



Government of Pakistan
Ministry of Youth Affairs



Islamabad Chamber of
Commerce & Industry

Building the Leadership Capacity of Youth through Civic Involvement



Entrepreneurship Development and the National Youth Policy of Pakistan

youth

**June 3, 2008
Holiday Inn
Islamabad, Pakistan**

CIPE Pakistan
Suite 214-5, Glass Tower 2, FT 3, Adjacent to PSO House,
Main Clifton Road, Karachi-75530, Pakistan
ph: (9221) 565 6993-4 · fax: (9221) 565 6995
web: www.cipepk.org · email: cipepk@cipe.org

**Center for International Private Enterprise
(Headquarters)**
1155 Fifteenth Street NW · Suite 700
Washington, DC 20005 USA
ph: (202) 721-9200 · fax: (202) 721-9250
web: www.cipe.org · email: cipe@cipe.org

Center for International Private Enterprise © Copyright 2008

Organized by the Islamabad Chamber of Commerce and Industry and
the Centre for International Private Enterprise with the support of the Ministry of Youth Affairs, Government of Pakistan

Concept Paper

Developing the Entrepreneurial Capacity of Youth

Introduction

Entrepreneurship offers an essential avenue for young people to support themselves and their families, grow businesses to provide employment to others, and play a part in strengthening their country's economy. Small-and medium-sized enterprises have been the backbone of the recent economic growth in many countries around the world. Experience has shown that nations that support their entrepreneurs have grown and prospered over the past several decades, while nations that have placed barriers to the growth of small enterprises have done poorly.

The participation of young people is often overlooked in the economic sphere as well as the policymaking process. While youth are frequently the target of educational and employment-related reforms, they do not often play a role in shaping those reforms. However, their input is essential because it strengthens and improves policies that affect their lives. Young people in Pakistan are very familiar with the problems that they face in starting and running a business and have practical ideas on how to address those problems.

To incorporate the ideas of young people in Pakistan's National Youth Policy, the Youth Conference on Entrepreneurship Development, organized by the Center for International Private Enterprise (CIPE) and the Islamabad Chamber of Commerce and Industry (ICCI) on June 3, 2008, brings together students and entrepreneurs from all over Pakistan to discuss entrepreneurship and youth policy implementation with the Federal Secretary for Youth Affairs, Mr. Ishfaq Mehmood.

Young Businessmen Forum and Youth Conference

In 2008, ICCI established a Young Businessmen Forum with assistance from CIPE. Forum participants have gathered twice to discuss youth entrepreneurship development issues and challenges, as well as Pakistan's National Youth Policy. The Youth Conference on Entrepreneurship Development was organized in response to the participants' interest in discussing the Youth Policy and its implementation on a broader level.

Promoting and Nourishing Entrepreneurship among Young People

To increase entrepreneurship, young people need to develop the right set of skills also in conjunction with the development of an environment where it is easy to start and operate a business. While having the knowledge and the right skills is very important to running a successful business, it is equally crucial to pay attention to the quality of the business environment.

Education: Math, economics, reading, and English language, as well as developed critical thinking skills, are used in business every day. Without a quality basic education, young people will not have the essential skill set that is required to develop and run a successful business.

Business skills: In addition to a general education, aspiring entrepreneurs needs business skills training. Most young people have never written a business plan, prepared a budget, or requested a loan. Knowing how to do these, among other standard business operations, is vital for long-term business success.

Mentoring: For many young people, starting a business is a risky undertaking, and they do not always know how to manage their funds or take their ideas to the next level. The support and guidance of a successful businessperson can give aspiring entrepreneurs the confidence to turn their ideas into businesses because they know that they have a knowledgeable resource to turn to if they come across any obstacles. Additionally, internships during high school or university can give students a good deal of exposure to the business world and help them acquire the skills that they will need when opening and running a business.

Access to finance: To start a business, young people need seed money. However, they are considered high risk borrowers (with little access to collateral) and are thus denied loans by financial institutions. Microfinance programs can help to a certain degree, but to build a business that will grow beyond a subsistence-level endeavor, youth need access to larger, low interest loans. There are a number of ways to approach this issue:

- Bank-run programs that offer low-interest loans to youth who develop viable business plans.

