioned above, part of entrepreneurship training is to stretch the youths' potential and expand their perception and hope of finding opportunities through employment or self-employment. Internships help youth identify their interests more precisely and subsequently show stronger commitment to their new business. Therefore it is recommended that potential youth entrepreneurs not be accepted until the youth has gone through vocational training and internships.
6. **Develop alternate funding schemes** through soft loans or grants and negotiate with credible lending institutions. MFIs need to enhance their youth-friendly practices and should train their staff on better ways to deal with and coach potential youth entrepreneurs.
7. **Facilitate the creation of cooperatives** by the trained youth in order to pool skills, resources, and expenses;
8. **Provide technical support** (from consultants) to the new businesses and psychological support and guidance (from mentors) to the entrepreneurs for one year.

9. **Integrate entrepreneurship lessons within IYF's *Passport to Success*** (PTS) life skills curriculum to further support the entrepreneurial aspect of youth and enhance their awareness. Besides making PTS training a prerequisite to participate in the entrepreneurship program, and to ensure commitment of the participants, Y4F recommends requiring an "enrollment fee" of one week to one month of volunteering. This could be organized after the selection is made and prior to enrollment in the training. This in-kind cost-sharing requirement would help ensure that the candidates who are selected for the project are committed to participating.

Youth Selection Criteria

Candidates with part-time or full-time job experience, or who complete an internship component in partnership with local businesses, will have a fuller comprehension of the concept and benefits of entrepreneurship when they start a training program. Internships are a valuable opportunity before or even after the entrepreneurship training. Therefore, the following ideas could improve the chances of success of individual youth and the project as a whole:

1. Develop tailored training materials and services for previously-employed youth and those who complete internships;
2. Give priority to candidates with past work experience, be it part- or full-time; and
3. Only consider youth who are graduates of some type of tertiary or technical training.

Community Awareness Sessions

Over the years, the numerous donor-funded programs that aim to build the capacity of youth in Jordan have left youth and their families with expectations which may not be applicable to every program. Therefore, it is important that the specifications of any program be clearly communicated to the target audience and the local community at the outset of that program. The specifications include the project objectives, approach, and specific expected outputs. When the project includes a component that might cause confusion or controversy, such as obtaining a loan and requiring a guarantor or a lease, this component must be highlighted to potential beneficiaries and their families and perhaps even a waiver should be signed to the effect that if the candidate is accepted, neither they nor their family will object to the loan terms if it prevents them from accessing capital.

1. **Capacity of CBO Staff**: In Y4F's case, the capacity and capability of the CBO staff was not generally sufficient to support the new entrepreneurs. CBOs as a youth empowerment hub and potential donors and MFIs will continue supporting entrepreneurship programs. Tailored entrepreneurship training and capacity building programs for CBOs and local partners – including parents – would certainly pay off in the long term.
2. **Mechanism for Accessing Capital**: A widely-held perception in the target communities that loans constituted *"reba"*, or usury, resulted in a rapid drop in the interest and zeal of the youth and/or their parents, for religious reasons. The requirement of two financial guarantors for the youth further complicated the process. It would be wise to distribute pamphlets through the CBOs, outlining the loan terms and conditions to all candidates who pass the screening phase and are selected as participants of the project. It is also vital that IYF and/or the service provider engage several relevant lending institutions,

not just a single entity, and negotiate favorable loan terms for the beneficiaries at the start of the project.

3. **Protracted Technical Training**: For this project, the duration of the business skills training, in which the trainees had to gain basic knowledge of how to start and run a business – from market assessments, business plans, feasibility studies, registration and licensing, to human resources, book keeping, marketing, etc. – was ten days. This arrangement might be suitable for an average youth with a high school or community college-level education. However, as experience showed, for school non-completers with no work experience or tertiary skills, either the duration of the training needs to be extended up to three weeks, which could be difficult particularly for males who need to support themselves in the meantime through temporary or short-term jobs, or be preceded by some kind of specific tertiary training in a field of the participant's choice. This could be arranged through channeling only IYF youth who have completed PTS and graduated from technical training (e.g., HVAC repair, hospitality, sewing) toward entrepreneurship. Another viable option is to include an entrepreneurship module in the PTS training so that by the time the youth graduate and receive technical training, the concept of self-employment has been embedded as a serious prospect. This would enhance the success rate of the individuals and the entrepreneurship project as a whole.

Conclusion

IYF would like to thank the partners who implemented this pilot – ABCD, Mowgli, SCOPI, and the CBOs – for their effort and for sharing the experience and learning process. In an effort to reconfirm the findings and recommendations of the pilot, IYF conducted a series of working sessions and meetings to engage all stakeholders to share their outcomes and obtain further feedback from them. We always believe that everyone is entitled to a second chance, especially youth. This pilot model invested in local communities, targeting underprivileged youth who believed that there was no chance for them to do something meaningful with their life. This model supported them, and exposed them to new concepts and the significance of taking charge and doing something for themselves. They developed zeal and drive for self-employment and became pro-active in seeking advancement for their projects.

Finally, all stakeholders and MFIs need to continue investing in youth entrepreneurship programs to test and implement more tailored models supporting underserved youth. Furthermore, we believe that more awareness among parents is crucial in order to support their sons and daughters' ideas. Local CBOs need further interventions and support to play a greater role in the awareness-raising process, in addition to developing and activating career guidance mechanisms to support youth who have entrepreneurial skills. MFIs are encouraged to be more supportive of youth and provide them with easier processes.