



International
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Organization



June / 2020

► Growing green

Fostering a green entrepreneurial
ecosystem for youth



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Fostering a green entrepreneurial ecosystem
for youth

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First published 2020

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Growing green:

Fostering a green entrepreneurial ecosystem for youth - Geneva: ILO 2020. English edition

ISBN: 978-92-2-032041 9 (web PDF) (web pdf)

Cover photo © ILO

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Contents

Acknowledgements.....	7
Abstract	9
1. Executive Summary	11
2. Introduction.....	13
The Entrepreneurial Ecosystem	13
Entrepreneurship and Youth	14
Green Youth Entrepreneurs	15
3. Methodology	19
4. Key Findings	21
5. Entrepreneurial Ecosystem Case Studies.....	27
Bangladesh.....	28
India	31
Sri Lanka	34
Kenya.....	37
Senegal	39
South Africa	43
Zambia	45
Chile	47
Ecuador	49
Peru	51
6. Conclusions and Recommendation:	53
7. References	59



Acknowledgements

The authors would like to give special thanks to the ILO colleagues who provided support for the preparation of the report, as well as substantial feedback on drafts of the paper. This report would not be possible without the support of our respondents who gave their time for lengthy interviews and provided insights and firsthand accounts of the challenges and success stories of youth founded green businesses around the world; many thanks for their time and thoughtful contributions to the research.



Abstract

Youth-led environmentally conscious businesses can simultaneously address the challenges of climate change and youth unemployment. In this report we assess the capacity of entrepreneurial ecosystems in ten countries (Chile, Ecuador, Peru, Kenya, Senegal, South Africa, Zambia, Bangladesh, India and Sri Lanka) to foster young green entrepreneurship which can make economic development more sustainable while reducing youth unemployment and poverty. Through case study analyses and a sample of more than 30 expert interviews, we cover the perspectives of key stakeholders—primarily business development services (BDS) providers, youth and social entrepreneurship experts, followed by government representatives and entrepreneurs themselves. We identify the key challenges and opportunity spaces for green youth entrepreneurs as being: (i) founding and scaling businesses, (ii) incorporating and integrating environmental and green processes, and (iii) selling green products and services. We conclude that supporting green young entrepreneurs requires coordinated support from the public, private and civil society sectors, mobilization of resources, pathways to formalization, improved access to appropriate financial products, and targeted initiatives attuned to local contexts and conditions in order to be successful. We offer in-depth country specific recommendations, as well as general recommendations to promote and support the emergence of youth-owned enterprises.



1. Executive Summary

Youth unemployment, underemployment, and decent work, particularly for rural youth, not only persists as a global challenge; it is also expected to grow in the next decade (ILO, 2016). Simultaneously, environmental degradation and climate change pose serious threats to the future of work and are predicted to exacerbate existing inequalities. Therefore, the need to promote growth that improves employment opportunities for young people, as well as addresses environmental and social challenges, is fundamental to achieving the Sustainable Development Goals (SDGs). As the global economy now shifts to one that is more environmentally sustainable, emerging green markets present new opportunities for young entrepreneurs to launch businesses in sectors like renewable energy, waste management, green construction, and sustainable agriculture, and offer a potential solution for reducing youth unemployment while also advancing green economic growth. Of course, in early 2020, the Portuguese economy and society were still characterized by several structural problems and a heavy legacy from the previous crisis, as shown by the comparatively high levels of public, private and external debt, relatively low wages and high income inequality, and the degree of labour market segmentation (nearly one-fifth of workers were on temporary contracts in 2019). However, recent developments suggested that Portugal was gradually addressing many of its social and economic weaknesses.

However, the entrepreneurial ecosystems—the actors, organizations, culture, and policies that promote or constrain entrepreneurship—that foster green enterprises do not necessarily cater to young entrepreneurs trying to break into business for the first time, and ecosystems that better support young women and men don't always include pathways for green products and services. Finding the right mix of policies and services that scales up support for young women and men to succeed as green entrepreneurs requires partnerships, coordination, the mobilization of resources, pathways to formalization, improved access to appropriate financial products and best practices that are carefully adapted to different contexts and cultures.

This report takes stock of entrepreneurial ecosystems in ten countries and their capacity to both foster young green entrepreneurs and address persistent and urgent social and environmental challenges. Through reviewing and building on existing literature, as well as through conducting expert interviews, the report identifies key challenges and opportunity spaces for youth entrepreneurs in terms of founding and scaling their businesses, the difficulties of incorporating and integrating environmental and green processes in their businesses and selling green products and services, in an effort to reduce their ecological impact and improve sustainability.

The report assesses the ecosystem from the perspective of key stakeholders, primarily those providing business development services (BDS) and experts in the field of youth and social entrepreneurship, as well as government representatives and entrepreneurs themselves. The majority of cases covered in this report are either nascent or emerging, as finding the right mix of policies and support services to create the conditions for a fully developed entrepreneurial ecosystem is challenging, even more so when focusing on green youth entrepreneurship ecosystems. However, targeted initiatives in different countries illustrate that tailored programs which consider local context and conditions can be successful. These initiatives demonstrate the potential for replication and scale to create, build, and sustain an entrepreneurial ecosystem that addresses the needs of youth and delivers a positive social and environmental impact. Based on the findings, recommendations have been derived to promote and support the emergence of youth-owned enterprises, the innovation of green technology and the incorporation of greening processes that can contribute to sustainable economic development and reduce the levels of youth unemployment and poverty around the globe (table 3)

.



2. Introduction

Recent figures estimate youth unemployment at 68 million young women and men worldwide. Young people are also more likely than adults to be unemployed or underemployed (ILOSTAT, 2019). 141 million working youth live in poverty and are often employed in informal or temporary jobs (ILO, 2019). Although youth unemployment is heterogeneous both within and across regions, what is apparent is that youth unemployment and poverty have created multiple challenges for the achievement of the Sustainable Development Goals (SDGs). A lack of opportunities and decent jobs for youth not only contributes to monetary poverty; youth also experience non-monetary poverty in higher rates than adults, such as limited to no access to basic sanitation, health services, and electricity as well as quality education. Fostering innovative and financially sustainable solutions that promote economic growth, reduce environmental impact, create decent work, and lift youth out of poverty is a top priority for public, private, and civil society organizations working towards the achievement of the SDGs.

Containment measures were adopted quickly, both by the public authorities and the general public. At the same time, as the need for solutions to environmental problems intensifies, green sectors, such as renewable energy, waste management, green construction, and sustainable agriculture, open up new business opportunities that offer entrepreneurial and employment opportunities for young women and men, while also advancing environmental sustainability and economic growth. Green youth entrepreneurship has the potential to mobilize a generation of leaders that rise-up to the challenge of environmental sustainability and socially inclusive development. However, most countries lack an enabling environment that supports and empowers young entrepreneurs. Entrepreneurial ecosystems—which are comprised of a variety of stakeholders including financial and technical service providers, the government, educational and academic institutions, large companies which can support youth enterprises, and family and friends who often financially and emotionally support entrepreneurs, as well as markets, human capital, policies, and financing—vary country to country, but generally do not adequately support youth, much less so those developing green products and services. While many of the entrepreneurial framework needs are the same for youth as they are for older entrepreneurs, young women and men do also face youth-specific constraints, such as limited capital resources, lack of work experience and social attitudes towards entrepreneurship that may prevent their inclusion in entrepreneurial ecosystems.

If young women and men are to be included in, benefit from, and help drive forward the shift to more environmentally sustainable economies, then providing a supportive framework for them to succeed and reach their potential as entrepreneurs, leaders, and participants in the green economy is essential. The resulting impact will not only benefit the young women and men who launch new businesses and companies, but larger society through employment creation and innovative solutions to environmental and social problems.

This report assesses the green youth entrepreneurship ecosystem by focusing on the distinct challenges youth entrepreneurs face, particularly those wishing to enter green markets, in an attempt to better understand the conditions that would allow youth to reach their potential as green entrepreneurs. Most existing entrepreneurial ecosystem studies do not focus on age or the environment, especially not both. Green entrepreneurship literature rarely relies on datasets from more than one country and typically focuses on advanced economies (Demirel, et al. 2019). The ambition of the research, therefore, is to offer new insights for policymakers and practitioners wishing to holistically promote youth-run green businesses in developing and emerging economies.

The Entrepreneurial Ecosystem

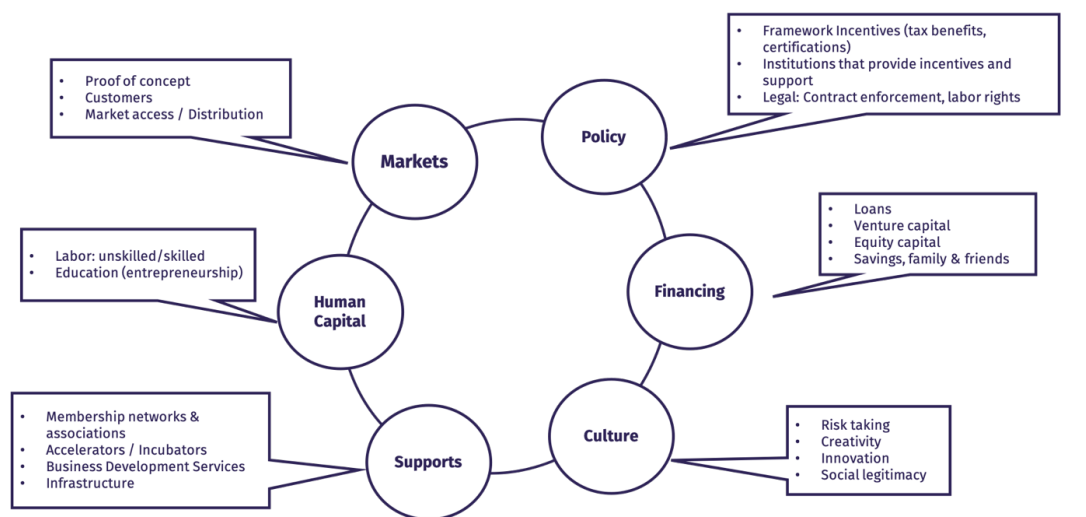
The challenge facing policy makers, the private sector, and civil society, is finding ways to foster an innovative and effective entrepreneurial ecosystem that unleashes the potential of young women and men to both create meaningful livelihoods for themselves and contribute to sustainable economic development. This entrepreneurial ecosystem, according to Mason and Brown, is comprised of “a set of interconnected entrepreneurial actors (both potential and existing), entrepreneurial organizations, institutions, and entrepreneurial processes which formally and informally coalesce to connect, mediate, and govern the performance within the local entrepreneurial environment (2014, p.5).” Isenberg (2011) further defines the six domains that comprise the ecosystem: enabling policies, access to appropriate finance, markets that are accessible and favorable to investment, quality human capital, availability of institutional support services, and conducive culture (figure 1). These components, each of which constitutes a multitude of sub-components that interact with one another in complex and non-linear

ways, make up the business environment that influences entrepreneurs' (in this case young green entrepreneurs') ability to succeed. In addition, a recent study on environmental entrepreneurship indicates that a environmentally oriented entrepreneurial activity may benefit from a developed ecosystem and good business environment more than conventional entrepreneurship (see Horisch et. al, 2017).

In an ideal entrepreneurial ecosystem, all components would be well developed and coordinated in ways that best cultivate a conducive environment for the long-term success of new businesses. However, while few countries have developed entrepreneurship ecosystems, such as the United States, Canada, and several European countries (see Ács et. al 2017 and Bosma and Kelly, 2018), most middle- and low-income countries have weak entrepreneurship ecosystems (Ibid), in which new enterprises face more challenges in both getting started and growing. As can be seen in the country cases presented in this paper, entrepreneurial ecosystems can be strong in some components or sub-components, such as in business development services, but weaker in others, like market access and appropriate finance.

Given the limited context for entrepreneurship globally, incubating green youth enterprises entails looking at a more niche set of system conditions. These could include school curricula on entrepreneurship and green business, financial options and services that are better aligned with the growth stages of a green business and accessible to and appropriate for young women and men who may be taking out a loan for the first time, or enabling policies that create incentives for young people to enter green markets.

Figure 1. Entrepreneurial Ecosystem



Entrepreneurship and Youth

Necessity versus Opportunity

In general, there are two types of entrepreneurs: 1) necessity entrepreneurs who are pushed into entrepreneurship because other options for employment are absent or unsatisfactory and 2) opportunity entrepreneurs who see a business opportunity and choose entrepreneurship. As the term implies, necessity entrepreneurs are driven by economic survival, are often less skilled, and typically operate in the informal sector. However, it is important to note that informal entrepreneurs are a heterogenous and complex group, with a variety of backgrounds and reasons for lacking formal status. Conversely, opportunity entrepreneurs are driven by ambitions related to, for example, wealth accumulation, personal satisfaction, or social or environmental change; are more skilled; and are more likely than necessity entrepreneurs to operate in the formal sector (Mersha, et. al. 2010).

Entrepreneurs as MSMEs

Given that entrepreneurs typically start a business with a limited number of employees, most early stage start-ups are categorized as micro, small, and medium enterprises (MSMEs). MSME definitions can vary by country,¹ but can be broadly defined as firms that have a relatively small share of the market, are managed by the owners, and are independent enterprises not owned or affiliated with large enterprises. Generally, micro enterprises have less than 10 employees, small enterprises less than 50, and 100 for medium enterprises.

Because MSMEs constitute the largest share of private sector employment in developing countries, one of the most common policy solutions for eliciting economic growth and employment creation is to promote entrepreneurship through enterprise development; such policies often include business development training and, in rarer cases, this training is coupled with financing. While entrepreneurship has demonstrated that it can be a substantial economic force with millions across the globe starting new businesses and attempting to develop and scale up, MSMEs are confronted by countless challenges ranging from registration, taxation, as well as access to finance and start-up capital to training and skills development. Success is often limited, and failure rates for new enterprises sometimes reach as high as 70 per cent (DSBD, 2019). Additionally, local institutions sometimes view small-scale businesses in a negative light, particularly micro and small enterprises that operate on the margins of society, due to the occupation of public space and violation of other local planning laws, who are referred to as participants of the informal economy, rather than entrepreneurs (Bromley, 1978; Portes and Haller, 2005). Therefore, promoting green enterprise development needs to take into account the long-term sustainability of the enterprise, along with support to help enterprises formalize.

Formal and Informal

MSMEs operate in both the formal and informal economy. Informal enterprises are widely recognized as unregistered business that takes place in an unincorporated enterprise. In addition to informal enterprises, persons working in informal or formal enterprises who are not covered by social protection through their work are often referred to as self-employed (WIEGO, n.d.). Less skilled, vulnerable populations tend to participate in self-employment and necessity-based entrepreneurship, though the informal economy is a diverse sector with range of socio-economic characteristics and needs. Youth and women are often over-represented in this sector (ILO, 2019), as formal employment opportunities are limited and do not offer the flexibility, particularly for women, to combine with household responsibilities. The sheer scale of MSMEs and the number of young women and men working in these enterprises presents both challenges and opportunities for reducing youth unemployment and the transition to the green economy. Working conditions in MSMEs, especially in the informal economy, can be difficult to monitor, and productivity levels can be low (ILO, 2018).

Green Youth Entrepreneurs

The Green Economy

Ideas around the green economy have emerged as a result of concerns regarding environmental degradation and climate change and provides a framework for the transition to a more environmentally friendly economy. UN Environment defines the green economy as one that is “low carbon, resource efficient and socially inclusive,” in which “growth in employment and income are driven by public and private investment into such economic activities, infrastructure and assets that allow reduced carbon emissions and pollution, enhanced energy and resource efficiency, and prevention of the loss of biodiversity and ecosystem services,” or put simply, one that promotes inclusive growth and environmental sustainability (UNEP, n.d.).

¹ At the 1998 International Labour Conference (ILC), Recommendation Number 189 on job creation in SMEs, encourages all states, in consultation with representative organizations of employers and workers, to define SMEs using appropriate criteria “taking account of national social and economic conditions” (ILC 1998, para 1).

This differs from the prevailing economic model, which is focused on GDP growth and is increasingly viewed as unsustainable and has led to the severe degradation of natural resources and biodiversity, put under serious threat ecosystem services that human beings rely on, including the provision of food and water. Due to the growing urgency to find solutions to environmental issues and climate change, business opportunities have opened-up in the green economy, promoting more environmentally sustainable businesses and products. These ambitions can be linked to both generating a profit, as well as improving environmental sustainability. Understanding how to generate jobs in the green economy is key to not only promoting sustainable economic growth, but also has the potential to employ the millions of un- and underemployed.

Green jobs

The concept of green jobs has emerged as jobs that help reduce negative environmental impact and lead to environmentally, economically and socially sustainable enterprises and more broadly, economies. The ILO defines green jobs as decent jobs that 1) improve energy and raw materials efficiency 2) limit greenhouse gas emissions 3) minimize waste and pollution 4) protect and restore ecosystems and/or 5) support adaptation to the effects of climate change (ILO 2016b).

The ILO contends that “Green job creation and the greening of existing jobs, enterprises and economies are an essential means of achieving sustainable development and providing decent work for all. If properly designed and managed, green jobs can foster social inclusion and gender equality and contribute to the eradication of poverty (ILO 2016c, p. 4).” Therefore, when we talk about green youth entrepreneurs, we understand them as entrepreneurs that not only contribute to environmentally sustainable development, but that are also committed to decent work and inclusive fair business practices.

Decent Work Indicators

1. Employment opportunities
2. Adequate earnings and productive work
3. Decent working time
4. Combining work, family and personal life
5. Work that should be abolished
6. Stability and security of work
7. Equal opportunity and treatment in employment
8. Safe work environment
9. Social security
10. Social dialogue, employers' and workers' representation

(ILO, 2019b)

What are Green, Social, and Eco-inclusive Enterprises?

The terms green, social, and eco-inclusive enterprises are often muddled by connotations in the literature and used interchangeably, resulting in a lack of clarity. Regardless of the ambiguity around these terms, green, social, and eco-inclusive enterprises have received significant attention in the last decade due to the belief that they can create alternative and innovative solutions to the world's social and environmental problems. Although the data is limited, green, social, and eco-inclusive enterprises likely represent a much smaller share of the entrepreneurial ecosystem than traditional MSMEs.