- Government funds that offer seed money to entrepreneurs. These programs can provide both financial and technical assistance to aspiring businesspeople. It is essential, however, that the seed capital be sufficient to start a sustainable business.
- Venture capital funds. These funds are often good sources of start up capital for young entrepreneurs who have inspiring and practical business ideas.

Entry into the formal sector: If the steps to registering a new enterprise are not clear or take an excessive amount of time, or if entrepreneurs frequently encounter requests for bribes from agencies that regulate businesses, their ventures are likely to stay in the informal sector or fail. Additionally, there must be enabling legal mechanisms to enforce contracts, protect property rights, and provide a clear set of regulations for working with employees, suppliers, financiers and other stakeholders.

Current Challenges in Pakistan

The Young Businessmen Forum has identified a number of challenges that should be addressed in the section of the National Youth Policy on entrepreneurship development, including:

- Young people lack the skills to establish and operate a business.
- The educational system does not address the concept of entrepreneurship, and teachers do not provide guidance to students on this topic.
- Elders discourage young people from opening businesses.
- There is a lack of effective counseling and guidance for becoming a successful entrepreneur.
- There is a lack of access to finance for young entrepreneurs.
- Potential entrepreneurs are reluctant to take the risk to open a business.
- A number of Government policies create hurdles for establishing and operating businesses.

The Youth Conference on Entrepreneurship Development is an opportunity for open dialogue between young people and policymakers. Through this exchange, new ideas for promoting youth entrepreneurship – and an effective implementation plan – can be developed and adopted into the National Youth Policy.

Appendix A

Draft

National Youth Policy

A Synopsis



Section Six: Enabling Prospects of Income Generation for Youth



This synopsis has been prepared solely for use at the Youth Conference organized by the Islamabad Chamber of Commerce and Industry and the Center for International Private Enterprise on June 3, 2008. This document details only one section of the policy, Enabling Prospects of Income Generation for Youth, which is quoted in full for the purpose of informed discussion. To read the complete Draft National Youth Policy, visit the website of Ministry of Youth Affairs, Government of Pakistan at <http://202.83.164.26/wps/portal/Moya>.

Enabling Prospects of Income Generation for Youth

Objectives

Consistent with the policies of the Government for rapid economic growth which will create opportunities for Pakistani Youth, following specific measures will be taken:

1. Skill Development
To increase employment of young people by enhancing existing programmes (such as technical training and internship programmes) to bring them in line with the needs of the economy and international market.
2. Entrepreneurship
Assist and support youth in entrepreneurial endeavors, such as business creation and self-employment.
3. Microfinance
Provide financial resources for small-scale income-generation ventures.

Strategy

There is a great need to enhance the existing programmes of skill development and vocational training in the country as it has a tremendous potential to provide employment to our youth in rural and urban areas as well as the job market abroad. The plan of action being prepared (and being implemented) in coordination and collaboration with the relevant government divisions/agencies envisages:

Skill Development and Vocational Training

- It is proposed to carry out an assessment of the demand/requirements and capacity of the skills development facilities in the country. In this respect the National Vocational and Technical Education Commission (NAVTEC) has already prepared a strategy for skilling Pakistan and Federal Bureau of Statistics is also planning to undertake a demand supply summary for various occupation. Based on the assessment of needs, technical and skill development programmes will be enhanced. It is proposed that existing schools may be inducted in this programme and a substantial number of schools in public and private sector may start regular evening and weekend programmes for skill development and technical training for which funds would be provided by the Federal and Provincial Governments.

