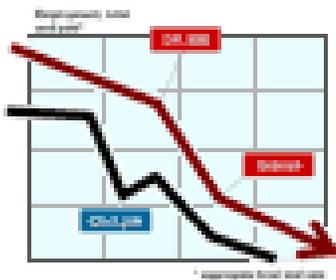


**Consolidated Response**  
**Online Discussion Forum on Youth Enterprise and the**  
**Effects of the Global Financial Crisis**  
**April 27 – May 11, 2009**

## Introduction

The global economy will certainly be in shambles throughout 2009 and probably well beyond. What started on the floors of the trading houses and banks in the world's financial capitals has enmeshed the global economy and become everyone's problem. This is the biggest international crisis for 80 years, and very few main streets and their businesses in any village, town or city will escape its fallout. Official predictions regarding its economic and employment impacts during the next 12 months are alarming –

- the world economy will contract by 1.3% in 2009, the deepest global recession in 50 years;
- economic activity in advanced economies will plummet by 3.8% while Developing Asia will see growth moderate to 4.8%;
- international trade volume is projected to fall by 11% in 2009;
- industrial production globally has dropped 24.8% globally in January 2009%;
- the number of unemployed in Asia could increase by 26.3 million while the number of Asian workers engaged in vulnerable employment could increase by 64 million.



Especially hard hit will be the economies of Asia and the Pacific. For example, in Singapore the number of unemployed has increased by a staggering 73% between early 2008 and 2009. In similar vein, more than 20 million Chinese workers have returned to their residential rural areas, following job losses in the industrial eastern coast; and in India during the last quarter of 2008, employment in eight key export-oriented sectors (mining, textiles, metals, automobile, gems and jewellery, construction, transport and information technology) fell by 3%.

However, those economic predictions and expected soaring unemployment levels tell us little about the impact on one of the most vulnerable groups, namely young women and men. Prior to the aforementioned crisis, while one in five workers were between the ages of 15 and 24, this group accounted for almost half the region's jobless. Even during the previous period of economic expansion, most countries failed to create sufficient jobs for young people – between 2007-2008, the number of unemployed young people increased by three million. Countries like Indonesia, Sri Lanka and the Philippines in 2007 experienced youth unemployment rates of 25.1%, 21.2% and 14.9% respectively. By January 2009, with the impacts of the economic crisis spilling over into the labour market, the number of unemployed youth in the Philippines increased by 5.9% compared to the previous year. In Japan, the year-on-year increase in the total unemployed youth in February 2009 soared by 19.5% - a truly sobering statistic!

For those young working poor who cannot afford to be unemployed and have no means of family or institutional support, the likelihood of them being unprotected against hazards and risks and entering into precarious contracts with few formal employment prospects will become an increasing

reality. Clearly, the difficulties young entrepreneurs already face in starting and financing their business will further be exacerbated by tighter credit markets and financial austerity measures.

## Executive Summary of the Discussion

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We certainly live in challenging, turbulent and confusing times as the global economic crisis permeates our region. Its impacts are multifaceted, unequal and exacting. Some countries appear to be weathering the aforesaid economic 'tsunami' better than others. Multi sectoral responses at the macro and micro levels have and are being implemented. The two week regional Discussion Forum enabled the sharing of experiences, insights and possible responses from a diverse range of Asian Pacific countries including Vietnam, Vanuatu, Thailand, Samoa, Solomon's, the Philippines, Papua New Guinea, Pakistan, Nepal, Japan, Indonesia, India, Malaysia, Cambodia, Brunei and Australia.

The Discussion Forum confirmed that as in previous global and regional economic downturns, it is young men and women who are most at risk and often experience the most pervasive and far reaching negative consequences. Within this age demographic, certain sub groups were identified as particularly vulnerable, namely young women, expatriate workers, recent school and college graduates and the rural poor. Certain industry sectors, where young people predominate as employees are most affected, namely manufacturing, tourism, construction, transport and information technologies, have experienced significant job loss.

However, as the old adage aptly and succinctly states '*When the winds of change blow, some build walls, others build windmills*'. The Discussion Forum illustrated a diverse and complex range of national responses that reflected both 'wall' and 'windmill' construction. The crisis has certainly raised the awareness of the negative sides of global economic integration and contributed to a fresh debate, precipitated by the growth in anti globalism sentiments; reaffirmation of 'relocalisation' approaches (i.e. building the local economic, business, environmental and cultural resilience of local communities) and policy interventions that favours the protection of employment for nationals.