Green enterprises are MSMEs that produce green products or services or that employ green processes or technology. Solar panels are an example of a green product, and solar panel installation, an example of a green service. Green processes and technology, on the other hand, refer to the measures and means of reducing the environmental burdens of production, which include reducing chemical and energy inputs in the manufacturing process. Since green enterprises are a part of the ILO green jobs category, these enterprises take steps towards becoming environmentally, economically, and socially sustainable and provide fair employment (ILO, 2013). However, what differentiates them from a social or eco-inclusive enterprise, in the context of this report, is that the environmental and social goals of a green enterprise are not necessarily an explicit component of the enterprise objective or legal structure. They may be an informal or formal enterprise.

Social enterprise is the most widely used term of the three, and there are numerous definitions of social enterprise. According to Dees, social enterprises are private organizations dedicated to solving social problems, serving the disadvantaged, and providing socially important goods that were not, in their judgment, adequately provided by public agencies or private markets (1994). These enterprises pursue goals that cannot be measured simply by profit generation, market penetration, or voter support (Ibid). Dees identifies five criteria that social entrepreneurs possess: adopting a mission to create and sustain social value, recognizing and pursuing new opportunities, engaging in innovation, adaptation, and learning, acting boldly, and exhibiting a heightened sense of accountability (1998, p. 4). Broadly defined, social enterprises are market-based approaches that address social issues with the advantage over traditional civil society organizations being that the revenue can contribute to the self-sufficiency and long-term sustainability of the organization. Social enterprises hold themselves accountable to social and/or environmental objectives, rather than simply focusing on profits. There is no typical size for a social enterprise or legal incorporation; they can be in a broad definition a non-profit organization or for-profit enterprise. However, for this report, only for-profit enterprises will be considered, and the social mission must be a part of their legal structure and therefore a formal enterprise. Social impact objectives of a social enterprise may include fair business practices and decent work to employees and producers, solving social problems.

Triple Bottom Line

Triple Bottom Line: Economic Impact: Economic value created and enjoyed by society, not simply profit and loss

Environmental Impact: Measure of environmental responsibility, to reduce ecological impact and incorporate environmentally sustainable practices

Social Impact: Measure of the social responsibility, range from solving a pressing social challenge to fair business practices

(ILO, 2019b)

Many social enterprises not only strive for the double bottom line, that is both social and profit goals, but a triple bottom line that also includes environmental sustainability objectives in their business mission (Elkington, 2018). These enterprises are sometimes referred to as eco-inclusive enterprises.

Eco-inclusive entrepreneurship integrates social, environmental and economic impacts around the core value proposition of the enterprise (SEED, 2019). In this report, eco-inclusive enterprise is used for firms that clearly include both social and environmental objectives in their legal structure and are formal. Given the lack of a legal form for green, social, and eco-inclusive enterprises, these categories are not exclusive and often overlap (figure 2).

With regards to gender, empirical evidence shows that women are more likely to engage in social or environmental entrepreneurial activities than men (Horisch, et. al. 2017 and Hechavarría, et al. 2012). Therefore, by supporting entrepreneurial ecosystems to better enable social, green and eco-inclusive enterprises, it may open up more opportunities for women. At the same time, the greater relevance to women also means that the specific needs of young women entrepreneurs should be considered in the development of interventions to improve green entrepreneurial ecosystems for youth.

Terminology

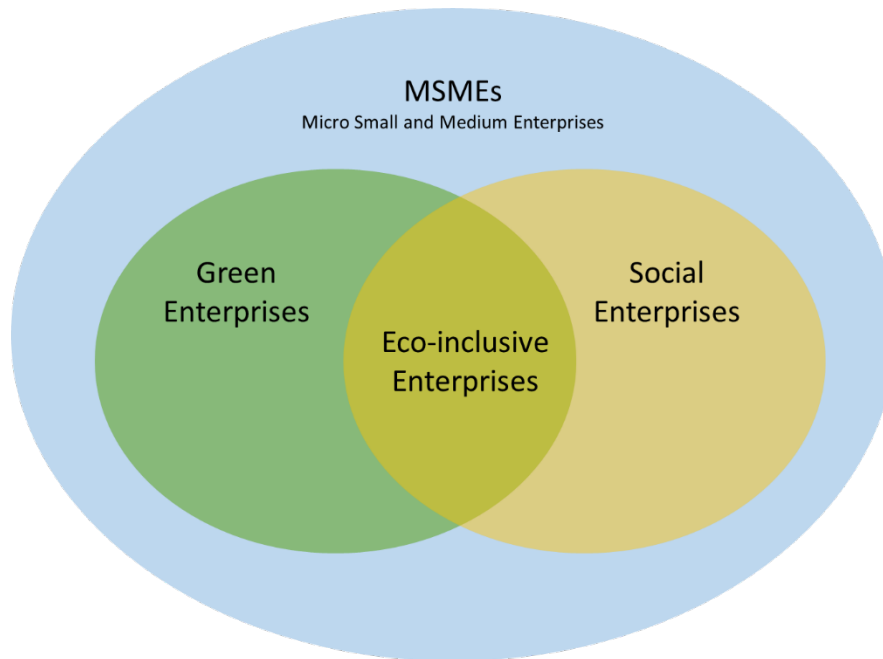
For this report the following categories will be used:

- a) MSME will refer to informal or formal enterprises that employ between 1 and 100 people, regardless of their environmental or social mission.²
- b) Green Enterprise will refer to a MSME that employs good environmental and social practices; however, the environmental and social goals are not necessarily an explicit component of the enterprise objective or legal structure.
- c) Social enterprise will refer to a MSME that has explicitly included social goals in their legal structure, such as decent work, fair business practices, and/or resolving a social or environmental challenge, the double bottom line.

² At the 1998 International Labour Conference (ILC), Recommendation Number 189 on job creation in SMEs, encourages all states, in consultation with representative organizations of employers and workers, to define SMEs using appropriate criteria "taking account of national social and economic conditions" (ILC 1998, para 1).

- d) Eco-inclusive enterprise will refer to a MSME that has explicitly included both social and environmental goals in their legal structure, the triple bottom line.
- e) Green youth entrepreneur will refer to a young woman or man between 18 and 34 that founds a green, social, or eco-inclusive enterprise.

Figure 2. Typology of MSNs



Green, social, and eco-inclusive enterprises are often seen as agents of change and can help drive the private sector towards incorporating social and environmental objectives into the business model, including decent work for workers and employers. They are increasingly recognized as creators and catalysts of innovation for sustainable development. However, the transition to a greener economy and thus the development of the green entrepreneurship ecosystem will not happen in isolation or at the initiative of the private sector alone. As this paper illustrates, coordination and collaboration between business development support services, government incentives and support, as well the engagement of development actors in civil society and multi and bi-lateral agencies are needed in order to spur and anchor strategies for green youth entrepreneurship promotion.

3. Methodology

Objective of Study

Little is understood about the youth green entrepreneurship ecosystem. There are large research gaps regarding the effect of green policies on employment creation, and whether these policies can be long-term determinants of decent jobs and sustainable growth. Understanding how and why youth green entrepreneurs flourish or what causes youth green enterprises to fail can provide insights into improving policies and programs across sectors and regions. This research analyzes the entrepreneurial ecosystem across emerging and developing economies, and then further dives into the specific constraints and opportunities for young green entrepreneurs. It explores the perceived challenges experienced by youth entrepreneurs in establishing, sustaining and growing green enterprises and the success factors that allowed them to prevail, providing insights into how both the public and private sectors can contribute to better promoting youth-run green enterprises. Such factors include, but are not limited to, access to education and training, access to finance and start-up capital, market access, governance, tax regimes, business registration, environmental certification, and infrastructure, as well as local culture and norms.

Research Questions

1. What are the conditions that promote environmentally sustainable entrepreneurship and increase youth participation in this sector?
2. What are the constraints faced by green youth entrepreneurs? What factors influence the emergence and long-term success of a sustainable green youth entrepreneurship ecosystem?

Methodology



A large body of literature and studies exists on green entrepreneurship, social enterprise, entrepreneurial ecosystems, greening policies and youth unemployment. The goal was to bring this existing body of literature together to obtain a general assessment of the state of green entrepreneurship ecosystems, and how they can better promote employment opportunities for young women and men. The author identified organizations working in the field of green and youth entrepreneurship in collaboration with the International Labour Organization’s Green Jobs Program and the Global Initiative on Decent Jobs for Youth. 10 country cases were selected from Africa, Asia, and Latin America, and over 30 interviews were conducted with experts, trainers, program managers, and leaders working in organizations that address youth and green entrepreneurship in April and May 2019. Geographically, 5 global experts, 9 trainers and experts from Africa, 11 from Asia and 7 from Latin America were interviewed by the author. The selected cases are diverse with regards to income, policy, and entrepreneurial environment, providing a variety of insights in terms of what is working in certain contexts and what is not.

Interviews focused on a set of key questions to understand the special challenges youth face in the entrepreneurial ecosystem, both generally and specifically in green markets, as well as the problems incorporating green components into the business model. The interviews reflect the diversity of initiatives that seek to assist young green entrepreneurs in advancing their enterprises—from service level activities, like facilitating technical skills via training and networking, to mobilizing private sector investment and public sector support. It should be noted that because ‘youth’ is a broad term with varying definitions, for this study, youth generally speaks to a population from 18-34 years of age.³

³ Definitions of youth vary considerably by country. In general terms, youth can be defined as the stage before adult life begins, affected by factors such as the average age at which young people complete education and training. Although the UN defines youth as 18-24 years of age (1992), this study took a wider age range to capture the employment challenges of young women and men up to the age of 34.

4. Key Findings

This study identifies a range of key findings regarding the green youth enterprise ecosystem related to finance, BDS, culture and policy. The conversations with interviewees provided insights into the challenges faced by youth entrepreneurs across the globe, as well their success stories. These findings indicate that green youth entrepreneurship is sometimes influenced by different factors than conventional entrepreneurship. Therefore, supporting green youth entrepreneurs requires different measures of support from the public, private and civil society sectors in order for them to start and grow successful green enterprises (see table 3).

Right sized finance

Access to affordable and appropriate finance was the most cited challenge, as well as often the primary reason trainers and experts thought enterprises could not get started or simply failed. Micro-finance institutions (MFIs) are present in all investigated countries and aim to provide micro-loans to previously non- and underserved communities who could not access commercial loans, yet they were frequently identified as an undesirable source of financing. Interviews noted that micro-finance models are often based on high interest rates, weekly payback schemes and a limited grace period, which do not allow businesses to get up and running. Although a number of countries have introduced policies to regulate micro-finance by limiting rates and extending payback schedules, both research and interviews show little progress in reining in interest rates (see e.g. Dichter, et.al, 2007 and Ghosh, 2013). Micro and small entrepreneurs, particularly youth, and especially vulnerable youth and young women, are considered too risky for commercial bank loans due to both limited business experience and lack of assets and collateral. Although government programs exist to guarantee commercial loans from public and private banks for high risk borrowers, these programs were often reported to be simply policies on paper and not in action; interviewees indicated that bank managers and loan officers resist implementing the loan guarantee programs that would help high risk borrowers access affordable financing.

Still, social and eco-inclusive entrepreneurs tend to have more options, but not necessarily for the long-term. Incubators and accelerators indicated that they are able to assist enterprises in the early stages, but often have difficulty extending the support through the growth phase. Given the scarcity of commercial finance, conventional MSMEs often rely on personal savings, family and friends as a capital resource, particularly during the early stages. As a result, they often end up mixing personal and business finances, which becomes problematic when trying to obtain a commercial loan, for which banks require a clear delineation. Like traditional MSMEs, green, social, and eco-inclusive enterprises also rely on personal savings, family and friends (see Hanley et. al. 2015 and Bosma et.al, 2015). However, unlike traditional micro and small enterprises, social and eco-inclusive entrepreneurs in developing ecosystems tend to have access to a wider range of financial products that are often free, such as prize, grants, and donations, as well as equity capital and soft loans (see Hanley et al., 2015, Bosma et. al 2015 and ANDE, 2018). Once an enterprise wins prize money, it can have the effect of placing it in the spotlight, and they go on to win other competitions. While this helps entrepreneurs to gain the start-up capital needed to launch their businesses, it can create an overreliance on free forms of cash and prevent enterprises from focusing on long-term financial sustainability (Hanley et. al 2015 and ANDE, 2018). This contradicts the goal of social enterprises, as they should become financially sustainable, and illustrates the need for better coordination of resources, so that enterprises have adequate start-up and acceleration capital, but at the same time achieve the goal of long-term financial sustainability.

Although some social and eco-inclusive entrepreneurs have adequate access to appropriate finance in the early stages of development, they face more limitations in the growth stage. This is the stage in which profit margins are expected to increase and finance growth of the enterprise, but this is frequently found to be insufficient to finance enterprise growth, and thus additional finance options are needed. Government in some cases has stepped in to fund riskier early ventures, for example in Chile and to a lesser extent in India and South Africa. The programs aim to fund early stage ventures, and once established, it is expected that private capital will follow for the growth stage, which rarely turns out to be the case. Some accelerators and incubators have acknowledged this funding gap and initiated accelerator programs that target established social and eco-inclusive enterprises aimed at the growth phase.⁴ In sum, entrepreneurs with higher levels of education and business skills, like social and eco-inclusive entrepreneurs, often have access to no and low-cost financing at the early stages, and entrepreneurs with lower levels of education and business skills often have no access or limited access to expensive and unsuitable financial products (table 1). Established MSMEs, including green, social,

⁴ Some notable accelerator programs are Start-up Chile Huella, Impaqto Lab (Ecuador) and SEED Accelerator Program.

and eco-inclusive enterprises, have difficulty accessing funding for the growth, scaling, and replication phase, though some new programs have emerged to bridge this gap.

Table 1. Access to Finance

Type	Description	Skills and education	Prize	Grant	Donation	Venture & Equity Capital	Soft loans	Standard loans	C0-péerative	Micro Finance
			"Free Cash" (most attractive)			Capital	Loans (least attractive)			
Eco Inclusive Enterprise	Enterprise that explicitly includes both the achievement of environmental and societal impacts on the legal structure	High	✓	✓	✓	✓	✓	✓		
Social Enterprise	SMME that has explicitly included social goals in their legal structure	High	✓	✓	✓	✓	✓	✓		
Opportunity Enterprise	Opportunity-driven, focused on building companies, wealth creation	High				✓	✓	✓		
Green Enterprise	Enterprise that employs good environmental and social practices	High-Low					✓	✓	✓	✓
MSME	Enterprise with between 1-100 employees; sometimes motivated by lack of other employment options	High-Low					✓	✓	✓	✓
Self-Employment	Own-account workers, often motivated by survival or lack of other options	Low						limited	limited	limited

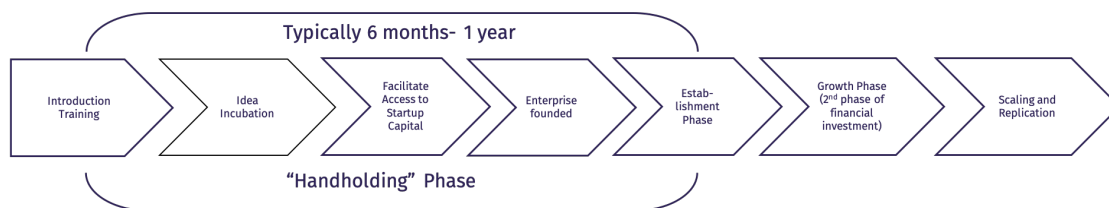
Sources: Dees, 1994; Hanley et. Al, 2015; ILO, n.d. ; SEED,2019.

When business development services actually work

Long-term BDS should complement financing. Support services—such as counseling, mentoring, coaching, and skills development, as well as peer networks—are important functions of an entrepreneurial ecosystem, but the combination of BDS with financial services can have added benefits for both entrepreneurs and financial institutions. Research has shown that consolidating the two has enabled entrepreneurs to increase income, expand their enterprises, as well as create jobs, beyond what would have been possible with finance alone; and at the same time, allowed financial institutions to realize higher client retention as well as a larger, more skilled client base (Ham & Sievers, 2015).

Importantly, however, BDS should not be provided as one-offs. Short-term, one-time workshops are unlikely to spur successful enterprises, as they do not provide support after the initial start-up phase. Ideally, BDS would be provided over 1-2 years and establish peer entrepreneurs' networks for continued support after phasing out. Establishing partnerships and collaboration with different actors such as trainers, accelerators and incubators, financial institutions, and relevant government ministries would allow business development services to reach a wider audience and provide more comprehensive and complementary services throughout the different phases of enterprise development, starting with idea incubation and ending with growth and replication (figure 4).

Figure 4. Business Development Phases



Young women and rural youth need more support when starting a business. Interviews revealed that training programs that focus on self-employment or needs-based employment often have more women than men participating due to the flexibility that such enterprises offer to combine household responsibilities with additional income. However, accelerator programs that are aimed at growing already existing businesses often lack representation of women. This is likely due to several factors such as low levels of financial literacy and business skills, a lack of financial independence, household and care responsibilities, women’s income being supplementary and not central to the household, as well as a lack of assets and/or collateral to guarantee a loan.

Lastly, interviewees reported that when training is offered without any access to start-up capital, it can cause disappointment and even resentment. Youth participants have invested their time in learning financial and business skills only to complete the training with the same prospects they had before the training started and without the resources to transform their business plans into a start-up. Therefore, developing the entrepreneurial ecosystem for young eco-inclusive entrepreneurs requires more financing for early stage enterprises, coupled with acceleration support between 6 months to 1 year. Green enterprises need improved access to low-cost financing, like social financing, that is sometimes available to social and eco-inclusive entrepreneurs. Social finance recognizes the cost of employing good social and environmental practices; increasing the availability of these types of financial products for young entrepreneurs can encourage them to choose a green path. Coupling social finance with training can help youth realize their aspirations after acquiring the necessary business skills in training.