- National and international job market analysis would be carried out to identify the requirements of skills in various target markets and our youth be trained in the relevant fields. Besides, support will be extended to our youth to seek jobs and placements locally and in foreign markets. Overseas Pakistani Division of Labour and Manpower is already working in this direction. This programme will be further enhanced.
- Vocational Training Institutes in the country will update curriculum in accordance with current requirements and job-opportunities in the Agriculture/Industrial and Services sectors and prepare a phased expansion programme of such training facilities in rural/urban areas keeping in view regional considerations regarding youth population, prevailing skill-levels, and unemployment. This will be undertaken in coordination with NAVTEC and concerned Provincial Departments.
- Specialized institutions for providing training in area specific needs will be opened e.g. training of agriculture labour, maintenance of agriculture implements, agriculture businesses, agriculture practices in agricultural areas. Similarly training to support tanneries, fans, cutlery, garments industries in relevant industrial areas etc.
- Establish and encourage local crafts based youth enterprises for income-generation at village and urban-neighbourhood level and provide professional assistance for marketing of such enterprise products.
- Institute a programme of certification of informally acquired skills by technicians and workers to enable them acquire suitable jobs and financing.

Entrepreneurship

- Youth in Pakistan has great inspiration for new ideas but are usually handicapped because of lack of resources to experiment these ideas and develop these to enter the market. To mitigate risks in new ventures, it is necessary that the risk of trying bright ideas be underwritten by entrepreneurs and our talent is given a chance to succeed. For this purpose the programme envisages creation of a Youth Venture Capital Fund to support new developments and implementation of new ideas. This fund can be subscribed by government, entrepreneurs, corporations, donors, beneficiaries etc.
- Creation of small incubator offices equipped with all office facilities for young graduates so that they may work in these incubators to polish up their ideas and implement to venture activities. Such incubators may be set up in universities.

- To facilitate and guide young entrepreneurs regarding procedures for opening of new companies and provide legal advice as needed.
- Arrange entrepreneurship and corporate leadership training programme to enable youth to learn from existing enterprises and the companies. Learn the art of making business plans and selling it to the venture capital and other funds.
- Enhance the outreach of programmes of Small and Medium Enterprise Development Agency (SMEDA).
- Guide and train youth to do business, to innovate and expand business.
- Guide and train small and poor service providers to grow from small occupations into large enterprise.
- Create respect for poor and small entrepreneurship (rag to riches empowerment).
- Arrange youth entrepreneurship competition.

Microfinance

- Provide financial resources/loans to increase access of poor/low income family youths to training institutions and facilitate those seeking self-employment.
- Expansion of micro finance sector in terms of outlets, products and access by the young.
- Create a centralized “Information-System/Database” on job opportunities for Youth in public and private sector to guide and counsel job-seeking youth.

Internships, On Campus Job and Job Placements

- Expand and improve national internship programme.
- In addition to Government programme, require large public and private organizations, companies and enterprises to provide internship opportunities equal to at least 5% of their sanctioned/approved strength of officers to young people/graduates with stipends equal to or more than the Government programme.
- Require all universities to provide on campus jobs equal to at least 5% of their full time student population.
- Encourage all universities to set up offices for awaiting graduates in job placements. The government may also support programmes for job counseling and placement services.

Facilitator Biographies

Mr. Gregg Willhauck is the director for congressional and government relations for the Center for International Private Enterprise (CIPE). Mr. Willhauck is CIPE's principal liaison to the U.S. Congress, U.S. Department of State, and U.S. Agency for International Development. He also works regularly with international development organizations such as United Nations Development Programme, the Organization for Economic Cooperation and Development, and the World Bank. In addition to communicating CIPE's activities and interests before these entities, Mr. Willhauck participates in a variety of working groups focused on issues such as improving U.S. foreign assistance effectiveness, reforming U.S. aid structures and instruments, and coordinating strategies among the development NGO community.

Mr. Willhauck joined CIPE in May 2005 after working 19 years in the United States Senate. His most recent Senate position was legislative director to U.S. Senator John E. Sununu from 2003-2004, during which time Gregg was the principal staff person handling Senator Sununu's work on the Senate Foreign Relations Committee.

From 2001-2002, Mr. Willhauck served as executive director of the Senate Steering Committee, a caucus of U.S. Senators that meets regularly to discuss issues of common interest and to develop strategies for accomplishing their legislative objectives. Prior to that, Mr. Willhauck served as legislative counsel to U.S. Senator Spencer Abraham handling the senator's assignments to the Committee on Labor and Human Resources (1995-1996) and the Committee on Commerce, Science and Transportation (1996-2000).

