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### ECONOMIC COMMISSION FOR EUROPE

COMMITTEE FOR TRADE, INDUSTRY AND  
ENTERPRISE DEVELOPMENT

**Working Party on Industry and Enterprise Development**  
Third session, 14 and 15 February 2002

#### TEAM OF SPECIALISTS ON ENTREPRENEURSHIP IN POVERTY ALLEVIATION

Note by the Secretariat

##### Introduction

1. At its second session held on 21-22 March 2001, the Working Party on Industry and Enterprise Development established a new integrated Team of Specialists on Entrepreneurship in Poverty Alleviation (TRADE/WP.8/2001/5). In accordance with the initial mandate, the major goals of the new Team of Specialists are to:

- raise the awareness of the importance of the dimensional approach in enterprise development for poverty alleviation;
- review the impact of normative acts, regulation and policies aimed at promoting entrepreneurial activities and to assess their impact on the poor and vulnerable groups;
- identify policy instruments, which proved to be effective and efficient in reducing poverty and social inequalities through entrepreneurial activities, and provide policy recommendations;
- exchange best practices in eradicating poverty through promotion of entrepreneurial activities and self-employment. Such exchange could cover the following areas: “train the trainers” schemes on business management targeted to selected groups of the poor; search of partnerships and markets for their products and services; creation of technology parks;
- exchange experiences and ideas on how to reduce rural poverty through entrepreneurship;
- identify technologies, organizational forms and support services, that could reduce the costs of starting-up and running SMEs created by the poor and vulnerable groups;

- improve access of family businesses and small- and medium-sized enterprises initiated by other groups of the poor to technology;
- suggest specific programmes to encourage entrepreneurial activities among specific subgroups of the poor and vulnerable, especially for countries and areas that are at high risk of conflict or affected by economic restructuring;
- identify possible areas of public-private partnership, which could benefit the poor, in particular, to consider the creation of solidarity funds and other micro.credit schemes among select groups of the poor with the support of the private and public sector; and
- assist governments, at their requests, in designing income-generating, entrepreneurial, programmes (OPA/AC.20/1).

2. Since March 2001, the secretariat has contacted the members of the WP.8 and relevant governmental and non-governmental organizations of the UNECE member States in order to form the membership of the new Team of Specialists. The first meeting of the new Team of Specialists on Entrepreneurship in Poverty Alleviation will be held on 11 February 2002 and report to the WP.8 on its results.

### **Activities on the CUOA within the framework of mandate on Entrepreneurship in Poverty Alleviation**

3. The Coordinating Unit for ECE Operational Activities (CUOA) has initiated a project on Youth Entrepreneurship in May 2001 (see Annex I). Eight ECE member States (Russian Federation, Republic of Belarus, Kyrgyzstan, Kazakhstan, Yugoslavia, Lithuania, Azerbaijan, and Georgia) expressed interest in launching such a project and nominated National Focal Points to further the implementation of the project.

4. To facilitate the implementation of the Youth Entrepreneurship project the CUOA has contacted relevant UN agencies to form a partnership and pool the available expertise and resources. Efforts have been also undertaken to mobilize resources for the Youth Millennium Fund to provide a support for national programmes/projects.

5. To raise the awareness of the impoverishment and social marginalization of young adults in some countries in transition among the European constituency and to mobilize international and national actions the CUOA proposed to hold the First Forum on Youth: Security, Opportunity and Prosperity in cooperation with UN agencies and regional organizations. The provisional agenda of the Forum to be held in 3-5 April 2002 in Geneva is attached to this note (Annex II).

### **The provisional agenda of the first meeting of the Team of Specialists on Entrepreneurship in Poverty Alleviation**

6. The first meeting of the Team of Specialists on Entrepreneurship and Poverty will focus on youth entrepreneurship as an instrument of reversing social marginalization of young adults in economies in transition. National Focal Points on Youth Entrepreneurship from eight ECE member countries, representatives of governmental and non-governmental organizations, UN agencies and regional organizations will participate and contribute to the work of the Team of Specialists.