Getting green products and services to market

Green products, services, and technological innovations often struggle to make it to market or be adopted by consumers due to several barriers. Green technologies are often more costly and require higher start-up capital than traditional businesses. The introduction to market of green technologies is often stalled at the proof of concept phase due to limited access and cost barriers of testing as well as gaining approval for the market. Reducing these barriers by providing access to low-cost or subsidized testing and financial incentives such as subsidies or tax incentives for green business would help offset the higher upfront investment costs. There is also a need to make green technologies and greening processes more attractive to youth. Interviews indicated youth are interested in information and communication technology (ICT) and high-tech industries, which certainly offer some opportunities for green enterprises. These include innovations to increase hardware and software energy efficiency as well as systems development that can contribute to improving planning, monitoring weather and the environment that play an important role in reducing emissions and mitigating impacts of disasters.

Trainers indicated that there were substantial opportunities for youth-driven green enterprises in agriculture, waste and sanitation, particularly in new technology development. Innovative technologies for dealing with waste and sanitation include innovations in toilets, wastewater treatment, recycling and waste management, such as recycling and composting. Agriculture also offers a number of opportunities to improve the sustainability of farming practices. Unlike ICT, these industries require getting your hands dirty, but trainers indicated the potential to develop a profitable green enterprise in these industries is high. Therefore, creating awareness and interest about potential green technology and enterprise creation opportunities in sectors outside of ICT is needed. In addition, understanding the needs of the community in terms of which enterprises have the potential to flourish and grow is an important part of the training and therefore a market assessment of green enterprises prior to training programs is essential. This could allow for replication of already existing and successful green technologies, as well as help support trainers to demonstrate potential successful green enterprise opportunities to youth.

Eco-friendly products or services are not always competitive on the market, especially when they cost more than a conventional product. Consumer awareness, green labelling, perceived effectiveness of the product and cultural values can all impact the adoption of green products and services (see Nath et. Al, 2013). Environmental awareness campaigns like in Peru and Senegal, which encourage consumers to buy environmentally friendly products, can change consumer behaviour. However, interviews with trainers indicated that at the end of the day, prices typically need to be similar to conventional products to remain competitive. In the limited instances where green subsidies and tax incentives were available for MSMEs, they helped keep prices comparable to conventional products for consumers, as well as off-set up front investment costs. Preferential procurement policies for government contracts that target youth enterprises and green enterprises can also help. Trainers indicated that these subsidies and tax incentives demonstrated success not only for the growth of green business, but also to develop the consumer base of said enterprises.

Changing cultural attitudes towards entrepreneurship

Developing a culture of entrepreneurship includes factors such as government support, qualified workforce, educational institutions that foster innovation, good governance, infrastructure, and the attractiveness of entrepreneurship as a career choice all contribute to thriving entrepreneurial ecosystems (GEM, 2018). An educated and skill labour force coupled with educational programs that promote entrepreneurship can help foster opportunity entrepreneurs. Government support for start-ups as well as technological innovations, reliable basic infrastructure such as electricity, transportation and ICT can all help support the establishment of businesses. However, in most countries, these conditions are lacking, and entrepreneurship is something driven by the lack of regular employment. Regardless of the reason, most entrepreneurs want to improve their lives through increasing their income and/or more independence in their work (Ibid). Interviews noted that family and friends do not usually encourage entrepreneurship, and youth tend to seek out regular employment, when possible. Although many young women and men choose entrepreneurship, it is often a second choice. In order to encourage young women and men to see entrepreneurship as an attractive and viable career choice, cultural attitudes and understanding about entrepreneurship will need to evolve. Educational programs and policies that give youth financial and business skills early on and allow them opportunities to experiment with running a business, like Junior Achievement (see case box), can not only change attitudes around entrepreneurship, but also prepare young women and men be successful as an entrepreneur or in a career later in life.

Increasing market access and facilitating business linkages

Market access remains a problem for MSMEs. Interviews indicated one path for creating better market access is through the establishment of partnerships and linkages between multinational corporations (MNCs), social enterprises, and MSMEs. These partnerships have the potential to strengthen the ecosystem through the integration of green enterprises into value chains, as well as create spaces for networking and collaborations among different types of enterprises as well as opportunities for green enterprises to upgrade. By integrating MSMEs into the business value chain as suppliers of services and/or raw material, as well as distributors of goods and/or services can help them find their market niche. Therefore, the successful integration of green enterprises as a part of a thriving business sector can be significantly enhanced with the support of MNCs. Another strategy is social franchising; social franchising can be broadly defined as “the application of commercial franchising methods to concepts to achieve socially beneficial ends (Temple et al., 2011, p.3),” and by its definition, also observes the practices of environmental sustainability and decent work. Green entrepreneurs can increase their impact through the generation of green jobs by incorporating producers into the value chain as suppliers or as distributors of their products and/or services, in a social franchising model.⁵

Reaching youth early on through education

Given the number of young women and men entering the work force over the next years, traditional employment will not be able to provide enough jobs. Entrepreneurship, both necessity and opportunity based, is one path that can help fill this gap. National programs that promote entrepreneurship should not only focus on training un- or underemployed women and men, but also education policy for primary, secondary and tertiary students. Targeting students as early as primary school with financial literacy and business skills can help change attitudes around entrepreneurship and better prepare youth for a career in business later in life.

⁵ Social Franchising is a process by which a franchisor implements a successfully tested social concept and in order to scale up the coverage of target group and ensure the quality of product and/or service, enables franchisees (as self-employed) to replicate the model using the tested system and brand name in return for social and economic impact.

Starting a business

Another barrier to entrepreneurship is the difficulty with regards to regulation, starting a business and taxation of owning an enterprise. Although a number of countries have simplified their procedures for incorporating a micro or small enterprise, some have even decentralized services; nevertheless, many entrepreneurs still find the barriers too high. The countries in this study have a range of ease of incorporating a company. Chile ranks the best, with an average of six days to establish a company, though it can be done in as little as twenty-four hours. At the other end of the scale is Ecuador and South Africa, where it takes more than a month (table 2). The procedures of starting and maintaining an enterprise in several of the country cases remains a significant barrier to entrepreneurship in general.

Certification

B Corps certification, generally for larger companies, is defined by a commitment to generate a measured positive social and environmental performance and accountability (B Corps, 2019). Obtaining a B Corps certification is not simple and certainly not accessible for the typical MSME. It requires a rigorous assessment of a company's impact on workers, customers, community, and environment and they must balance profit and purpose in their legal governance (Ibid). The number of B Corps in a country, particularly in Latin America where Sistema B is well established, can be an indicator of cultural acceptance and awareness around good environmental and social business practices both enterprises and the public. However, given the problematic of decent work and environmental footprint, presence of B Corps in the ecosystem can help promote the concepts of social and environmental performance in the overall business environment. Chile has an extraordinary number of B Corps, over 100, followed by Kenya with just 14 (table 2).

Ensuring decent work

The sheer number of people that participate in self-employment and necessity entrepreneurship, together with the potential growth of this sector of the work force, requires rethinking policies and circumstances of decent work. Self-employed and necessity-based entrepreneurship is often insecure, low-income work with poor or unsatisfactory working conditions. When policies promote entrepreneurship as a strategy to reduce unemployment, they also need to take into account the changing face of work and that work is not just about income, but also dignity, safety, and human rights. The policies designed to ensure decent work are often better applied to an employer – employee relationship. Developing new policies that guarantee both informal and formal entrepreneurs the framework of decent work is critical to achieving a safe and secure work environment for youth entrepreneurs. Policies that promote access to social insurances, such as pension, health, and disability, and ensure adequate income, security and safety, as well as political agency and representation, are critical to ensuring that young entrepreneurs and their employees have access to decent work.

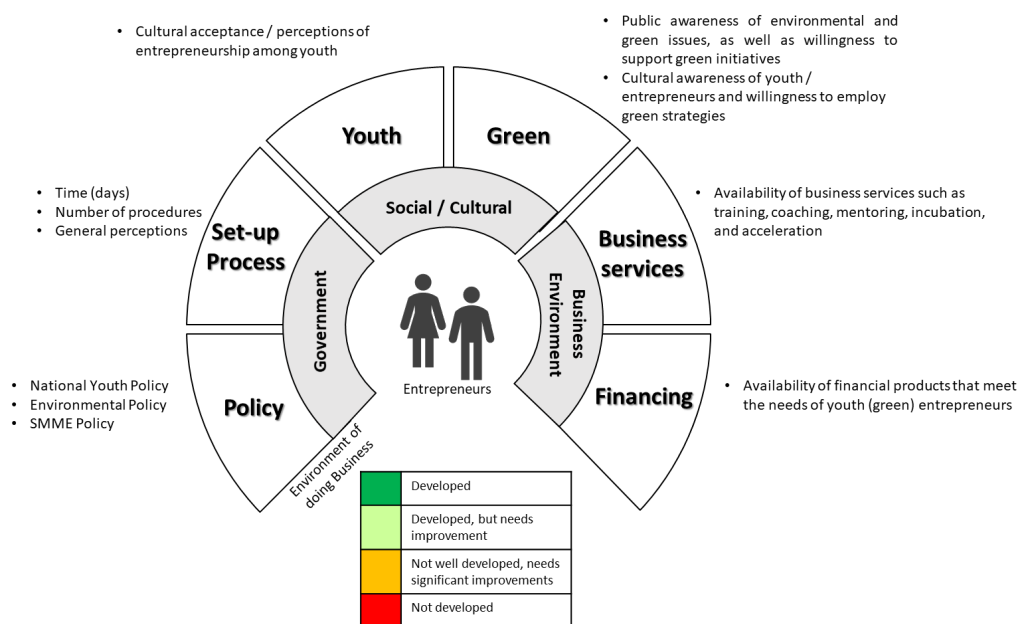
Table 2. Selected Ecosystem Indicators

	Bangladesh	India	Sri Lanka	Kenya	Senegal	South Africa	Zambia	Chile	Ecuador	Peru
Income level (ILO, 2018)	Middle	Middle	Middle	Middle	Low	Upper-middle	Middle	Developed	Upper-middle	Upper-middle
Number of B- Corporations	1	0	0	14	0	8	1	126	6	7
Time in days to start a business (World Bank, 2019)	19.5	16.5	9	23	6	40	8.5	6	48.5	24.5
GEI Score (%)	11.8	28.4	21.9	18.4	19.2	32.9	19.6	58.5	20.5	28.4
Gei Rank	134	68	90	109	103	57	102	19	96	67
Type of Ecosystem	Developing	Developing	Developing	Developing	Emerging	Developing	Emerging	Developed	Emerging	Developing
Income Level: Low income, less than \$1.005 Middle income \$1.000 to \$3.955 Upper-middle income \$3.956 to \$12.235 Developed income \$12.236 or more			GEI Score: Shown in % (out of 100) illustrates the combination of individual and institutional components of entrepreneurship. The higher the score, the better the environment. GQI Rank: Countries are ranked out 137, 1 being the highest, best environment for entrepreneurship and 134 the worst. Certified B Corporations: business that are legally required to consider the impact of their decisions on their workers, customers, suppliers, community, and the environment in order to maintain their B-Certification. See: https://bcorporation.net				Ecosystem: Emerging: (social and green) entrepreneurial ecosystem is in a nascent form Developing: (social and green) ecosystem has a number developing or developed components, but better coordination and strengthening of some components is still needed Developed: most ecosystem components are well developed. There is usually still need to improve coordination.			

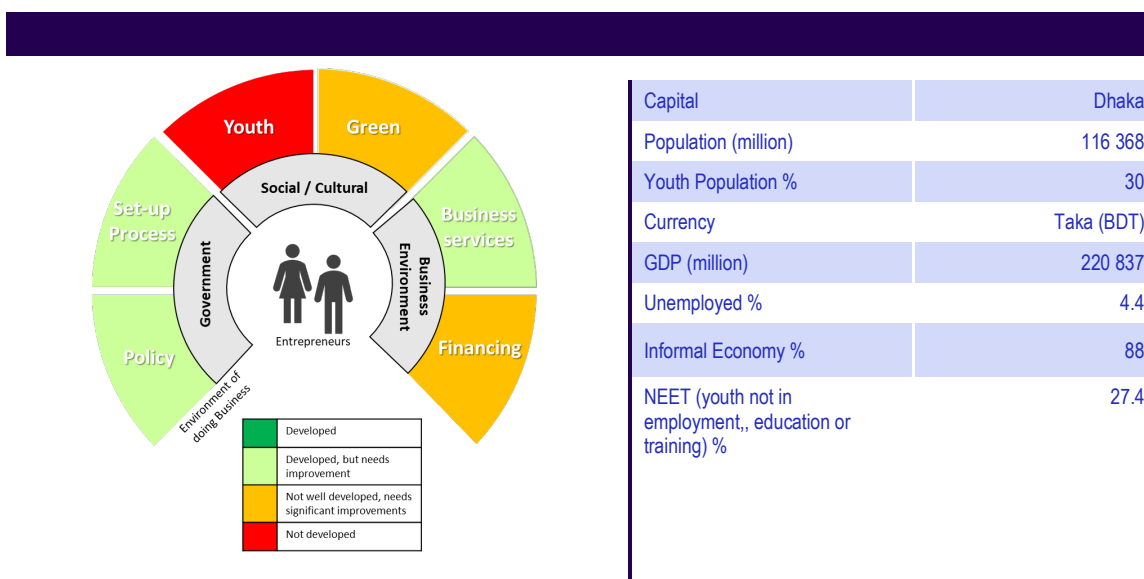
5. Entrepreneurial Ecosystem Case Studies

The country cases analyzed in the next section give an overview of the socio-economic context and a mapping of the strengths and weaknesses regarding government policies, social and cultural norms, and the overall business environment (figure 5). Figure 5 illustrates the template for each country and the six categories are indicated on a colour scale, indicated in the legend below. The government sector includes the categories policy and (business) set-up process and evaluates the role government plays in enabling or constraining the green youth entrepreneurial ecosystem. Policy refers to whether the country has in place youth, environmental, and MSME policies that support young green entrepreneurs. Although no country in this study has a specific green youth entrepreneurship policy, many have different policies that target these challenges through different ministries. The Set-up Process addresses the perceived difficulty to set-up a business, as well as the World Bank statistics in terms of number of days and procedures (2019). The social and cultural sector investigates how these forces influence the decisions of youth with regards to choosing entrepreneurship and that of customers in choosing green products and services. Youth represents how attractive youth perceive entrepreneurship as a career path and the overall societal opinion. Green analyzes how open and enthusiastic young women and men are with regards to incorporating greening processes or technologies or offering a green product or service in their business. It also addresses the public awareness of environmental issues as well as their willingness to purchase a green product or service. The last sector, the business environment, investigates the availability and quality of services for youth with regards to BDS providers and financing. Business services evaluates the availability of business development services such as training, coaching, mentoring, and incubation and acceleration. It also considers the social and environmental focus of these service providers. The last box Financing assesses the availability and appropriateness of financial products for young green entrepreneurs. These categories give a glimpse of some of the important factors that influence the entrepreneurial ecosystem but are certainly not limited to these.

Figure 5. Country Case Template



Bangladesh



Sources: UNDATA, UNFPA, ILOSTAT, and ILO, 2019

Context and Background

Bangladesh faces several challenges with social development, including its dense population, the low status of women and minority groups, and vulnerability to natural disasters, and climate change. Bangladesh is a country with a large youth population, approximately 20 per cent between the ages of 15-24 years. Due to the shortage of formal employment, national employment policies have emphasized self-employment and entrepreneurship. To spur economic growth through innovation and entrepreneurship, the government places a special emphasis on new enterprise creation, women's entrepreneurship and enhancing access to formal financial system for MSMEs. However, full employment still remains an immense challenge for Bangladesh. According to ILOSTAT (2017), the unemployment rate is a mere 4.4 per cent; however, 88 per cent of the workforce is engaged in the informal economy (ILO, 2019). Unemployment and underemployment are high, particularly among young people, at 12.8 per cent: for young men 10.8 per cent and women 16.8 per cent (ILOSTAT, 2017). Although women make up half of the population, only about a third of them participate in the labour market.

Ecosystem Dimensions: Constraints and Strengths

Bangladesh is the home of Grameen Bank and BRAC Bank, the pioneers of microfinance and social business movement. Although the green entrepreneurship landscape in Bangladesh has a long history with support funding, entrepreneurship in general is limited. The building blocks of an ecosystem illustrate a constrained business environment. Bangladesh ranks 134 out of 137 countries on the GEI, identifying it as one of the worst places to start a business in the world. The World Bank Enterprise Survey identified political instability, followed by access to electricity and finance as the major concerns of businesses (2013). Although the business environment may seem subdued, the entrepreneurship ecosystem has a broad range of business development service actors, including incubators and accelerators, as well as cooperatives.⁶ The Thomas Reuters foundation describes Bangladesh as a "breathing, living, thriving lab of innovation—a perfect environment for ideas that can change the world" (2016). It is a place where resource limitations drive creativity and innovative solutions (Ibid).

"Young women drop-out, get married, move to other cities, they forget about the business. However, mindsets are changing, things are improving, parents are accepting this and see the positive benefits of daughters earning an income."

⁶ The ILO's Bangladesh Skills for Employment and Productivity (B-SEP) Project, is promoting green enterprises for self-employment in organic mushroom production and marketing through eight mushroom cooperatives, primarily for women and those with disabilities; and linking urban waste management with a greening supply chain of safe food production through waste collection, organic fertilizer production and marketing, safe food and seeds production and marketing, and waste trading.

In contrast to traditional entrepreneurship, where founders tend to be on average older, the British Council identified that founders of social enterprises are overwhelmingly young; 70 per cent are age 34 or under (2016). However, only 11 per cent of the enterprises surveyed had an environmental focus (Ibid). Given these parameters, green entrepreneurship is not well established. Interviewees expressed concerns around finance and lack of skills as the primary barriers. High levels of informality and limited assets leave youth micro and small entrepreneurs outside of the formal financing system. Financial products for young women and men are often limited to the micro-finance sector, which is considered unattractive due to the high interest rates and weekly payback; new forms of financing from commercial banks or more cooperative style finance could help bridge the gap. Interviews revealed increases in women's participation and noted that the perception of women in the workforce and as entrepreneurs has improved in the last decade and is continuing to change in a positive way. Although social enterprises do not seem to be targeting the environmental sector, BDS services are working with micro and small enterprises in the waste and energy sectors, and these enterprises would unlikely show up in a social enterprise survey. There is probably more activity in green entrepreneurship in Bangladesh than those counted in the survey.