Equally, this economic crisis is forcing national governments to reassess their policies and programs, especially those related to employment and business creation. As with similar economic circumstances like the 1997/98 Asian economic meltdown, there are both 'pull and push' forces operating that are seeing increasing numbers of young people exploring and entering the self employment / enterprise option. Between 1995 and 1999 for example, the number of "employers" aged 15-24 more than doubled from 140,000 to 310,000 while the number of "employees" aged 15-24 decreased from 7.1 million to 6.6 million. Limited formal jobs and vacancies as a result of the crisis may have served to induce some youth (more likely the more educated and privileged) to establish their own businesses that hired others.

Given the stark severity of the global economic climate and the tighter financial lending criteria, the Discussion Forum provided many valuable and practical suggestions for national and local development initiatives to ensure that this renewed interest in youth entrepreneurship as an employment option recognises and incorporates proven successful elements that have strengthened its potential employment and business outcomes.

## Synthesis of Discussion

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**Question #1:** What empirical and anecdotal information can you share regarding the impact of the economic crisis on the wage and self-employment activities of young people?

**Conclusions:** The global economic crisis has certainly intensified the long standing youth employment crisis. Given the general limited statistical collection capacity of the region, the Discussion Forum generated a minimal amount of empirical and statistical data and reinforced the need for greater regional and national resources to be committed to research and statistical collection.

However, the Discussion Forum did result in the sharing of many useful illustrations and stories about the negative ramifications of the global economic crisis at the national and local levels, especially in regard to the employment situation and activities of young men and women. This will be useful to point to future areas of research and data collection. Overall, there was general consensus regarding –

- **Uneven impact at present** – obviously, those economies that are more closely tied to global export, investment and financial markets are experiencing the immediate impacts in terms of large scale job loss, while the ‘seismic’ effect appears to be minimal at present (or more likely delayed) for some economies that are locally resilient and focussed on traditional employment activities. Vanuatu was an example of this delay. In particular, the full impact on the international tourism industry, which is also being compounded by the growing Swine Flu pandemic, is currently unknown. There is likely to be a strong pervasive influence, especially within small country economies dependent on the international tourist dollar. Equally, the flow on effect of a declining demand for expatriate migrant workers and its accompanying reduction in remittance transfer is yet to be fully seen and experienced.
- **Vulnerability of young people in general, and especially certain groups of young people** – young women, expatriate migrant workers, internal rural to urban migrants, recent school and tertiary graduates and dropouts and the rural poor.
- **Global vulnerability of certain industry sectors** – besides tourism, significant job losses are occurring in the export manufacturing sector (especially electronics’ and car production), transport, construction, resource extraction and information technology industries – all sectors where young employees are most at risk.
- **Fear of countries retreating to protectionist measures-** there is a general growing focus across the Region to save and keep jobs for nationals, and a fear that this may result in a loss of opportunities for expatriate workers and the potential of their remittance money being used for enterprise ventures. This is of concern for countries like Nepal, the Philippines, Sri Lanka and Vanuatu.
- **Growing interest in the self employment option** - With youth employment opportunities steadily declining across the region, there is likely to be an increase in the number of young people opting for self employment – this number is likely to increase dramatically if patterns from previous economic downturns are replicated.
- **Significant impact on the rural to urban youth workforces** – this group is experiencing real job loss in employment opportunities, and are often stranded without income security and forced to consider returning to rural home bases with limited income options or participating in unacceptable and destructive urban work choices. This is a very real scenario for a country like China.



Sri Lanka: Career guidance session

**Question #2:** How can countries respond to, and reflect the challenges and opportunities of the current economic crisis in terms of supporting young people to explore and enter the enterprise option?

**Conclusions:** As demonstrated during the 1997/98 Asian economic meltdown, limited formal employment opportunities will encourage many young people to consider and start their own businesses. Some governments are already beginning to respond positively to this scenario. This interest in self employment is well illustrated in Nepal where over 600,000 young people have applied to participate in the Government’s *Self Youth Employment Fund Program*. In China, the government has also instituted several measures to address the rising ranks of the graduate unemployed due to the crisis including loans of up to 50,000 yuan (\$7,300) to start their own businesses.