7. The provisional agenda of the meeting is as follows:

1. *Selection of the Chairperson of the Team of Specialists and his/her deputies*

2. *The presentation of the National Focal Points on Youth Entrepreneurship (the final list of speakers to be determined)*

- *Republic of Belarus*
- *Russian Federation (Voronezh oblast)*
- *Kyrgyz Republic*
- *Georgia*
- *Azerbaijan*
- *Republic of Yugoslavia*
- *Lithuania*
- *Kazakhstan*

3. *National experiences in addressing the problem of the social marginalization of youth*

- *Italy*
- *Canada*
- *Hungary*
- *Slovenia*

4. *The presentation of a representative of the Prince of Wells Foundation.*

5. *Discussion*

6. *Work plan of the Team of Specialists for the year 2002-2004*

**Activities of the Team of Specialists on Entrepreneurship in Poverty Alleviation in 2002-2004**

8. It is proposed that the Team of Specialists will focus on youth unemployment and poverty in order to identify youth-specific factors that have been impeding the entry of young adults to labour markets and the emerging private sector in select countries in transition. It will also consider youth programmes and projects, including programmes promoting youth entrepreneurial activities, in ECE member States that were successful in alleviating youth unemployment and poverty. On the basis of the above, the Team of Specialists is expected to identify best youth entrepreneurship policies and models and to produce guidelines and tool kits that could be applied by governmental and non-governmental organizations of the ECE member States experiencing a large-scale social and economic marginalization of young adults.

9. The tentative plan of work of the Team of Specialists on Entrepreneurship in Poverty Alleviation is proposed as follows:

Activity	Time-frame	Outcome
1. Assessment of youth situation in South Caucasian countries	March-May 2002	Report
2. Assessment of youth situation in Central Asian countries	June-August 2002	Report
3. Assessment of youth situation in Balkan countries	September-November 2002	Report
4. Assessment of youth situation in select CIS and Central European countries	December 2002-March 2003	Report

5. Preparation of publication on factors impeding the entry of youth to labour markets and youth entrepreneurial activities	April-May 2003	Publication
6. The Canadian model of promoting youth entrepreneurship (assessment of national experience)	April 2003	Report
7. The US model of promoting youth entrepreneurship and employment (assessment of national experience)	May-June 2003	Report
8. The EU youth policies and practices	July-August 2003	Report
9. The Italian model of promoting youth entrepreneurship (assessment of national experience)	September-October 2003	Report
10. The UK model of promoting youth entrepreneurship (assessment of national experience)	November 2003	Report
11. Compendium of best policies and practices promoting the integration of young adults in mainstream economic activities	December 2003	Publication
12. Policy guidelines and tool kits to promote youth entrepreneurial activities	December 2003	Publication

10. To implement its plan of work the Team of Specialists will seek contribution from national experts and government agencies actively involved in promoting youth entrepreneurial activities. Efforts will be undertaken to mobilize extra budgetary resources/voluntary contributions to finance country missions and consultancy.

**Youth Entrepreneurship Agency****Project-Proposal****Youth Entrepreneurship Agency**  
**(pilot project)****Summary****In Brief**

<b>(i) DURATION</b>	24 months
<b>(ii) LOCATION</b>	Armenia, Azerbaijan, Georgia
<b>(iii) MAIN ACTIVITIES</b>	Creation of a Youth Entrepreneurship Agency for self-employment in each of the concerned countries
<b>(iv) EXECUTING AGENCY</b>	UNECE
<b>(v) COOPERATING AGENCY</b>	Local authorities, national and international organizations dealing with entrepreneurship creation and support
<b>(vi) FUNDING</b>	Euro 2,46 million

**1. Background**

A significant proportion of the young people in the South Caucasus countries has been drawn into criminal activities, including drug-trafficking and distribution; producing, copying and distributing products of foreign ITT and entertainment companies, as well as code-cracking in the cyber space. Many young persons have been victimized by the business of human being trafficking.

In most instances, the disintegration of families accelerated by poverty, lack of opportunities to earn a decent income locally or families' inability to provide care for or pay for a further education of their children is at the root of the above problems. The youth situation is further aggravated by obstacles it confronts, trying to enter the formal labour market.

On the other side, Small and Medium-sized Enterprises (SMEs), including micro-enterprises, are considered to be one of the principal forces in economic development. They stimulate private ownership and entrepreneurial skills, they are flexible and can adapt quickly to changing market demand and supply situations, they generate employment, help to diversify economic activity and make a significant contribution to export and trade.

For the countries of the South Caucasus and several other transition countries, the development of the enterprise sector may have a significant impact also in strengthening the

democratization process. In fact, a spread and wide economic development created by the entrepreneurship development reduces risks of creating tensions internally in the country and also among countries of the Region

## **2. Justification**

For the last decade the South-Caucasus Region had a very fragile stability. As one of the reasons for this has been generally poor socio-economic situation of all three countries, a contribution to the stability of the region is also the creation of an enterprise environment and the consequent economic cooperation among them. Special attention should be paid to the creation of mechanisms capable of promoting the creation of enterprises for the dynamization of the economy as a whole and in particular to cope with the unemployment question by job creation, specifically for young entrepreneurs.