Trainers cited awareness as the biggest problem facing the greening of youth enterprises. Sectors like waste and sanitation are considered an unappealing enterprise option for young people. Therefore, interviewees indicated that incorporating green and environmental solutions requires a special focus in the training sessions to promote awareness of potential opportunities in sectors that do not appeal to youth such as waste, agriculture, and sanitation. At the same time, the 3Rs (recycling, reuse, and reduction) were reported as standard processes for a Bangladeshi micro or small enterprise, though interviews revealed further training and information can help entrepreneurs achieve improved results. The expansion of microgrid power suppliers has boomed in recent years. Government and development organization subsidies have been offered to encourage enterprises in this sector, and they have demonstrated success through increasing the number of businesses operating in the microgrid sector and the overall expansion of the microgrids through Bangladesh. However, collateral was often required to receive the loan subsidies, and this prevented some entrepreneurs from accessing these incentives in certain cases.

In general, trainers and BDS providers indicated youth do not see entrepreneurship as an attractive career path. Young women and men prefer to find employment due to the lack of risk and regular income, but the lack of formal employment often requires them to turn to self-employment in order to survive. Trainers mentioned the need for business skills development, indicating traditional schooling is not providing a satisfactory basis to prepare youth for a career in business.

Conclusions and Recommendations for Strengthening the Entrepreneurial Ecosystem

The strengths of the Bangladeshi entrepreneurial ecosystem lie in the policy framework, adequate business set-up procedure and wide range of business development services available. Lack of appropriate finance, awareness and adoption of green products and services, and youth interest in entrepreneurship were identified as the major constraints. Although Bangladesh has reduced the procedures and time needed to start a business in recent years, interviews indicated the process could be further simplified. Bangladesh has individual policies in place that target youth, the environment and MSMEs.

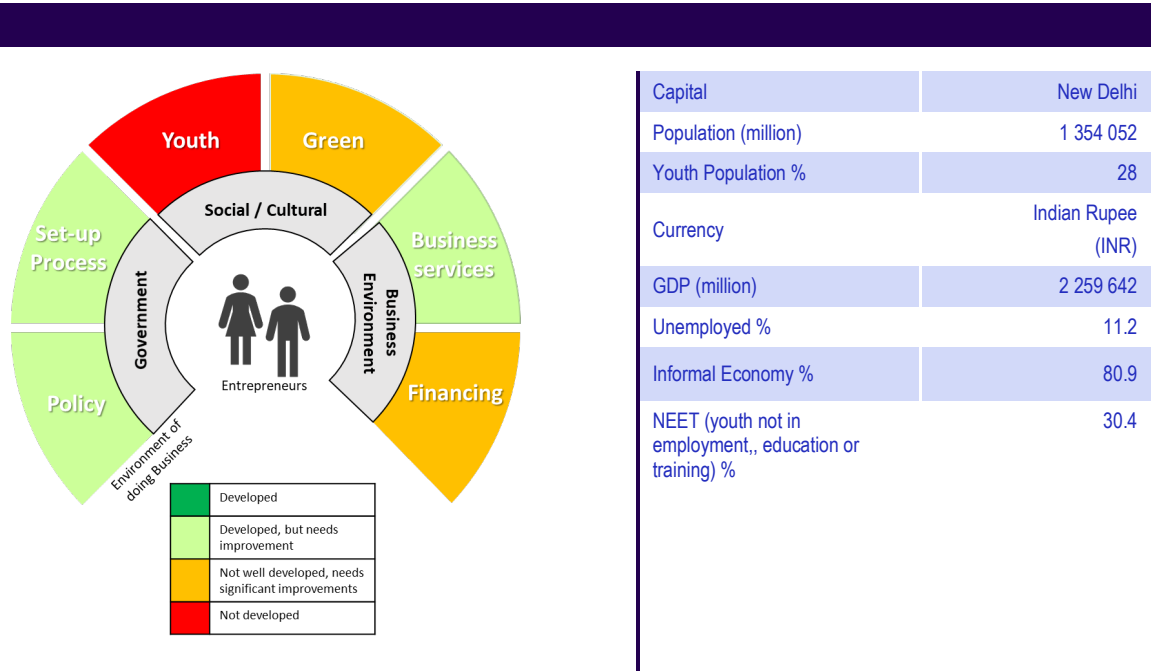
Regarding the environment, Bangladesh has long recognized the urgency of transitioning to a green economy. The nation's first Poverty Reduction Strategy Paper (PRSP) in 2005 referenced environmental degradation as a key reason for the persistence of poverty (UNDP, 2005). National development plans emphasize green growth and seek to promote sustainable development. Since green solutions are often bottom-up in Bangladesh, meaning they are local, community-based solutions, promoting green growth means targeting micro and small enterprises. Most green subsidies and tax incentives are geared towards medium and large enterprises, but it is important to target micro and small enterprises as well. Developing new programs that target micro and small enterprises to employ a green technology, like the successful microgrid subsidy, albeit with reduced collateral requirements, to reach a broader range of entrepreneurs, would help further Bangladesh's green growth strategies. Trainers were positive about youth reactions to greening processes in training; consistently including a component on green business ideas is a good first step, particularly if they can be linked to a subsidy or funding. To further strengthen the ecosystem and improve youth employment, targeting young women and men in environmental and MSME policy could have a significant impact in transitioning young people into the green economy. Such policies could also help improve the social and cultural awareness of consumers with regards to green products and services.

In the long-term, educational policy that introduces business skills early and later connects with TVET and other tertiary institutions is a potential strategy to reaching a larger audience of young women and men about green enterprise opportunities.

For the social enterprises side, moving from the double bottom line to the triple bottom line and towards eco-inclusive entrepreneurship is a space for development in Bangladesh. The majority of social enterprises are not focusing on environmental impact. Funding and incentives to include the environment as a firm objective could help increase the number of green enterprises in Bangladesh. For traditional MSMEs, improving access to finance with fair terms and conditions, long-term BDS, as well as changing cultural attitudes around entrepreneurship top the list, as well as helping entrepreneurs incorporate green components into the business model, could increase the number of green enterprises.

In sum, Bangladesh has a mix of developed and undeveloped components. In order to improve the ecosystem, strengthening the weaker structures, like youth perceptions of entrepreneurship, financing, and acceptance and interest in green products and services, is needed; among the stronger building blocks, better coordination among ministries with policies regarding youth, the environment, education, and MSMEs and BDS providers could help foster a healthier enabling environment for young green entrepreneurs. The need for new financial products and improved access for small and micro enterprises emerged; therefore, extending appropriate financing through subsidized commercial loan schemes or government loan guarantee programs that broadens access to finance for young women and men interested in starting green business would be a critical step. Lastly, subsidies for green products and services that make them more affordable and attractive to consumers, as well as investments in green technology could help bring the components of the ecosystem together for a more advanced system that employs youth and assists Bangladesh with the transition to the green economy.

India



Sources: UNDATA, UNFPA, ILOSTAT, and ILO, 2019

Context and Background

India has a relatively high unemployment rate at 10.8 per cent; however, youth unemployment is estimated at 10.6 per cent and the share of women not in training, education or employment is a staggering 49 per cent (ILOSTAT, 2017). Like Bangladesh, the number of workers in the informal economy is high, estimated at 80.9 per cent (ILO, 2019). With the largest youth population in the world, failing to provide employment opportunities is a disaster in the making. India has witnessed consistently high rates of growth in recent years, but the growth is contrasted with persistent poverty and inequality, and women have limited participation in the employment sector. India is a country at high risk for natural disasters, causing not only economic harm, but also humanitarian crises. Factors such as environmental degradation, population growth, urbanization, and industrialization play a huge role in accelerating the intensity and frequency of disasters.

Despite the persistent, widespread poverty, the government of India has introduced some of the most progressive and far-reaching legislation in the world aimed at reducing poverty, employing youth, and improving environmental sustainability and preparedness for natural disasters. Financial inclusion schemes have been implemented to increase access to financial services, as well as education and skills development programs targeting young women and men, such as the National Skills Development Policy (2009), which set a target of training 500 million skilled individuals by 2022. In 2014, India launched the Clean India mission, a country-wide sanitation initiative with a budget of almost US\$10 billion. The government has also increased funding for solar and wind energy projects. Efforts to provide electricity, safe drinking water, telephones and broadband connectivity to remote villages are also continuing and have been enhanced under the Digital India program. With one of the youngest and largest work forces, better quality jobs, boosting employment opportunities for women and youth, and promoting sectors that address the environment and climate change are top policy areas. These policies show that although India lacks a green youth entrepreneurship policy, separate ministries are tackling youth employment, small business development and the environment.

Ecosystem Dimensions: Constraints and Strengths

India's government has supported incubators and accelerators throughout the country, many linked to universities through schemes like Start Up India and the Start Up Assistance Scheme.

"If you want people to become entrepreneurs, they need to actually see it as a viable option."

The government also plays a critical role by enabling policies, schemes, and development initiatives like forums and networks, online platforms, events, and awards to support social enterprises by providing them with a platform, peer-to-peer learning, and networking opportunities. Skill Council for Green Jobs (SCGJ) is one of the most important initiatives by the Government of India which directly handles the Green Skill Development Programs of India; its objective is to identify the skilling needs of service users as well as of manufacturers and service providers within the green businesses sector, and implement nationwide, industry- led, collaborative skills development and entrepreneur development initiatives that will facilitate the meeting of India's potential for "Green Businesses".

"It is not easy for entrepreneurs to get financing from a national or government bank – even when they have a good plan – good idea."

According to a study by ANDE and GALI, more than half of incubators and accelerators reported to be working in the energy or environmental sector, particularly among government and university programs (ANDE, 2017). In recent years, processes for registering businesses have been reduced, and subsidies for patent costs and trademarks have been introduced. However, interview responses matched with the ecosystem reports, indicating that several barriers for entrepreneurs still exist; the lack of suitable sources of funding and cultural awareness around entrepreneurship were reported as the primary barriers to starting a business.

Most ecosystem builders⁷ in India are based in urban locations, where they can leverage networks, infrastructure, and BDS. However, India is a geographically diverse and large country, and secondary cities are growing fast. Therefore, expanding business development services to smaller cities and rural areas is crucial to building the sector. High levels of poverty also create challenges; trainers reported that people simply do not have the time or resources to attend training workshops, as they need to focus on fulfilling their most basic needs. When they do come to training, male youths often have big ideas which require up-front investment. Trainers found it is difficult to encourage them to start with something smaller. In the end, the business idea often never gets off the ground due to lack of capital. Women are more likely to accept advice and begin small. However, they are rarely interested in moving to the growth phase. In rural areas, awareness around environmental sustainability is limited. Although some government subsidies exist for micro and small enterprises, particularly for energy enterprises, they are limited, and not easy to access due to complex application procedures that usually requires trainer assistance. Due to the lack of awareness of the financial incentives and environmental benefits of starting a green enterprise, trainers reported that accessible financial incentives to start a green business could help them convince trainees to go green. Overall, young people prefer a formal job than to start a business. In rural areas where there is not much industry, the only option for many young women and men is to start a small business. Given rises in the cost of living, women need to work to support the family, so women's employment is more accepted now than a decade ago. However, women experience more problems with starting an enterprise, due to more limited access to capital. Some trainers even mentioned that customers and clients are more likely to bargain with women, driving the prices of women's products and services down.

Conclusions and Recommendations for Strengthening the Entrepreneurial Ecosystem

The strengths of India's entrepreneurial ecosystem lie in its policy framework, the reasonable time and procedure for setting up a business, and the range of BDS providers, particularly in urban areas. Although India has a progressive policy framework that address youth and employment, the environment and MSMEs, the diversity of economic needs and socio-cultural variations requires local tailoring and better coordination among the ministries responsible for the policies in order to bring youth, the environment, and MSMEs under one umbrella. New policies targeting green coupled with improvements in the ease of doing business and the expansion of incubator and accelerator programs are positive steps towards developing a sustainable entrepreneurship ecosystem. While business support services and networking opportunities for entrepreneurs exist in urban areas, sufficient services that can assist youth in rural and secondary cities are still missing.

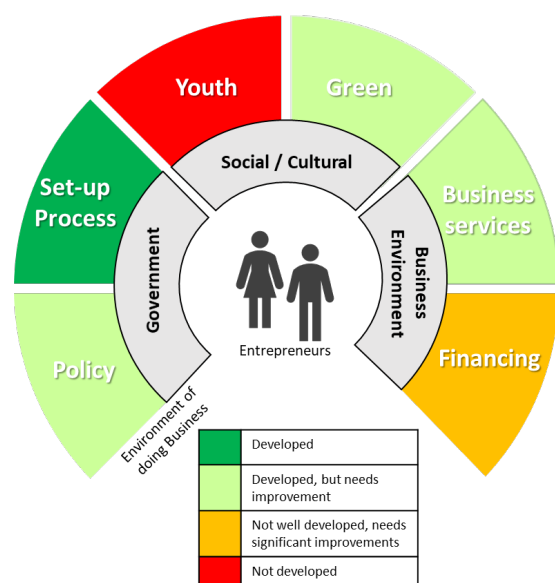
⁷ Ecosystem builders (entrepreneurial) are umbrella organizations that try to connect the dots and/or facilitate connections between the different components of the entrepreneurial ecosystem.

The weaknesses of India's entrepreneurial ecosystem were identified as limited interest of youth in starting a business, insufficient and inadequate financial products, and a lack of awareness and adoption of green products and services for both businesses and customers. There is a need for organizations that are willing to take risks in India's entrepreneurial ecosystem. Young women and men are considered high risk borrowers, and the private sector is often unwilling to fund youth-run enterprises; this space needs to be funded by investors willing to finance green enterprises with start-up grants and other forms of social finance to address this financing gap (see Emerson et. al, 2007, Hanley et. al. 2015, and Salamon, 2014).

Changing entrepreneurial culture takes time, however given the limited formal employment opportunities, investing in business skills early for youth is a worthwhile path in the long-term. Youth programs that address business skills early on in primary and secondary education can have a positive impact on openness towards entrepreneurship as well as improve skills needed for a career later. Moreover, the high cost of research and development for green innovations and the higher start-up costs of MSMEs adopting green technologies could benefit from the expansion and improved accessibility of subsidies already available for energy start-ups. This coupled with a consumer awareness campaign could improve the attractiveness of green products and services for customers by bringing down prices and changing mindsets around green products and services.

India's policies demonstrate it is well positioned for a green economy and clearly understands the role of youth and MSMEs in the transition. What matters most for India is decentralization to reach rural areas and smaller cities, local adaption to reflect the diversity of India's regions, improved accessibility of already existing policies and programs such as the green energy subsidies, as well as improved coordination among stakeholders and programs targeting youth, green, and MSMEs.

Sri Lanka



Capital	Colombo
Population (million)	20 811
Youth Population %	23
Currency	Sri Lanka Rupee (LKR)
GDP (million)	74 941
Unemployed %	4.3
Informal Economy %	60.6
NEET (youth not in employment, education or training) %	27.1

Sources: UNDATA, UNFPA, ILOSTAT, and ILO, 2019

Context and Background

Following 30 years of civil war that ended in 2009, Sri Lanka has seen a period of growth and reconstruction. Classified as a lower middle-income country, social indicators rank among the highest in South Asia with high rates of literacy and educational levels. Although extreme poverty is rare, a large share of the population is just above the extreme-poverty line and issues of income inequality, particularly with the growing gap between Colombo and the rest of the country, persist. In addition, Sri Lanka is facing a multitude of environmental concerns resulting from pollution of water and soil caused by excessive use of agrochemicals, disposal of non-degradable items such as plastic in the water ways and soil, and mining of sand in riverbeds. Addressing environmental concerns requires a long-term strategic approach. Entrepreneurs who turn environmental concerns to business ventures are a key player, and in Sri Lanka there are many such early start-ups that focus on using recycled plastic and paper as well as down cycling of e-waste. However, such business ventures often do not have adequate support in terms of accessing raw material, finance, technology and markets. With almost a quarter of the population categorized as youth, creating jobs and opportunities is a high priority for government and development agencies.

Ecosystem Dimensions

Sri Lanka has an active MSME sector, and the increasing importance of environmental and social issues has seen MSMEs become interested in incorporating these components into the business model. Approximately one third of social enterprises in Sri Lanka have been in operation for more than 15 years, however, almost 40 per cent are less than ten years old, illustrating a growing sector (The British Council, 2018). Over half of newer social enterprises, those founded since 2000, were led by young women and men and contrast with common perceptions that few young people choose to engage in entrepreneurship in Sri Lanka (Ibid). 77 per cent of social enterprises cited job creation and 57 per cent cited the environment as their key objective, indicating the importance of green entrepreneurship. This burgeoning sector is propped up by public initiatives like the National Youth Social Innovation Challenge and the founding of Citra Labs, a joint initiative between the Ministry of Science, Technology & Research and UNDP Sri Lanka. Both initiatives recognize the potential of technology and the role of youth in developing private sector solutions that will have a social impact.

"Access to finance is no longer a problem in Sri Lanka. There are so many microfinance institutions, but access to affordable and fair finance is a problem. The cost of micro-finance is too high, and people get caught in a cycle of debt."

These initiatives demonstrate enormous potential by using the already existing networks including youth clubs and educational institutions to reach a wide range of young people. Furthermore, there are also over 250 business development service providers in the country, some with a social and environmental focus, one of the highest, compared to other countries in this report (Ibid).

Interviews suggested that micro and small entrepreneurs are reluctant to start green enterprises as it is considered too expensive. Green technologies and products are perceived as being more suitable for medium and large enterprises due to the expense of adapting green technologies and obtaining certification for a green product or service. Micro and small enterprises simply do not have the capital or the support to test green technologies or start a business using a green technology and/or product or service. These products or services were reported to require higher initial investments and certification costs which are essentially excluding micro and small entrepreneurs.

“Young people don’t have the motivation; they don’t have the long-term vision. To start a business, they need to commit at least one year, but they are looking for a quick fix.”