Secondly, the current financial global crisis is compelling national governments and development organisations to reflect on the adequacy of current policy and program initiatives, given the urgency to enhance the net number, quality and variety of youth job opportunities. Many countries are reassessing the youth entrepreneurship option within their set of employment strategies. While on the one hand, current global circumstances has eroded business confidence, tightened formal lending opportunities and impacted negatively on a huge number of small suppliers and contractors, participants in the Discussion Forum highlighted an extensive array of current regional youth enterprise initiatives that provide exciting and inspiring illustrations of actions and elements worth considering in national youth enterprise development policies and programs, namely –

- Success in the enterprise option within these difficult times will require support programs to focus on market based entrepreneurial opportunities and offer a comprehensive and holistic set of dynamic elements that synergistically facilitate the creation of sustainable business entities, including –
  - exposure to inspiring and relevant role models;
  - access to self assessment tools;
  - participation in enterprise training and business planning experiences like the ILO's 'Know About Business' and 'Start Your Business';
  - access to financial sources and possible income support during formative stages;
  - provision of valid, reliable and relevant market information;
  - assistance with marketing;
  - participation in peer business networks; and
  - opportunities for business counselling and mentor support.

Programs like the *New Enterprise Incentive Scheme (N.E.I.S)* in Australia, the *Youth Entrepreneurship Campaign* of the All China Youth Federation and *Shell LiveWIRE International* and *Youth Business International* initiatives operating in a number of countries in the region provide examples of approaches that incorporate many of the elements.

- Creative use of business competitions as illustrated by LiveWIRE in Brunei and the Krung Thai Young Enterprise Awards in Thailand to stimulate youth employment during the last 1997/98 Asian economic crisis.
- Strategic roles provided by peer support networks (eg Nepal Young Entrepreneurs Forum) and mentoring initiatives (eg initiatives of the Vietnam Chamber of Commerce and Bharatiya Yuva Shakti in India).
- Inclusion of entrepreneurial education curriculum and business creation support within school and college environments that develop an awareness of self employment as a career option, build enterprising attitudes and skills to cope with changing economic circumstances and provide support for student enterprise initiatives. In particular, the importance of soft skill development including team work, project planning, problem solving, adaptability and flexibility; and the use of business creation support funds like the Entrepreneurial Talent Development Fund in Singapore.
- Importance of media profiling of successful youth entrepreneurship initiatives.
- Potential to utilise migrant work experience and overseas work remittances for creating new opportunities for enterprise activities.



Vanuatu: Sewing skills training in session

- Need for curriculum reassessment of current vocational training opportunities to ensure more relevance to contemporary labour market needs, including the need to incorporate entrepreneurial training into vocational training experience.
- Exploration of creative approaches to delivering entrepreneurial training and support for subsequent business creation within rural communities eg the *Training for Rural Economic Empowerment (TREE)* methodology in Vanuatu. Linked to this is the need to promote awareness of on-farm and off-farm entrepreneurial opportunities as a means of retaining and attracting back young people to rural communities.
- Growing relevance of the social / community enterprise model which incorporate social and economic objectives and often targets employment for the most disadvantaged population groups. A number of specific countries are now adopting an integrated community based approach to create youth owned enterprises that are supported by the local community e.g. *Artisans d' Angkor* initiative in Thailand and the '*Positive Youth Movement*' initiative in Vanuatu. Such community enterprises often provide enterprise work experience and personal motivation resulting in participants opting for their own self employment venture. Related is the growing fascination with the identification and support of youth social entrepreneurs who can become the catalysts for imaginative job creation in the social sector. The work of Ashoka Foundation in Nepal is an excellent example.
- The reengineering and commercialisation of agriculture is an obvious industry sector that has regained the attention of some governments (e.g. Vanuatu, Malaysia and Japan) in light of their interest to build the resilience of local rural economies.
- The growth of sustainable, high income returning enterprises is directly related to the level of education and technical skills (especially ICT and business / marketing skills) that entrepreneurs require to compete in a high-skill globalised economy. This has implications for education systems.
- The potential support role of a host of stakeholders, including the private sector, various government agencies, NGO's and the local community, and the importance of stakeholder collaboration.
- The potential of youth enterprise creation within sectors like ICT, tourism and hospitality, green jobs and community services.
- Recognition of the barriers that young entrepreneurs face, including limited work experience, paucity of networks and connections, constrained financial resources and negative stereotyping by adults (adultism).
- The need to promote awareness of, and create the circumstances for local enterprise development within rural communities. Currently, there is a growing perception amongst young people that rural areas do not provide potential for interesting and profitable enterprise opportunities.
- The need for strengthening of collaboration between development partners especially in the delivery of the cocktail of support services required to ensure the establishment and sustainability of youth enterprises.