Mr. Willhauck graduated with honors (cum laude) in May 1985 from Albion College in Albion, Michigan, with a B.A. in Political Science.

Mr. Hasan Haider is the Deputy General Manager and Master Trainer at the National Productivity Organization, which is an arm of the Ministry of Industries. He is an internationally qualified management consultant who has provided services for ISO9000, ISO14000, ISO18000, TQM, SA8000, benchmarking, quality awards, and quality and productivity tools to SMEs operating in Pakistan. Mr. Haider has conducted over 500 national training courses in 40 cities of Pakistan and trained over 60,000 participants from more than 2,500 companies/organizations. Additionally, he has conducted eight international training courses, seminars, and symposiums in collaboration with the Asian Productivity Organization and completed 60 'Training on Wheels' projects (training at company premises) with tangible results. He has developed a strong institutional network throughout Asia using effective training programs, and has successfully signed 65 strategic alliances with national and international institutions. He is a member of the Technical Advisory Committee on Pakistan National Quality Award (PNQA), a member of the Executive Committee on "Technical Up-gradation of Garment Sector through Hiring of Foreign Experts," and a member of the Technical Committee on "Productivity, Education, Training and Accrediting Learning Systems (PETALS).

Ms. Sarah Siegel is a program officer for global programs at the Center for International Private Enterprise. Ms. Siegel manages CIPE's women and youth programs, building the leadership capacity of young people and women to become entrepreneurs and participate in the policymaking process. Recent initiatives have included an international internship program for young chamber of commerce employees, and an essay competition themed 'Engaging Youth in Reform.' She also works closely on projects and programs dealing with entrepreneurship, corporate governance, and business associations. Sarah a Master's Degree from Georgetown University's School of Foreign Service and a Bachelor's Degree in International Politics, also from Georgetown. Prior to joining CIPE, Ms. Siegel worked as a librarian at Georgetown University's Center for Russian, Eurasian, and East European Studies.

Appendix C

Organizational Profiles

Center for International Private Enterprise

The Center for International Private Enterprise (CIPE) is a non-profit organization headquartered in Washington, DC, and is an affiliate of the U.S. Chamber of Commerce. Since its inception in 1983, CIPE has supported more than 1,000 local initiatives in over 100 developing countries, involving the private sector in policy advocacy and institutional reform, improving governance, and building understanding of market-based democratic systems.

CIPE's field office in Karachi, Pakistan strives to support efforts to improve the business environment through advocacy and policy dialogue. CIPE also coordinates and assists in public outreach and educational programs that provide materials on corporate governance, entrepreneurship, and market economies to policymakers, educators, entrepreneurs, and the business community.

Islamabad Chamber of Commerce & Industry

Based in the Federal Capital of the country, the Islamabad Chamber of Commerce & Industry (ICCI) has approximately 1600 members, including youth and women entrepreneurs. The objective of ICCI is to assist members by providing efficient business support services and to promote a culture of entrepreneurship for the growth of business and economic development of Pakistan. ICCI also looks after the interests of businesspeople engaged in trade and industry by establishing close relationships with public and private organizations to help them address business-related problems.

Building the Leadership Capacity of Youth through Civic Involvement

PROGRAM

- | | |
|----------|---|
| 09:45 am | Registration |
| 10:00 am | Recitation from the Holy Quran |
| 10:05 am | Welcome by President Islamabad Chamber of Commerce & Industry |
| 10:15 am | Introduction of CIPE by Mr Moin M Fudda, CIPE-Pakistan |
| 10:35 am | Speech by Mr Gregg Willhauck, CIPE-Washington |
| 10:45 am | Presentation by Acumen Fund |
| 11:00 am | Breakout sessions |
| 11:30 am | Recommendations from breakout sessions |
| 12:00 pm | Discussions |
| 1:15 pm | Keynote and Conclusion by Mr Ashfaq Mahmood, Secretary, Ministry of Youth |
| 1:30 pm | Lunch / Close |