Trainers reported that the majority of participants looking to start a business are women. However, the majority looking to improve or accelerate a business are men. Like other countries, women are interested in starting a micro or small enterprise to supplement the family income. However, they stop short of the scaling phase. The growth phase of an enterprise requires a significant commitment on behalf of the entrepreneur, both in terms of time and resources. Interviewees suggested that the more limited capital resources, difficulty accessing loans and household responsibilities are the likely barriers that prevent a number of women from taking their business to the next phase. As in other professions, female entrepreneurs require reliable and affordable childcare and shared household duties.

Other trainers reported difficulty in recruiting youth to training and incubation programs; however, they also cited the potential of increasing co-operating with TVET and other educational programs to improve youth participation. For example, Lanka Social Ventures cooperates with TVET and Citra Labs with youth clubs, both positive developments in reaching youth. Given that young women and men are often associated with an educational program, developing partnerships with TVET and educational institutes have supported the transformation of cultural perceptions around entrepreneurship and green enterprises. Youth are also a high-risk group for entrepreneurship because they have a tendency to abandon the business either during the set-up phase or prior to turning a profit because they found a job or due to insufficient BDS support. This trend makes commercial financial institutions hesitant to provide financial services to young women and men. Even if young entrepreneurs do get funding, trainers indicated that many need a lot of hand holding to get the business running. In general, the ecosystem lacks social investment that is willing to take on a high-risk group like young women and men with limited collateral and assets.

Conclusions and Recommendations for Strengthening the Entrepreneurial Ecosystem

Sri Lanka has a number of elements necessary for an established entrepreneurial ecosystem such as a solid policy framework, a simplified business set-up procedure, a range of BDS providers as well as a social enterprise sector interested in the environment and job creation. Sri Lanka has a developed policy framework that addresses both youth and entrepreneurship, as well as the regulation of micro-finance. The Micro-finance Act of 2016 licenses, regulates and supervises companies in the microfinance business in order to boost confidence in this formal financial industry and avoid exploitation of customers from unregulated institutions. The National Agribusiness Development Programme has supported youth empowerment and employment projects along with an increased grace period for the repayment of microfinance loans in the dairy sector. A national credit guarantee scheme (MSME Credit Guarantee Scheme of 2016) was created to encourage conventional banks to take on riskier loans and support from the Asian Development Bank (ABD) increased soft loans at conventional banks. Despite all these initiatives, appropriate financing was identified as the foremost problem for entrepreneurs. Second to accessible finance, youth interest in entrepreneurship was cited as an obstacle for youth to start a green enterprise. As indicated above, some innovative programs exist to reach youth and unlock the potential of entrepreneurship; scaling up these programs and/or reaching youth at an earlier age might help spark interest, as well as developing and expanding programs that target rural areas beyond Colombo. For example, Lanka Social Ventures has experimented with bringing BDS temporarily to rural areas. Coupling these types of programs with appropriate financing could really make a difference.

Social entrepreneurship is an established and promising sector in Bangladesh. The MSME policy makes a special reference to social enterprises and the ethical production and fair trade, unlike other countries in this study. However, the policy falls short of creating a special legal entity. Improving coordination among the variety of stakeholders, such as connecting the social and eco-inclusive enterprise BDS with green enterprise and MSME, BDS could produce synergies and creative solutions to environmental problems as well as job creation for youth.

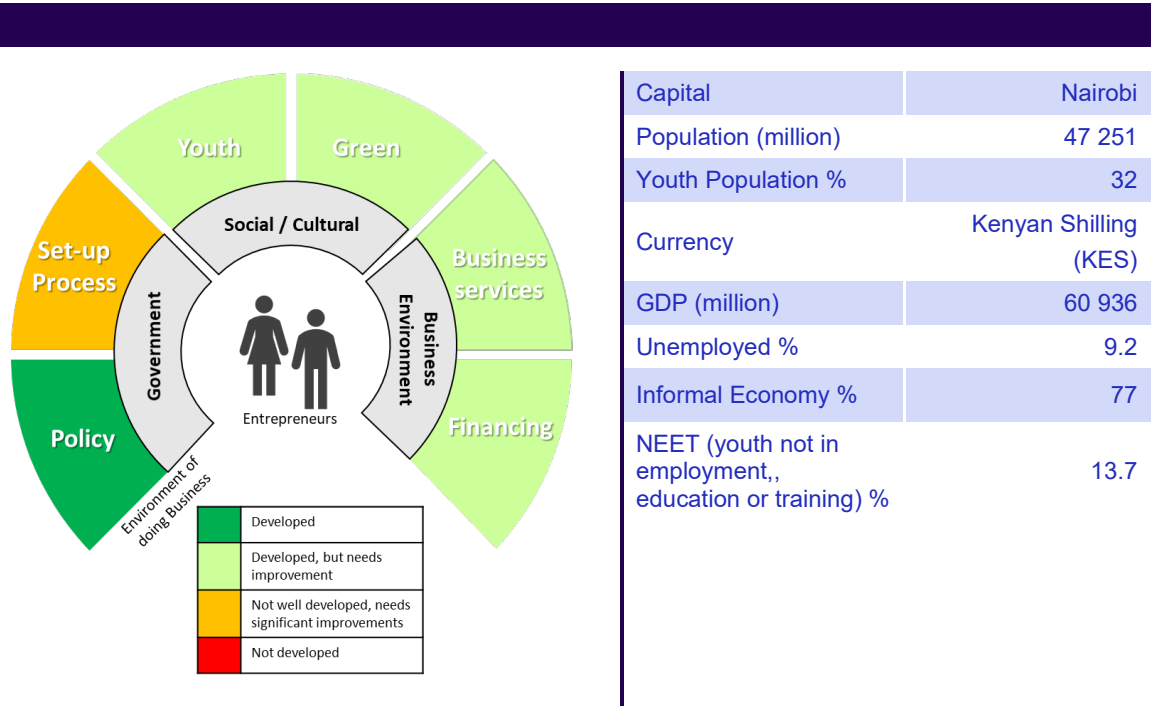
The ecosystem in Sri Lanka is complex with a number of BDS providers, government ministries, as well as civil society and bi- and multi-lateral aid organizations engaged in promoting entrepreneurship through both financial support and business training that target youth and environmental enterprises and is well situated to become a start-up hub in the region. Focusing on increasing the number of women entrepreneurs, addressing the financing gaps, expanding services to rural areas and improving youth perceptions of entrepreneurship are the components requiring further development.

Lanka Social Ventures – Targeting youth and green through business incubation and acceleration programs

Lanka Social Ventures is a social enterprise with a mission to promote and support entrepreneurship and innovation for social change and environmental sustainability. LSV's programs support individuals, groups, community organizations, and SMEs to develop and transform into successful and financially sustainable social enterprises. The Green Business Accelerator and the Youth Social Enterprise Incubator are just two of the many programs and initiatives. The aim of the **Green Business Accelerator Program**, a 6-month accelerator for early stage start-ups, is to support social entrepreneurs interested in starting up businesses that address environmental issues. The business ideas must have clear environmental objectives coupled with commercial activity. The **Youth Social Enterprise Incubator Program** is specially designed for young social entrepreneurs between 18 and 34 interested in starting up businesses that address social or environmental issues. Both programs provide individualized business coaching, mentoring, and specialized training coupled with exposure visits and on-site training. In addition, LSV assists the entrepreneurs in accessing start-up grants and connecting with financial service providers.

Website: <https://lankasocialventures.com/>

Kenya



Sources: UNDATA, UNFPA, ILOSTAT, and ILO, 2019

Context and Background

Kenya has experienced a positive growth rate in recent years; however, unemployment and youth unemployment remain particular challenges. UNDP estimates youth unemployment in Kenya at 26 per cent. Given the rates of unemployment in East Africa, these figures are not shocking. However, finding solutions and opportunities for youth employment will require efforts across sectors. To make matters more complicated, informal enterprises accounted for 77 per cent of employment and over 60 per cent of those working in this sector are youth, aged between 18–35 years (Republic of Kenya, 2012). Despite the challenges of unemployment, poverty, and inequality, few countries have experienced the boom of entrepreneurship and private sector investment and development. In addition, previous studies on social enterprise in Kenya show high rates of enterprises focusing on the environmental and agricultural sectors, demonstrating an already existing green enterprise and entrepreneurship landscape (Hanley et.al, 2015 and World Bank, 2017).

Ecosystem Dimensions: Strengths and Constraints

Kenya is probably the most advanced ecosystem for green, social, and eco-inclusive enterprises in East Africa. The British Council estimates there could be as many as 40,000 social enterprises in Kenya (2017). Although the term social enterprise is new to Kenya, concepts of social entrepreneurship have been around for decades, particularly with social mission revenue-based models; this situation supports the creation of adequate conditions for creating decent jobs. As a regional hub, Nairobi is host to the large and growing community of private investors, as well as social investors and social enterprise ecosystem builders. Accelerators and incubators are in no short supply in Kenya, fueling the positive view of private sector engagement, not to mention that many foundations and NGOs with interests in green, social, and eco-inclusive enterprises have an office in Nairobi. However, limited accessibility and awareness of the resources offered by such organizations stem the full potential, as entrepreneurs from the bottom of the pyramid (BoP) face challenges with access to BDS providers and finance. There is a perceived positive attitude towards the private sector, and the government is committed to promoting enterprises run by youth, women, and vulnerable groups by designating 30 per cent of procurement budgets for these groups (APGO, 2013). However, in practice, it has been difficult for youth and women entrepreneurs to access public tenders due to the complex procedure. Regardless, it is a step in the right direction, and assisting youth to access these programs as a part of business development programs could make this opportunity a reality.

On the green side, government green initiatives, such as carbon credits and tax breaks, are geared towards larger enterprises, but not MSMEs. Technological innovations in energy and waste as a basis for MSMEs with greening processes have received some support. Programs like the Youth Entrepreneurship Facility (YEF, 2010-2014), for example, contributed to fostering engaged youth in the entrepreneurial sector, and the Kenya Climate Initiative Center will further secure the future growth of green youth entrepreneurship in Kenya. Specifically, on technology and innovation, however, interviewees reported problems with testing and proof of concept. The technologies are often incubated in urban areas, but the solutions are for rural problems in the fields of energy, cooking solutions and agriculture. However, these innovative ideas often go unfunded as they cannot reach the proof of concept phase. Although an abundance of social investors and BDS providers exist to support innovative solutions, few to none are willing to work with an enterprise that lacks proof of concept. Developing support mechanisms to allow the abundance of ideas and innovations to be tested at no or low-cost is critical to giving green enterprises a chance.

Conclusions and Recommendations for Strengthening the Entrepreneurial Ecosystem

As the diagram illustrates, the components of Kenya's entrepreneurial ecosystem are established, but require improved access for entrepreneurs of a variety of backgrounds and further coordination. Kenya's entrepreneurial ecosystem has two faces. On one hand, there is a group of elite, educated, and environmentally aware entrepreneurs working on technological and innovative solutions for BoP problems. On the other hand, micro and small entrepreneurs are often unaware of greening processes and green technologies. More in general, less skilled and undereducated youth are unaware of incubation and acceleration centers, nor do these centers proactively engage vulnerable populations. Although young women participate in the labour force, trainers note that women have good ideas, but lack confidence and are less willing to take risks than young men. However, women in rural areas still need additional attention in order to spur their participation in economic activities.

"Government needs to do a lot more in terms of incentives so that green entrepreneurship is more attractive and people more aware."

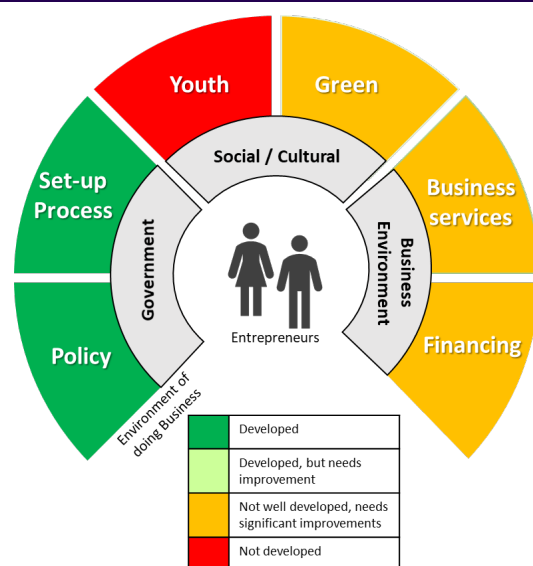
Like other countries in this report, Kenya's youth are engaged in the micro and small enterprise sector are often there out of necessity; they did not find formal employment and it is their second choice. Despite large investments in public education, the need for more technical and vocational training for youth was identified. In addition, fostering entrepreneurship to change attitudes towards self-employment and awareness of the potential of green enterprises. Programs addressing youth and green in secondary schools, such as Junior Achievement Kenya, are preparing the next generation of green youth entrepreneurs and are a great starting point, but larger scale is needed. Nairobi earned the name Silicon Savannah for a reason. There are few places globally that have seen so many social and green enterprises initiatives, but the failure rate is also high. In Kenya, the problem is not about more BDS or social investors, it is about getting the right coordination and improving the financial products to better meet the needs of youth and green enterprises as well as engaging more vulnerable young women and men.

Spotlight on Youth: Junior Achievement Kenya

Junior Achievement Kenya supports primary, secondary and tertiary students with acquiring business and financial skills, as well as an understanding of the role of business in society. JA Kenya targets primary school students through age appropriate learning tools to develop financial literacy and basic business skills early on in life. The secondary and tertiary programs teach youth how to start a business in an environment where they can fail – giving them the opportunity to learn from their mistakes and acquire the necessary skills to launch a successful business. The programs create opportunities for networking and mentoring which are essential for business success. What is unique about JA Kenya is that it targets students when they are young, giving them the confidence and skills to be successful later in life – by sparking the entrepreneurial spirit or preparing youth for a future career.

Website: <https://www.jakenya.org>

Senegal



Capital	Dakar
Population (million)	15 590
Youth Population %	32
Currency	CFA Franc (XOF)
GDP (million)	15 658
Unemployed %	6.8
Informal Economy %	70.9
NEET (youth not in employment,, education or training) %	36.2

Sources: UNDATA, UNFPA, ILOSTAT, and ILO, 2019

Context and Background

Senegal is one of Africa's most stable countries. Ranked as a low-income country, approximately 38 per cent live below the international poverty line (World Bank, 2018). Recent years have seen a decrease in monetary poverty and improved access to services, particularly in urban areas. Senegal has a large and growing youth population but has not been successful in developing its potential human capital. The overall unemployment rate for youth is 8.1 per cent, for men 7.4 per cent and women 8.9 per cent. Far from the worst unemployment rate in Africa, the high rates of participation in informal enterprises paints a bleaker picture. Senegalese youths face dim employment prospects and employment is mostly informal; women are especially disadvantaged.

Senegal is tackling the problems of unemployment and climate change head on. The national employment policy (NPE) focuses specifically on youth, demonstrating that the government is aware of the challenges that lie ahead. Senegal is a leader in Africa with regards to the transition to the green economy and the Ministry of Environment is committed to coupling economic growth and job creation in an environmentally friendly manner. Senegal's National Strategy for the Promotion of Green Jobs, supported by the ILO, created 2,000 jobs, mainly for youth and women, through projects in recycling, aquaculture and forestry projects. All generated a return on investment in their second year of production. It was recognized as a visionary policy and awarded the Future Policy Vision Award by the World Future Council. Also a PAGE8 country, Senegal is taking steps towards securing a sustainable economy that recognizes the role and aspirations of its youth population.

Ecosystem Dimensions: Strengths and Constraints

While strong policy frameworks and the ease of starting a business were cited as Senegal's strengths, a limited number of BDS providers, low youth interest in entrepreneurship and the adoption of green innovations, as well as limited customer interest in green products, were reported as the chief barriers stifling the ecosystem in Senegal. However, BDS providers and networking organizations are only beginning to appear in the Senegalese ecosystem; therefore the building blocks are emerging. For example, Jokkolabs, a local incubator, was founded in 2010 and supports innovation and entrepreneurship, not only in Senegal, but in 8 other countries. The emergence of an incubator, with time, is usually followed by other BDS actors and (social) finance.

⁸ Partnerships for Action on Green Economy is a multi-UN program that supports countries wishing to embark on greener and more inclusive growth trajectories. See more here: <https://www.un-page.org/>.

“The best way to further develop entrepreneurship is an intelligent combination of technical training, entrepreneurship training and financing... it takes very early and in-school training, to introduce entrepreneurship to young people.”

Interviews revealed a considerable potential for green enterprises in Senegal. Traditionally, entrepreneurial training has focused on launching the business and profit-maximization. More recently, limited trainings on green business have been offered and well received by youth participants. These trainings indicated that when youth are informed and made aware of green process, technologies and products, they are committed to adopting them. On the other hand, customers are not yet sensitive, so awareness for green products and services is necessary. Senegal has already run some successful environmental awareness campaigns and seizing on the green momentum in this nascent ecosystem holds an enormous potential to include youth in the transition to the green economy.

Conclusions and Recommendations for Strengthening the Entrepreneurial Ecosystem

Senegal has a number of emerging building blocks in place, but they require further development and coordination for an established ecosystem. The policy frameworks for youth and the environment are particularly strong, along with the ease of setting up a business. Senegal's government has also focused on public-private partnerships, illustrating the important role the private sector can play, particularly in collaboration with the public sector, directing resources into extending financing and working with women's associations. The constraints of Senegal's entrepreneurial ecosystem are due to the limited number of BDS providers, customer interest in green products and services, the need for more and better financial products for MSMEs, as well as improving youth perceptions of entrepreneurship. However, Senegal exhibits promising developments that could contribute to a strong ecosystem in the future. Enterprises such as Ecobag (see case box) illustrate that young people are not only interested in the environment, but also in entrepreneurship. Developing the support systems, such as expanding start-up funding and increasing the number of incubators and accelerators would likely spur the creation of similar enterprises. Expanding trainings for youth entrepreneurs with green components could help reach a wider audience, as well as targeting already established businesses to help them incorporate green processes. The strong leadership from the Ministry of Environment and support from international organizations demonstrates that ecological issues can be at the forefront of policy. Like other emerging ecosystems, the recent policy developments, interest from youth and the progression of environmental awareness illustrate a setting with a solid foundation for a more developed ecosystem in the coming years.