## Concluding Analysis

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As we are currently witnessing, the economic crisis has certainly held hostage the economies and labour markets of the Asia and Pacific regions, and will continue to do so for the foreseeable future. Young people will continue to be the most vulnerable, in terms of job opportunities, job security and income loss.

However, challenging times certainly create the stimulus required for fresh thinking and innovative responses in terms of economic and labour market options. Discussion Forum participants have provided a diverse range of insights, comments and suggestions about possible new directions, and a wealth of practical ideas that governments and development agencies need to contemplate, especially in terms of equipping young people to transit to, enter and succeed in terms of entrepreneurship. This

is especially significant given in previous economic downturn, increasing numbers of young people contemplated and attempted options outside waged employment.

In particular, policy and program developers should reflect on the insights shared during the Discussion Forum regarding –

- the integrated set of support elements needed for successful entrepreneurial development schemes;
- the creation of education curriculum initiatives that foster the culture and practices of youth entrepreneurship;
- the importance of taking a market-driven enterprise development approach that is closely tailored to market opportunities; and
- opportunities within country and regional stimulus packages to specifically target youth employment including youth enterprise development mechanisms.

While the Discussion Forum opened the Pandora's Box regarding youth entrepreneurship, there were areas that require further discussion, idea generation and research, namely –

- potential for entrepreneurial activity in industry sectors that have huge appeal to today's youth generation, such as green jobs, community services, ICT, hospitality and tourism and the arts and culture;
- analyze the impact of stimulus packages that target youth unemployment and underemployment (e.g. China, Nepal);
- potential role of social / community enterprises in job creation especially as a poverty alleviation strategy and the nurturing of youth social entrepreneurs;
- entrepreneurial development programs that focus on specific target groups including expatriate migrants, young internal migrant workers, young farmers, refugees, rural based young people and homeless young people / street kids. Also specific entrepreneurial development programs that target young women, given the overall international trend of increasing numbers of women choosing to enter the self employment option and their related ender advantages;
- the role of local enterprise development centres / agencies that provide both the support services for enterprise creation, and possible incubator work space for newly created enterprises;
  - grant versus loan facilities as a means of financing youth enterprises; and
  - creation of linkages between overseas migrant work experience and remittances and youth enterprise creation.



Indonesia: Vocational training

As mentioned, the continuing loss of waged employment within the region will certainly intensify the interest by young women and men in enterprise creation. The crisis presents young people with an opportunity, and as the Discussion Forum highlighted, could once again be a time for the significant increase in the number

of young entrepreneurs who then hire other young people as employees. Youth entrepreneurship is a concept and option that merits greater attention by those steering national policy and program development in exacting these and uncharted economic times. The need and time to build the entrepreneurial capacity of today's youth generation is most definitely now, and represents a critical labour market challenge; opportunity and reality.

## Discussion Statistics

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Number of subscribed members: 31

- ILO: 16
- Non-ILO: 15
- Male: 21
- Female: 10

Number of members who contributed (each person counted only once):

Week #1	Week #2
<ul style="list-style-type: none"><li>• Number of replies: 19</li><li>• ILO: 7</li><li>• Non-ILO: 2</li><li>• Male: 6</li><li>• Female: 3</li></ul>	<ul style="list-style-type: none"><li>• Number of replies: 13</li><li>• ILO: 3</li><li>• Non-ILO: 5</li><li>• Male: 6</li><li>• Female: 2</li></ul>

## Acknowledgments

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**Moderator:** Peter Kenyon

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(\*) participants contributing to the forum.

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