Interview with Dr Amadou Lamine Diagne: Leading the Transition to a Green Economy



Amadou Lamine Diagne is currently the Director of Green Financing and Partnerships at the Ministry of Environment and Sustainable Development, Senegal. Holder of a PhD in Environmental Science, Dr. Diagne coordinated the Planning and Monitoring Studies unit of the Ministry of Environment. He served several times as Technical Advisor in charge of Cooperation, Resource Mobilization, Sanitation and Climate Change.

Senegal has been at the forefront in Africa for the transition to a green economy. How did you gain public support for green approaches to development? Who are the key players in driving it forward?

We have not had the support of all the public but of people who have developed green initiatives. Then we developed a strong media and awareness campaign around it. This communication was made through programs, projects, green economy days, news articles, but also through a platform on the green economy. The mapping of green initiatives has also helped us a lot. It allowed us to discover and engage the key actors: the state, the private sector, the SME, the associations, the basic community organizations, and the communication specialists.

We focused on public-private partnerships because the government alone cannot technically and financially support the green initiatives. For example, the partnership with the basic community organizations is very important, especially with women's associations. Finally, we have a collaboration with financial institutions and technical structures for capacity building and developing business plans.

One of the priority action areas for Senegal's green economy is the SME sector. Could you highlight some of Senegal's key successes in this area, particularly for youth? In order to reach the next phase, what is needed in order to scale up these successes?

For the recycling of plastic waste, SMEs have demonstrated excellent results. We can highlight initiatives like ECOBAG, PROPLAST, and the Koudam unit in Kaolack in the weaving of fine plastics, and in the field of dismantling and recycling computer waste, we can cite CETIC. But there are also groups of women and young people who are working in fish farming, agroforestry and the preservation of resources. For the most part, these are emerging initiatives, but thanks to support and encouragement, they have seen their businesses grow. They mainly need structural and infrastructural support, like suitable production sites, tools, and land and to optimize their profit in the value chain.

What advice would you give a fellow Minister about promoting green youth entrepreneurship? What can other countries learn from Senegal's experience in transitioning to a green economy?

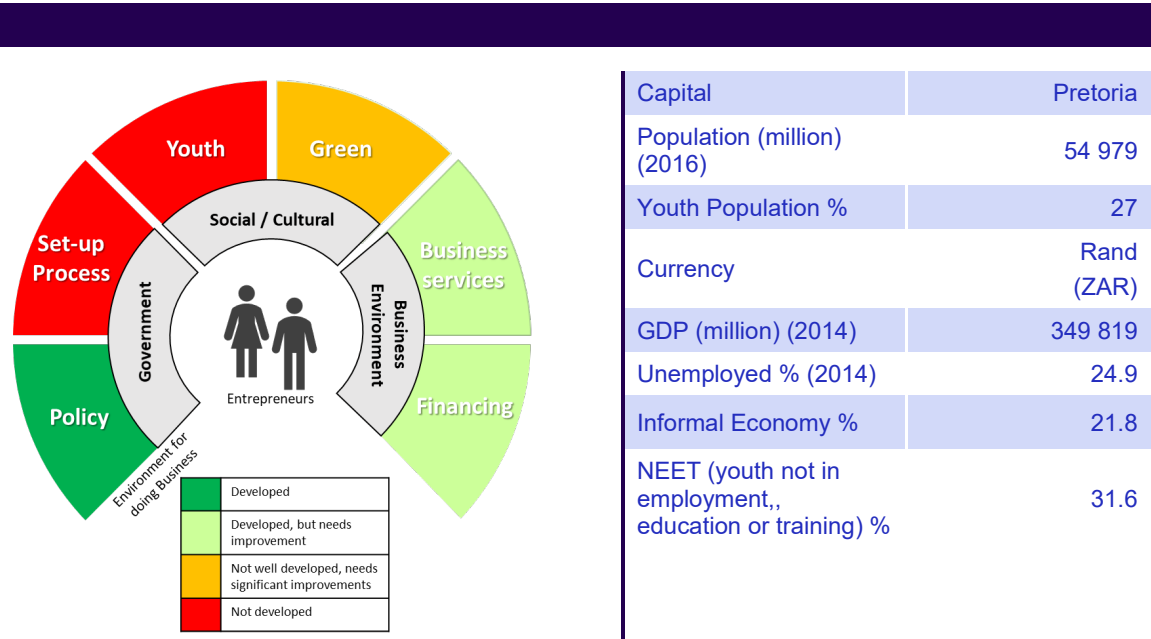
The advice would be to show by example. We need less theories and a lot more cases to show through successful initiatives how to replicate these achievements. Senegal's approach to the transition to a green economy needs to be copied. Our approach joins theory to action in terms of promoting green jobs and raising awareness - this coupling is very important.

ECOBAG: Promoting innovation and social inclusion in Senegal

ECOBAG is a young Senegalese start-up that promotes innovation in the field of environmental and sustainable development through waste management through the collection of waste from households and industry previously intended for the landfill or incineration in Dakar and its surroundings. The waste is then transformed after recycling into secondary quality raw materials intended for the plastics industry. It is an initiative with multiple impacts, including *environmental*, by reducing the ecological footprint; *social* through fighting unemployment through the creation of green jobs, the empowerment of women and improvement of living conditions; and *economic* by the contribution to the competitiveness of local companies.

The preservation of our environment for the benefit of present and future generations is at the heart of our concerns. Our contribution goes beyond the creation of green jobs. As a company, we plan to go to the end of the value chain by transforming the waste into recycled finished products. We also seek to raise public awareness and set up partnerships with public authorities and companies to promote social inclusion, thus making ECOBAG a showcase for a sustainable Senegal at the heart of the most innovative technologies. “At the end of my university studies in France, I decided to return to Senegal to participate in the economic and social development of the country. I embarked on this entrepreneurial initiative by pure citizen motivation, to face the problem of waste management and plastic pollution in my country.” Amy Mbengue, Founder, ECOBAG.

South Africa



Sources: UNDATA, UNFPA, ILOSTAT, and ILO, 2019

Context and Background

South Africa is considered an upper-middle-income country, has a modern infrastructure and is the largest economy of Africa. Despite this positive picture of economic development, unemployment and poverty remain a serious challenge, and inequality is among the highest in the world. The wealthiest South Africans enjoy some of the highest living standards in the world, but 40 per cent of the population is living below the poverty line (World Bank, 2018). In many parts of the country the delivery of basic services to low-income areas remains a challenge, as more than 1 million households lack access to water and over 3 million lack access to adequate sanitation and electricity.

“Social issues are more important; people are concerned with food and shelter – basic necessities – they can’t be concerned with the environment until these are sorted out”

South Africa’s unemployment rate is very high, at almost 25 per cent. Youth unemployment is the highest in the world, overall 53.4 per cent, 49.2 per cent for men and 58.8 per cent for women (ILOSTAT, 2019). Given this backdrop, development objectives include increasing job growth, particularly for youth, improving education, and increasing private sector development. South Africa’s abundant supply of natural resources and biodiversity present many opportunities in the green jobs sector. As a part of the PAGE initiative as well as the SWITCH Africa Green, South Africa’s transition to the green economy focuses on the mitigation of climate change and the transition to a resource efficient economy. UNEP (2015) reports that South Africa has been making substantial strides forward in terms of policy development, particularly for large enterprises; however, at the MSME scale, fewer incentives exist to encourage them to pick a green path.

Ecosystem Dimensions: Strengths and Constraints

South Africa’s ecosystem framework is well positioned, with both local and national programs to promote green jobs and entrepreneurship. National policies put focus on the green economy, promoting innovation for green technologies. South Africa’s Expanded Public Works Programme (EPWP), for example, received the Bronze award in the Decent and Sustainable Jobs for Youth Economic Empowerment category in the 2019 Future Policy Awards. BDS providers are also well established, and special hubs and networks that promote green enterprises exist. According to ANDE, there are over 150 incubators, accelerators, and various training programs that provide business skills development and networking services (non-financial) operating in South Africa (2018), many of which target youth, as well as green enterprises. Albeit, many of these services are less accessible to vulnerable youth. Although South Africa does not rank high on the ease of doing business, there is no shortage of new ventures and technical innovations. A strong university system and a qualified talent pool also contribute to the

growing potential of green youth entrepreneurship in the country.

“It is difficult to reach existing entrepreneurs; they need to be introduced to greening processes. There is no key roll out strategy to reach them.”

Funding and support are plentiful in South Africa, particularly if you are a young green entrepreneur with a good educational and professional background. Due to the wide array of financing available for social and eco-inclusive entrepreneurs, particularly free forms, a recent ANDE study, coupled with interviews for this study, reported that some social and eco-inclusive entrepreneurs often end up pursuing grant and prize money, instead of focusing on getting the business into a financially sustainable phase (Ibid). On the other hand, vulnerable youth, even those participating in skills development and training programs, rarely have access to finance and when they do, it is typically microfinance with unfavorable terms. As youth in South Africa generally tend to be risk averse, this reality keeps entrepreneurial activity low.

Another constraint relates to awareness of the viability of green business ideas and even adapting more environmentally sustainable processes. While some social enterprise incubators integrate green business concepts into their service offer, most training programs do not. One interviewee reported, “If you show youth an environmentally friendly process that saves money, they will incorporate it; if it costs money, they won’t use it.” Trainers reported youth often struggle to come up with innovative business ideas and prefer to copy something instead. They need exposure to new ideas and different types of businesses, particularly profitable green businesses.

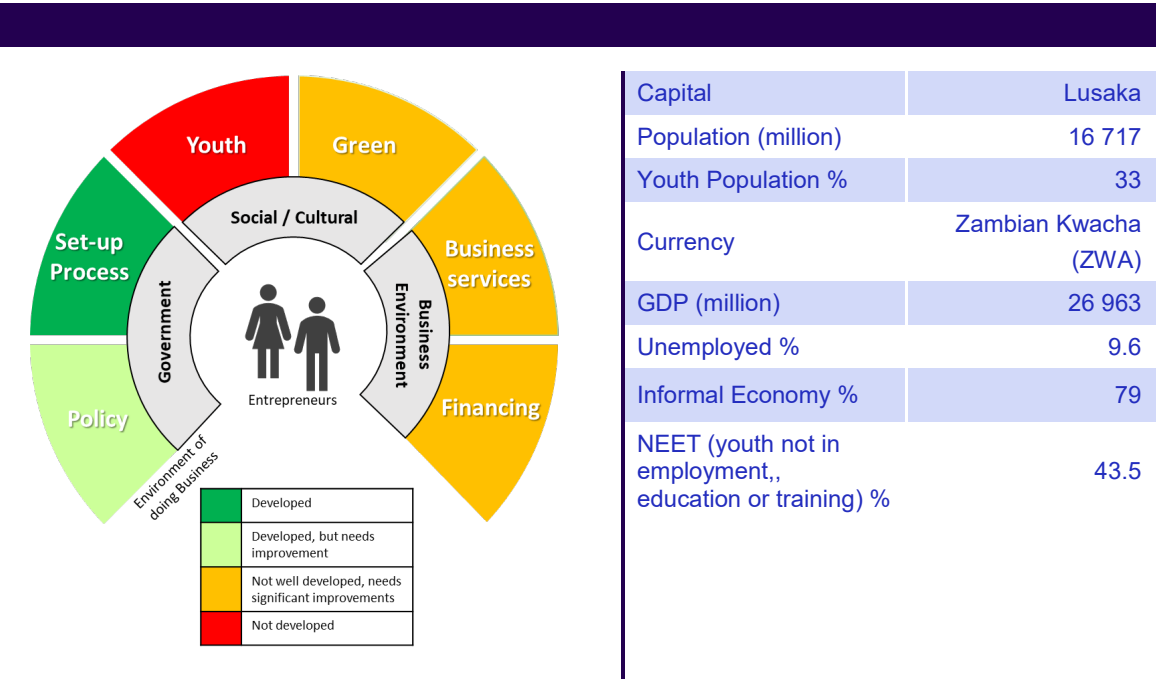
“Entrepreneurs I work with may never have the opportunity to access a website unless a trainer assists them, so grant money is not easy to access for them, only available to more elite and university graduates.”

Skills development and trainings programs tend to see more women than men. Like other countries in this report, this is likely due to the flexibility self-employment provides and the preference among men for a full-time job. Trainers indicated that participants often come as a secondary choice; if they did not find employment on the job market, then they turn to entrepreneurship.

Conclusions and Recommendations for Strengthening the Entrepreneurial Ecosystem

The strengths of South Africa’s entrepreneurial ecosystem are the array of green and social investors, the range of training programs targeting vulnerable and skilled youth and a policy framework that addresses youth, MSMEs and the environment. Given the number of organizations supporting social and eco-inclusive enterprises, mapping out the funding and training overlaps at the skilled level could help spread out the resources to underserved groups, avoid overfunding of enterprises and encourage enterprises to become financially sustainable. The weaknesses of the ecosystem are illustrated by the burdensome business registration process and the lack of youth interest in (green) entrepreneurship. There remains a need to provide financial incentives, such as subsidies or tax incentives, for youth entrepreneurs to pursue green enterprises, especially for less-skilled entrepreneurs. Programs that work with youth enrolled in educational institutions were not identified in this study. Given the identification of risk aversion among youth, interventions such as coupling business training with secondary and tertiary educational institutions could improve youth receptiveness to entrepreneurship, particularly if it is tethered to appropriate financing to help youth enterprises get off the ground. Since government service and provision contracts are considered desirable among entrepreneurs in general, dedicating a certain percent of government procurement budgets to youth green enterprises, like in Kenya, could boost the appeal of starting a green business.

Zambia



Sources: UNDATA, UNFPA, ILOSTAT, and ILO, 2019

Context and Background

Zambia was recently designated a middle-income country; however, the recent growth has only benefitted a small segment of the population. Zambia has one of the highest levels of inequality in the world and almost 60 per cent of the population live below the international poverty line, most in rural areas (World Bank, 2018). Aside from monetary poverty, poor service delivery in rural areas is a key challenge, particularly for water, sanitation, and health. The ILO estimates youth unemployment around 24 per cent overall, 23.6 per cent for men and 24.4 per cent for women (2017). However, lack of opportunities has resulted in high rates of youth and women working in the informal sector in precarious jobs. The Zambian government has taken initiatives with youth employment policies; however, the policies have fallen short of their objectives. The green economy is certainly integrated into several policies, and the international community has assisted and coordinated a number of initiatives such as the Pilot Program for Climate Resistance and Country Strategy, which explicitly references green growth.

Ecosystem Dimensions: Strengths and Constraints

Green has been at the top of the agenda for a number of business development programs. For example, at the local level the ILO has sponsored trainings to encourage green youth enterprises in the construction sector, and SEED has been encouraging eco-inclusive enterprises in Zambia through the SEED Policy Lab. The government has encouraged the creation of energy related enterprises through tax relief for solar products and the creation of the Green Building Council. These incentives have reduced the initial investment costs of solar related start-ups and were reported as accessible for micro and small enterprises. This provides further evidence that when tax incentives and subsidies for green enterprises are tailored for the micro and small entrepreneur, they are more likely to take advantage of the opportunity and establish a green enterprise. Interviews indicated youth are interested in the environment, but they do not have the skillset to innovate. Another obstacle identified was financing. The situation in Zambia seems even more serious. While other countries in this report affirmed the availability of micro-finance loans for youth, they also acknowledged they were not always appropriate. Interviewees indicated that MFIs operating in Zambia find youth entrepreneurs too risky and commercial banks are simply not an option for youth enterprises. Furthermore, short-term training rather than long-term BDS was considered insufficient to get a youth (green) enterprise launched and profitable.

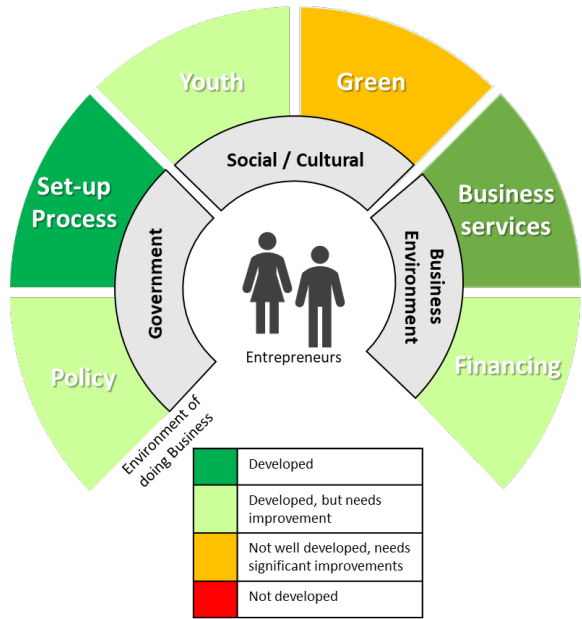
"It is one thing to deliver the theory, it is another to begin the journey – after training support is really key."

On the positive side, parallel to the development of the green energy and building sectors, social enterprise is also emerging in Zambia. The Social Enterprise Academy has an office in Lusaka as well as technology innovator Bongo Hive, founded in 2011. These organizations offer entrepreneurship training and incubation programs focusing on social issues as well as technological innovations. Although a small landscape, it is emerging. Given the growing global interest in green entrepreneurship, the seeds for a more developed ecosystem have been established.

Conclusions and Recommendations for Strengthening the Entrepreneurial Ecosystem

Zambia has a strong policy framework that prioritizes the environment, youth and MSMEs, and the implementation of green incentives has been successful in creating green micro and small enterprises. Zambia illustrates that a decentralized and simplified system to register a business, coupled with the green tax incentives, can positively incentivize entrepreneurs to launch and formalize green businesses. Like Senegal and Ecuador, a few social and eco-inclusive BDS are emerging in Zambia which can further contribute to strengthening the green entrepreneurial ecosystem. Youth receptiveness to entrepreneurship, customer openness to green products and services, limited access to financing, and long-term training remain some of the biggest barriers for starting a green enterprise. Youth, like in other countries, turn to entrepreneurship because of lack of formal employment opportunities. Programs like those offered at Bongo Hive and the Social Enterprise Academy can begin to address this gap. Collaborating with TVET institutions could probably have an even greater impact and make entrepreneurship a more attractive career choice. Developing longer-term training programs that are coupled with already existing finance to incentivize green start-ups could help encourage young women and men to start green businesses. Although Zambia lacks the number of BDS and range of services found in other African countries, like South Africa and Kenya, it demonstrates a lot of potential in an emerging ecosystem with a focus on youth and green.

Chile



Capital	Santiago
Population (million) (2018)	18 132
Youth Population %	23
Currency	Chilean Peso (CLP)
GDP (million)	258 062
Unemployed %	7.2
Informal Economy %	32.2
NEET (youth not in employment,, education or training) %	15.9

Sources: UNDATA, UNFPA, ILOSTAT, and ILO, 2019

Context and Background

Chile is one of Latin America’s fastest growing economies and is classified as a high-income country. It has one of the most open and market-oriented economies in the world. Poverty has been greatly reduced in the last decade with just under 7 per cent of the population living below the international poverty line. The majority of the population has access to improved water and sanitation facilities (UNDATA, 2019). Although monetary and non-monetary poverty have improved dramatically in comparison to other Latin American countries, more needs to be done to reduce inequality and work towards more inclusive development (PNUD, 2017). According to the OECD, it has one the highest levels of inequality among OECD countries (2019). Youth unemployment is 18.2 per cent, but when segregated by gender, a different picture emerges, with women at 20.2 per cent and men at 16. 7 per cent (ILOSTAT, 2018). Although the economic image of Chile is often reflected in a positive light, high levels of youth unemployment coupled with inequality and a weak environmental policy framework leaves a large space for the emergence of green, social, and eco-inclusive enterprises.

Ecosystem Dimensions

Chile is one of the most advanced countries in the world with regards to both the entrepreneurial ecosystem as well as the social enterprise ecosystem. Due to neoliberal reforms and the lack of a public economy, opportunity spaces for the emergence of private sector solutions to social problems were extensive. Often the state falls short, which is where civil society and private sector organizations seek to fill the gap. In Chile, the state seeks to promote sustainable solutions through supporting private sector initiatives, rather than direct delivery. Given this context, social enterprise has enjoyed the support of public, private, and civil society actors in Chile. A number of government policies are intended to promote private sector solutions to social problems. Although social enterprise is often referred to in government policy, at the moment there is no legal incorporation for a social enterprise. The Ministry of Economy is developing a law projected to create a new legal form, a Benefit Corporation in Chile (Chile, 2016). The closest is the certification B Corp, known in Chile as Sistema B, where 126 companies are certified B Corps. B Corps can promote the social entrepreneurship ecosystem, given the parameters of values needed to obtain and maintain the certification. It is again, geared towards larger companies, but when larger companies begin to incorporate decent work and small producers with fair conditions into the value chain, it is easier for micro and small enterprises to compete on a level playing field.

The Chilean Economic Development Agency, CORFO, implements programs like the Social Innovation Program and the Social Innovation Prototypes Fund and Flexible Assignment Social Subsidy. The Ministry of Social Development runs programs related to youth innovation and entrepreneurship. (see INJUV). Through these programs they have provided access to seed capital to social entrepreneurs and financial support to incubators supporting young social entrepreneurs. The government is prepared to take the risk to finance social start-ups at the incubation phase; however, there is limited capital to encourage growth and acceleration. Other organizations that are willing to take on risk are needed to fill the financing gap.

“Generally social entrepreneurs have good university background and education... they see social problems and want to solve them.”

Conclusions and Recommendations for Strengthening the Entrepreneurial Ecosystem

Given the advanced stage of the ecosystem in Chile, the challenges lie around formalizing the sector. The lack of a suitable and universal measurement tool that evaluates social and environmental impacts is a constraint that prevents start-ups from reaching the next stage of growth, as it is difficult for social investors to compare young start-ups and to understand which ones have the biggest impact. Second is to develop a legal framework that recognizes the diversity of companies working in the green, social, and eco-inclusive field. Given the thriving environment and the number and diversity of organizations supporting green and social enterprises, better coordination of actors and policies is needed in order to maximize resources, identify areas of need, and reduce duplication of services.

“Neoliberalism is not economic in Chile; it is a religion...all problems are born and solved in the economic realm.”

As illustrated by an almost green diagram above, Chile is a leader in the region and the world for social innovation, and the ecosystem for entrepreneurship is likely the most developed in Latin America. However, Chile's environmental policy lags behind other countries in Latin America. The conditions of the open market and lack of regulations that allow private enterprises to thrive are the same conditions that limit state interventions in environmental and youth policy. Although Chile has both a youth and environmental policy, these policies are oriented towards compliance with international markets rather than being a leader in sustainable development. Youth are interested in green and social enterprises and motivated with regards to promoting issues around environmental sustainability and green economic growth, but the government's role in this area is limited. For example, the Ministry of Environment was only created in 2010 out of the National Commission for Environmental Issues. Given this recent advancement, the Chilean state now has the political framework to play a more active role in formulating environmental policy and transitioning to a green economy. Unlike other countries in this study, youth do see entrepreneurship as an attractive and viable alternative to employment; interviewees reported that being a social entrepreneur is considered “cool” and implies success. Similar to other countries in this report, social and eco-inclusive enterprises are often led by young people, but those from an elite background. Chile's internationally recognized success in the social innovation sector is contrasted with a limited framework for the transition to the green economy. Progress towards environmental issues could make Chile one of the most advanced ecosystems for green youth entrepreneurship worldwide. Recent initiatives like Start-up Chile's Huella program (see case box), is certainly a step in the right direction.

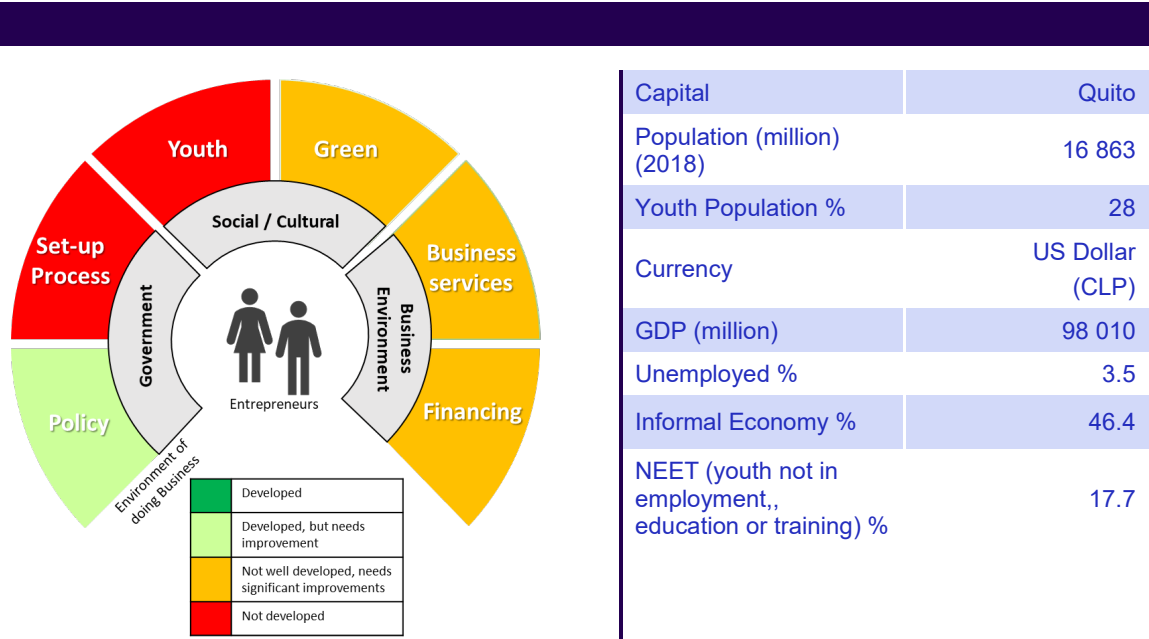
Chile's unique history makes some of the successes difficult to replicate in other countries. For example, it would be difficult to recommend to other countries the strategy of reducing or eliminating state-run social programs to allow social enterprises to flourish. However, the public sector support the Chilean government has demonstrated through financing and incubation, could assist other countries in expanding social entrepreneurship parallel to state programs.

Highlighting the environment in social enterprises: Start-up Chile: Program Huella

Start-up Chile's Huella accelerator is a 6-month program targeting impact-driven start-ups which are seeking a social and/or environmental bottom line. Start-Up Chile from CORFO supports businesses that not only produce economic impact, but also have a positive benefit for the community and environment through new products, services or processes that are sustainable, replicable and scalable. Through funding, networking, training, and integration into the ecosystem, Huella fills a gap in the accelerator market - to give social and green enterprises a better chance at sustaining and growing their business.

Website: <http://www.startupchile.org/programs/huella/>

Ecuador



Sources: UNDATA, UNFPA, ILOSTAT, and ILO, 2019

Context and Background

Ecuador ranks among countries with a medium level of human development. Of the 17 million Ecuadorians, the world bank estimates that about 23 per cent live below the poverty line, a dramatic decrease from 35 per cent in 2007 (World Bank, 2018). Ecuador is a country with high poverty and income inequality, which mostly affect indigenous, mixed race, and rural populations. Poverty and inequality are linked to geography, ethno-cultural background and gender, exemplified by women’s low participation in the labour force. Youth unemployment contrasts to Ecuador’s low unemployment rate at 8 per cent and for women 10.6 per cent and men 6.4 per cent. Compared to other countries in this report, those numbers are relatively low. However, youth underemployment is estimated at over 50 per cent (INEC, 2010). The persistence of poverty and inequality has encouraged increased emigration flows, and remittances contribute the second largest part of the GDP (World Bank, 2018). The economy is traditionally dependent on primary products such as cocoa beans, bananas, and petroleum. Ecuador is a country rich in natural resources and biological diversity, with the Galapagos Islands and the Amazon lowlands contrasted with the Andean highlands and pacific coast. Protecting these resources is both a national and global priority. Given the diversity of the country, opportunities for green jobs exist in several sectors such as tourism, sustainable agriculture, and aquaculture, and development of sustainable and renewable energy. Access to employment as well as decent work are high priorities. The jobs youth often occupy are low skill, temporary, and precarious. Ecuador has a national youth policy which focuses on education, work, health, housing, culture, and participation as well as a youth unemployment policy aimed at improving access to jobs and reducing unemployment among youth.

Ecosystem Dimensions: Strengths and Constraints

The entrepreneurship ecosystem in Ecuador is in the early stages of development, and even more nascent are ideas around green and social entrepreneurship. Although entrepreneurship is not unheard of, it is also not well established for several reasons. It takes almost 50 days to establish an enterprise in Ecuador, government support is limited, and it is one of the lowest ranked countries in Latin America for the ease of doing business. Unlike in other countries like Kenya and Bangladesh, where these figures do not fully match local perceptions around entrepreneurship, in Ecuador they do. Overall, the Ecuadorian state is not considered a positive influence on the entrepreneurial ecosystem, though interviewees expressed hope that the situation is positively changing. However, compared to 10 years ago, momentum has been picking up in various forms. Some contributors include the emergence of incubators, accelerators and business hubs like ImpaQto and Global Shapers Hub Quito. Training programs through ConQuito and the Camera de Comercio have also appeared on the scene. These emerging actors play an active role in consolidating and fostering the entrepreneurship scene in Ecuador. Although a support system has emerged, the process of incubating and growing businesses

is still in a nascent phase. At the same time, in February 2019, the project of the Law of Entrepreneurship and Innovation (Ley de Emprendimiento e Innovación) kicked off in Guayaquil. As indicated in the interviews, this potential law illustrates the governments' interest in improving the business environment for entrepreneurs. Apart from the overall business environment, interviews revealed financing remains the biggest challenge for entrepreneurs in Ecuador along with lack of interest and talent regarding entrepreneurship.

Conclusions and Recommendations for Strengthening the Entrepreneurial Ecosystem

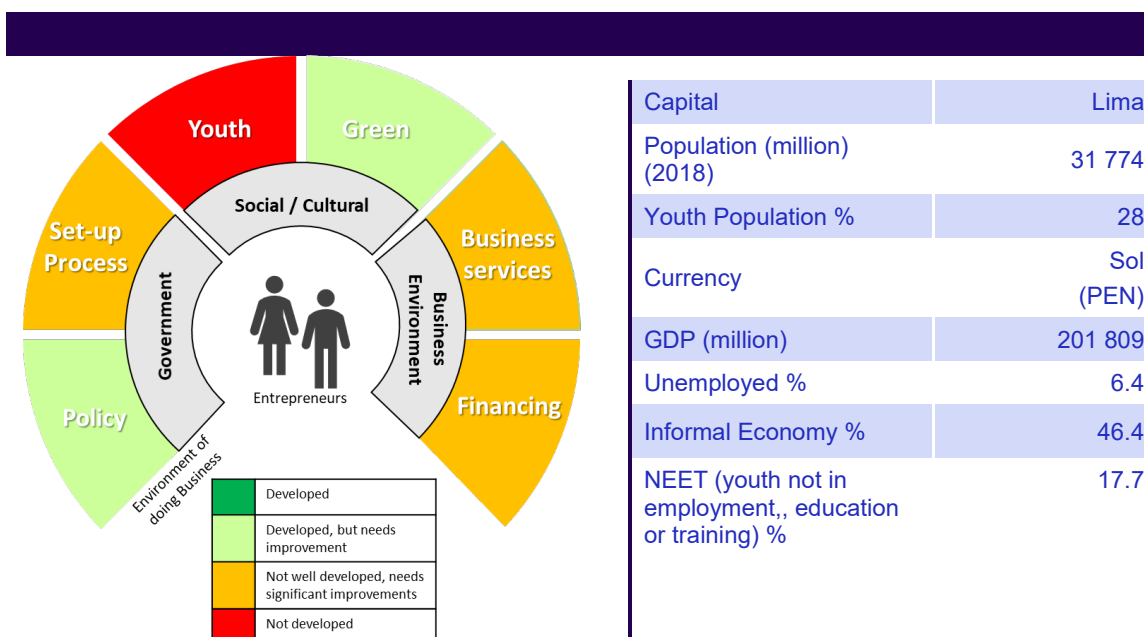
Although Ecuador's ecosystem analysis only has one developed component, policy, as mentioned above, the ecosystem building blocks are beginning to come together, and if this momentum is maintained, the diagram could look very different in a few years. Ecuador has a good policy framework in place that focuses on youth, MSMEs and the environment. Recent government interest in establishing a more supportive entrepreneurship ecosystem is witnessed by the discussions surrounding the Law of Entrepreneurship and Innovation. Including youth and environmental components as a complement to this potential law could further support youth green entrepreneurs in Ecuador. At the other end of the spectrum is the burdensome business registration process and lack of youth interest in entrepreneurship. Ecuador could benefit from simplifying business registration and tax procedures. Expanding access to training and linking to secondary and tertiary institutions would be a good strategy for Ecuador. ImpaQto, an incubator in Quito, has opened hubs near local universities, as well as trendy neighborhoods in order to tap into local talent and promote social entrepreneurship as a viable career choice. Such organizations are at the forefront of fostering the ecosystem and scaling up their contact with educational institutions could have an impact on how youth view entrepreneurship. Like other countries in this report, financing remains a significant barrier for both early stage enterprises as well as those looking to grow. Organizations willing to fund risky ventures in the green youth enterprise sector are needed to foster the emergence of youth green enterprises. Similar to Senegal and Zambia, Ecuador has a number of interesting developments which is certainly setting the scene for a dynamic entrepreneurial ecosystem. Green enterprises founded by young entrepreneurs, like LeafPacks (see case box), demonstrate that enterprises with a triple bottom line are emerging in Ecuador.

LeafPacks – Reducing plastics and improving working conditions of rural communities

LeafPacks produces 100 per cent biodegradable plates made from natural fibers collected under fair trade criteria and are made through an innovative production process. LeafPacks seeks to relieve the planet from the consumption of plastics in the food industry through a hygienic and attractive alternative to disposable plastics. Sol Jaramillo Ruiz founded LeafPacks due to a new consumer sensitivity towards single use plastics, and her company takes an active role in changing habits of mass consumption. LeafPacks seeks a triple bottom line, running a business that is financially sustainable, and fully incorporates social and environmental responsibility. LeafPacks are made in Ecuador by rural artisans from the coast and highland regions under the criteria of the circular economy and fair trade. *“LeafPacks is the realization of a dream and the result of a long journey. It is my contribution to alleviate the terrible environmental situation that we have generated with the consumption of plastic, through a natural, safe and attractive alternative.”* Sol Jaramillo Ruiz, General Manager and founder, LeafPacks.

Website: <http://leafpacks.com>

Peru



Sources: UNDATA, UNFPA, ILOSTAT, and ILO, 2019

Context and Background

After a decade of strong growth, Peru has experienced a slight downturn in the last years with both unemployment and poverty rates rising slightly. According to INEI, just over 20 per cent of the populations lives in poverty; however, the rural-urban picture is distinct with poverty rates in rural areas affecting 44 per cent of the population and in urban areas just 15 per cent (2018). Unemployment rates have also been on the rise and youth unemployment is 14.7 per cent with only slight difference for men, 14.3 per cent, and women, 15.1 per cent. Non-monetary poverty paints a similar picture; urban inhabitants have relatively good access to water and sanitation, 91 per cent and 60 per cent respectively. For those living in rural areas coverage drops to 85 per cent and 53 per cent. Peru's economy depends on agriculture, mining and fisheries. Energy is primarily hydroelectric (57 per cent), but other non-renewable energy sources only make up 3 per cent, representing an enormous potential in these markets (GEC, 2018). Peru is also a part of the PAGE Programme and has worked to create a road map to coordinate climate change and green economy efforts. Further cementing Peru's environmental leadership in Latin America is the introduction of a law to reduce and ban single use plastics in 2018, as well as an awareness campaign aimed at the public and business community (MINAM).

Ecosystem Dimensions: Strengths and Constraints

Peru's social and environmental entrepreneurial ecosystem is developing. A variety of actors are supporting and pushing the development of social entrepreneurship from hubs and accelerators to social finance. Like other countries, in Peru, there is no legal status for green or social enterprises. Similar to other Latin American countries, the B Corps (Sistema B) is setting the standard for a benefit corporation. Although many enterprises do not complete the process and get certified, many do the evaluation or learn about the criteria in an incubation or acceleration program. Interviews suggested there is a lack of capital for companies to grow. Although green, social, and eco-inclusive entrepreneurship is not well known in Peru, interviews indicated the existence of a more environmentally mindful public and cited that marketing green products and services is easier than marketing fair trade type products and services. This may be due to Peru's recent public awareness campaigns around the environment.

"Green is better than the social – better communicated, it is more visible – social impact is harder to communicate, not as easily visible."

Interviews indicated that youth do not see entrepreneurship as an attractive career choice. However, a number of universities have established start-up incubators and accelerators (Kunan, 2019); this

illustrates the potential to change young people's attitudes over time and spark interest in entrepreneurship among students. Although environmental awareness seems to be on the rise in Peru, social and eco-inclusive entrepreneurship lacks the "cool" factor that it has in places like Chile. According to Kunan, social enterprises and corporations' function in two different and separate worlds. However, the potential for overlap in these two sectors is considerable, particularly incorporating social enterprises into the value chain, to help make products more sustainable and improve working conditions for producers and employees (Kunan, 2019), and therefore create green jobs.

Conclusions and Recommendations for Strengthening the Entrepreneurial Ecosystem

On the positive side, environmental policy coupled with youth and MSME policies create a solid framework for a potentially dynamic ecosystem. However, the social enterprise landscape is small in Peru, there are not sufficient enterprises yet focusing on green and/or social, and most don't reach the phase where the entrepreneur is fully dedicated to the enterprise. The ecosystem in Peru has a number of dynamic organizations such as Kunan, NeSst and Global Shapers Hub and a small but active group of social investors. Regardless of these developments, suitable financial products that target growth and acknowledge the good social and environmental practices of green enterprises and allow entrepreneurs to fully dedicate themselves to the business are still needed.

"There are a lot of young people who are social entrepreneurs in Peru, but they just don't know it. There are a lot of young people who want to be social entrepreneurs, but don't know how."

In line with other countries, youth aspire to find formal employment; entrepreneurship is a secondary choice and social entrepreneurship does not imply success in society. However, the existence of incubators and accelerators linked to universities could change attitudes and behavior. Extending the services of these university incubators and accelerators to TVET institutions could help reach a wider audience of youth. Although they do not necessarily focus on the green and/or social issues, incorporating these components into the incubation and acceleration programs, coupled with financial incentives for green and social, could help develop the ecosystem for young green entrepreneurs. The common theme among all ten countries is also present in Peru where financing is cited as a major obstacle to both enterprise creation and growth; organizations that are willing to fund riskier ventures with innovative financial products are certainly needed in Peru.



6. Conclusions and Recommendation: Promoting Green Youth Entrepreneurship

This report set out to shed light on the challenge's youth entrepreneurs face in the green economy and the key components and inter-linkages of the entrepreneurial ecosystem that allow young green entrepreneurs to succeed. The results yielded common threads with regards to how youth view entrepreneurship, their prospects and aspirations, as well as how public, private, and civil society organizations promote them through the provision of different services and the implementation of policies. Based on these findings, recommendations have been elaborated to help government, social partners, private, and civil society organizations promote green youth enterprises that will help lift youth out of poverty and reduce inequality, while respecting the environment and the decent working conditions. Although most policies and recommendations that will have large-scale impact will likely require the initiative and leadership of the public sector and bi and multi-lateral organizations, stakeholders such as researchers, investors, and civil society organizations can help support these agendas, as well as work on smaller scales. Recommendations have also been consolidated in Table 3 at the end of this chapter.

Develop and enhance educational policy and programming that promotes entrepreneurship and financial literacy through national and local curriculum for primary, secondary and tertiary institutions. Programs like Junior Achievement (see case box) have demonstrated that teaching business skills early and providing an environment where youth can experiment with entrepreneurship through trial and error, without the fear of the impacts of failure, can influence how young people see entrepreneurship. Similar positive experiences are possible through the ILO KAB and SIYB programmes. Expanding programs that link business education with primary, secondary, and tertiary institutions is key for youth to acquire the skill set necessary to prepare them for the future and in the long-term can contribute to changing attitudes and behaviour around entrepreneurship.

Develop preferential procurement policies that target and incentivize youth enterprises. In countries where public contracts are considered the lifeline of MSMEs, government procurement strategies that focus on youth and women led enterprises could certainly help young women and men see entrepreneurship as a viable option. Moreover, innovative policies that promote youth enterprises through procurement efforts can ensure longer-term financial stability of the enterprise, as well as can also have a double impact of encouraging enterprise to enter the formal sector.

Rethink policies regarding decent work to reflect the changing face of work and ensure that self-employment and entrepreneurship provide a fair income as well as dignity, safety, and human rights. Decent work remains a challenge in all countries. With more than half the global population estimated to be working in the informal economy, and the changing face of work to the gig economy, the temporary and precarious nature of work can sometimes seem to be increasing rather than decreasing. Therefore, it is critical to consider the quality of work in the development of economic policies and strategies. Encouraging and incentivizing formal work contracts is a positive step, but just as important are safety and security protections, liveable wages, job security and political space for entrepreneurs and workers. Developing policies that promote these decent work conditions, as well as a system to adequately monitor them, is an essential step in ensuring that workers in all types of employment situations have the same rights.

Decentralize and simplify business registration procedures so that all type of entrepreneurs can formalize as well as access services and benefits of the formal economy. The country cases in this study varied considerably with regards to the ease of setting up a business and openness to private sector development. If entrepreneurs perceive the registration and tax procedures as complex and costly, they simply may not register. For countries where the procedures are not decentralized, time, and money may also inhibit entrepreneurs from formalizing their business. Simplifying and decentralizing business registration and tax procedures can encourage entrepreneurs to be a part of the formal economy and the benefits for both entrepreneurs and employees of operating formally are numerous.⁹

Incentivize green processes, products and technologies through tax incentives, subsidies and improving and facilitating access to ideas and proof of concept testing. Green subsidies, such as those for microgrids or solar energy, were cited as particularly effective in encouraging micro and small entrepreneurs to start green enterprises. Although some policies target micro and small enterprises with incentives, most green subsidies reportedly target medium and large enterprises. Including micro and small enterprises in green incentive policies is a critical step towards greening the micro and small enterprise sector. Expanding the focus areas of subsidies, for example to waste and tourism, could further increase the number of green enterprises; ensuring their accessibility to young micro and small entrepreneurs is essential.

Green products or services, such as organic produce, green construction, and renewable energy, often cost more or require a higher upfront investment on the part of the consumer and/or producer. Proof of concept testing for green innovations, products, and services remains costly. Policies that reduce the cost of proof of concept testing and tax incentives and subsidies that off-set the higher set-up costs of a green enterprise can help youth overcome market access constraints. Youth exposure to new ideas and innovative products and services can also support them to find a market niche.

Promote media and awareness campaigns for green solutions to create awareness of the benefits of green enterprises as well as potential markets for products. Consumer awareness was reported as a key barrier for young entrepreneurs starting a green business, as they lack confidence that demand exists for a green product or service. Interviewees reported that local campaigns for green products and services can have a noticeable impact on consumer awareness and willingness to purchase a green product or service. Therefore, when entrepreneurs perceive consumers as interested and willing to pay for green products and services, then profitable enterprises will surely follow.

Identify market demand of green products and services and map potential green businesses to reduce duplication and identify new and innovative opportunities. Participants of training workshops often struggle to identify new opportunities. They frequently seek the safe route of a business plan that duplicates an already existing enterprise, often leading to suboptimal results. In order to help young entrepreneurs be successful, particularly in rural areas, understanding what the needs of the community are or other potential markets, as well as helping them identify green business ideas, should be an essential component of training workshops. Therefore, before beginning BDS in communities, a mapping of potential green business should be conducted, particularly in rural areas where the skills for market scoping are limited.

Develop access to affordable and appropriate finance that is appropriate and accessible to different enterprise segments; products need to be adapted for youth, women, and the BoP; products should encourage diversified financing structures to ensure long-term financial sustainability of the enterprise. Promoting youth green entrepreneurship in the long run will require abandoning the current model of financing micro and small enterprises through high interest micro-finance loans. Youth green enterprises need to be financially sustainable in the long-term. Green, social and eco-inclusive enterprises which place the environment and social components alongside or above the profit objective sometimes have difficulty transforming into a financially sustainable enterprise. Assisting green, social and eco-inclusive enterprises to diversify and achieve long-term sustainability with a triple bottom line can not only create jobs, but also alleviate poverty through incorporating the BoP into the value chain, as customers, suppliers, and/or distributors. A key role that social investors can play is to support high risk and early stage ventures that conventional financing does not. Through supporting these green ventures early on and through the growth phase, green enterprises with good social and environmental practices have the potential to create sustainable solutions for youth in the green economy. At the same time, early and growth stage investments need to ensure that the enterprise will eventually attain financial independence, without losing sight of their social and environmental mission. Achieving the

⁹ According to WIEGO, some of the benefits of formalization can include: access to finance and market information, access to public infrastructure and services, enforceable commercial contracts, limited liability, clear bankruptcy and default rules, access to government subsidies and incentives, including procurement bids and export promotion packages, membership in formal business associations, and access to a formal system of social security (n.d.).

goals of a socially and environmentally sustainable enterprise is not a small feat; social finance is aimed at covering the gap between traditional finance for for-profit organizations that consider the social, environmental and profit objectives of a firm. Although there are a variety of financial products for social entrepreneurs (see Hanley et. al, 2015 p. and Emerson et. al, 2007), and an increasing interest in developing suitable financial products, currently available risk-taking capital that suits the needs of green enterprises is limited. According to Emerson, et. al, the critical characteristics of social finance should have the following components: (1) linked to success, repayment that is dependent upon identified outcomes or revenues, (2) minimized debt service – limited principal payback and/or capitalizing interest, (3) long-term conditions that can be renegotiated or linked to outcomes and/or goals (4) flexible, to allow prepayment or request alterations to payment schedule and (5) an exit strategy that allows social investors and social and eco-inclusive enterprise to end their relationship (p. 19). For organizations seeking to support green enterprises, bridging the financing gap with financial products that demonstrate a shared understanding of the costs of implementing social and environmental practices, address the financing gap at both the start-up and growth phase, and are tied to an exit strategy that leave enterprises prepared for long-term financial sustainability, is needed in order to encourage more enterprises to choose a green path.

Establish long-term business development services that provide coaching, mentoring, training, and networking throughout the different business development phases and are linked to appropriate financial products. One-time training has proven insufficient to support entrepreneurs past the start-up stage with limited long-term success; high interest loans with immediate payback terms simply do not allow a micro or small enterprise to get off the ground. Training programs that follow up with young entrepreneurs throughout the various phases of the business cycle (figure 4) and are linked to appropriate financing are much more likely to yield successful, youth-run enterprises. Social and eco-inclusive enterprise BDS rarely target less-skilled youth. MSME BDS sometimes focus on less-skilled youth. Linking MSME programs to social and eco-inclusive enterprise programs can have a multifold effect of expanding BDS access to a wider audience of youth with a variety of educational backgrounds, creating networking opportunities among all types of entrepreneurs and encouraging partnerships and business contracts between firms. In addition, it is important to establish long-term business development services as opposed to short-term training in order to provide the necessary support to all types of entrepreneurs such as coaching, mentoring, training, and networking throughout the different business development phases and linked to appropriate financial products. Lastly, when BDS is tied to incentives to start a green business, such as a subsidy or tax incentive, or financial products to start the business, the opportunity for expanding the number of green enterprises can increase significantly.

Young, rural women were identified as an especially vulnerable population with regard to both employment, poverty and access to BDS. However, some experts also reported that young men are falling behind. Vulnerable youth and rural populations are the most difficult to target. Their access to education, services, and finance is limited, not to mention market access for products and services, if they ever reach the stage of running a business. Sometimes the most difficult populations are left out of development programs because project evaluations results are likely to be subpar. Finding ways to reach these groups in meaningful ways cannot be left off the agenda and should not be left off the agenda. Coordinated efforts are required to ensure that all young women and men have decent employment and/or entrepreneurial opportunities and that poverty alleviation and improved services is universal. Extending BDS to rural areas is a critical component in the effort to assist young women and men to achieve employment through business creation. Given that in rural areas job opportunities are often more limited, it is ever more pressing to address this training and mentoring gap.

Establish partnerships and linkages between MNCs, social enterprises, and MSMEs that promote employment, incorporate the BoP into the value chain, and encourage decent work and environmental sustainability. Developed economies must also take the necessary steps to promote growth and create markets for fair and environmentally sensitive products. Leaving the solutions to the small number of environmentally and socially conscious consumers will not solve these urgent problems. Achieving the goals of decent work and environmental sustainability cannot fall solely on the shoulders of MSMEs; large companies must also seek to attain some goals of the benefit corporation. MNCs through corporate social responsibility (CSR) initiatives and observance of B Corps values could incorporate MSMEs and social enterprises into the value chain at much higher rates.

Develop impact measurement tools that consider social, environmental and financial sustainability and allow for comparability need to be simple and accessible. Developing criteria and impact measurement tools that are simple and accessible requires the attention of the public, private, and third sectors organizations seeking to promote green entrepreneurship as a solution to poverty and unemployment. With effective impact measurement, a legal framework that defines and preserves the balance between profit, social, and environmental impact is possible and the logical next step to establishing an entrepreneurial ecosystem that reflects the concepts of decent work and a sustainable economy.

Establish a legal framework for green, social, and eco-inclusive enterprises in order to define and preserve the balance between profit, social, and environmental impact. Without a universal understanding of what constitutes a green, social, or eco-inclusive enterprise, the ecosystem cannot reach its full potential.

Through supporting the building blocks of an entrepreneurial ecosystem and the transition to a green economy, the combined forces of the public, private, and civil society sectors have the potential to create, innovate, and replicate products and services that are sensitive to the environment and respect the labour of those that produce and deliver them; targeting youth as green entrepreneurs can have the added impact of resolving high unemployment levels and improving the ecological footprint of economic growth. Though approaches that can be implemented with minimal financial resources and time are limited, tweaking already existing programs and policies could result in quick and inexpensive strategies.

In the short-term, improving and expanding already existing subsidies and tax incentives to target small and micro entrepreneurs and lower the collateral necessary to obtain them so that youth also have access, could impact a significant number of new and already existing businesses. Expanding the services provided by existing training and incubation programs that introduce youth to green technology, products and services, to also teach green business strategies, would better prepare youth as entrepreneurs.

In the medium-term, working towards comprehensive, longer-term BDS programs that also target more vulnerable youth, and developing new financial products that improve access, affordability, and consider the social and environmental goals of green enterprises, are key elements of an advanced ecosystem. Expanding these programs and innovating them to reach rural and vulnerable youth is necessary to ensure inclusive development and promote entrepreneurship outside of urban areas, where job opportunities are often more limited. Improving the coordination of policy frameworks, better utilize resources as well as developing smoother linkages between programs that target youth, the environment, and MSMEs could help increase the success of youth enterprises.

Finally, in the long-term, promoting behavioural and cultural attitudes towards entrepreneurship, green products and services, and environmental initiatives can be done through education, media, and awareness campaigns. However, such change takes time and investment.

Based on the findings of this research, a set of recommendations to strengthen the green youth entrepreneurship ecosystem were developed, specifically with regards to education policy and programming, procurement policies, policies on decent work promotion, business registration, green processes and technology, media and awareness, market demand, finance, business development services, partnerships and market linkages, and legal frameworks (see below in Table 3). Case studies were provided to illustrate how each ecosystem is unique, and the constraints faced by young green entrepreneurs are contextual depending on the specific characteristics of the market or country. What is clear is that there is no one-size-fits-all solution, and that promoting the long-term development of youth-driven green enterprises will require improvements to multiple components of the entrepreneurial ecosystem. Therefore, the recommendations provided are meant to serve as general guidelines and a starting point for policy-makers, the private sector, and other stakeholders interested in promoting change in the area of greens jobs for youth and youth entrepreneurship.

Table 3. Recommendations

Recommendations Overview for Promoting Green Youth Entrepreneurship	Policy makers / Public Sector	Bi and Multilateral Developm. Organizations	Social Investors	Philanthropy / Foundations	Umbrella organizations	Reseeearchers
Develop educational policy and programming That promotes entrepreneurship and financial literacy through national and local curriculum for primary, secondary, and tertiary schools	✓	✓				✓
Develop preferential procurement policies That target and incentivize youth enterprises	✓					
Rethink policies regarding decent work To reflect the changing face of work and ensure that self-employment and entrepreneurship provide a fair income as well as dignity, safety, and human rights	✓	✓				✓
Decentralize and simplify business registration procedures So that all type of entrepreneurs can formalize as well as access services and benefits of the formal economy	✓					
Incentivize green processes and technologies Through tax incentives, subsidies, and facilitating access to idea and concept testing	✓	✓				✓
Promote media and awareness campaigns for green solutions To create awareness of the benefits of green enterprises as well as potential markets for products	✓			✓		
Identify market demand of green products and services And map potential green businesses to reduce duplication and identify new and innovative opportunities	✓	✓		✓	✓	
Develop access to affordable and appropriate finance That is appropriate and accessible to different enterprise segments; products need to be adapted for youth, women, and the BoP; products should encourage diversified financing structures to ensure long-term	✓	✓	✓	✓	✓	✓
Establish long-term business development services That provide coaching, mentoring, training, and networking throughout the different business development phases and are linked to appropriate financial products	✓	✓	✓	✓	✓	
Establish partnerships and linkages Between MNCs, social enterprises, and MSMEs that promotes employment, incorporates the BoP into the value chain, and encourages decent work and environmental sustainability	✓	✓	✓	✓	✓	
Develop impact measurements tools That consider social, environmental and financial sustainability and allow for comparability and are simple and accessible	✓		✓		✓	✓
Establish legal framework For green, social, and eco-inclusive enterprises to define and preserve the balance between profit, social, and environmental impact	✓		✓		✓	✓



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