## **3. Objectives**

- (i) Support to the development of entrepreneurship and SMEs.
- (ii) Formalization of economic activities
- (iii) Improve the market entry for young adults
- (iv) Reduce the vulnerability of and risks faced by young adults, including the risk of poverty drug-addiction, destitution, and criminalization

## **4. Target beneficiaries**

Target beneficiaries and partners are mainly the following: young adults, new entrepreneurs, national policy makers, local counterparts, bankers and business associations, NGOs, including youth organizations, consulting firms, educational establishment research centres, IFIs and international organizations.

## **5. Project Strategy**

Local governments, working jointly with enterprises, banks, educational establishments and NGOs, may contribute to the formalization of and development of new production activities and services that benefit young people in terms of their employment and self-employment.

## **6. Activities and outputs**

The project aims at the creation of a youth entrepreneurship agency in each of the three South-Caucasus countries to promote self-employment and SMEs creation by young adults and provide them with the following support:

- (i) Support in the formulation of a nation-wide strategy aiming to promote youth entrepreneurship through a consultation with all stakeholders, including youth organizations, representatives of the private sector, government and non-profit organizations;
- (ii) Facilitate the development of a national action-plan;
- (iii) Set up the provision of non-financial services for young entrepreneurs (such as business development services, career counselling and training and etc). Training of trainers in business management, informational technologies, marketing, e-commerce, and other skills needed to start up and sustain business activities of young entrepreneurs;

- (iv) Develop and promote micro-credit and other financial schemes for start-ups and existing youth-owned SMEs (such a credit guarantee schemes, leasing/hire-purchase, venture capital funds and etc) in cooperation with educational/research institutions and local banks. Train the trainers in micro-credit officers for local banks;
- (v) Set up internship, fellowship and apprenticeship schemes for young entrepreneurs. Create an information bank on their availability, accessible to all young people via INTERNET;
- (vi) Create a national and local databanks on skills supply and demand;
- (vii) Promote the creation of cyber business centres and cyber auctions for young entrepreneurs;
- (viii) Provide assistance in conducting feasibility studies on local conditions and business opportunities and in developing tailored project-proposals upon request from local authorities;
- (ix) Provide assistance to young entrepreneurs in search for national and foreign partners for project implementation undertaken by young entrepreneurs;
- (x) Assist in the development of SME sub-contracting schemes and support;
- (xi) Prepare and disseminate self-teaching and instruction materials;
- (xii) Set up the production and dissemination of specialized magazines/ web pages for young entrepreneurs.
- (xiii) Promote international technical standards through training.

## 7. Funding

Depending on the local conditions and needs, the total value of a pilot-project for the three countries may be estimated in Euro 2.46 million.

### Operating Costs for a two-year period

<b>Cost Item</b>	<b>Amount (Euro)</b>
<b>UNECE staff personnel/consultants</b>	380,000
Establishment of 3 Local Agencies (one in each country) and implementation of activities	1,500,000
Travel/ Missions	40,000
Support Costs (13%)	249,600
Operating Reserve (15%)	288,000
<b>TOTAL</b>	<b>2,457.600</b>

## **Annex II**

### **The UNECE First Forum on Youth and Entrepreneurship: “Security, Opportunity and Prosperity”**

3-5 April 2002, Palais des Nations,  
Geneva, Switzerland

### **Provisional Agenda**

1. A current status of youth in the UNECE region
  - 1.1 Vulnerability of youth
  - 1.2 Patterns of abuse of youth (trafficking, prostitution, recruitment by militant and crime groups and etc.)
  - 1.3 Social integration and marginalization of youth
    - youth participation in economic, political and social affairs;
    - trends in youth behaviour, their causes and implications for youth and societies at large (crime, drug-abuse, suicide, early marriage and teenage pregnancy, communicable diseases, homelessness, HIV/AIDS and etc.).
2. Changes in opportunity sets throughout the ECE countries and their impact on the access of youth to education, recreation and jobs
  - 2.1 The effects of transition on the opportunity set of the youth
  - 2.2 The effects of a technological change on the youth employment
  - 2.3 The impact of the aging of the population of the ECE region on resource flows and distribution between the generations and on employment opportunities for youth
  - 2.4 Migration trends and policies and their implications for youth in the UNECE region

3. Youth in the context of conflict and terrorism prevention
4. Avenues to the youth prosperity
  - 4.1 Strategies to alleviate disparities and ensure equal opportunity for all young adults
  - 4.1 Youth employment and self-employment (examples of national, sub- and regional initiatives/programmes)
  - 4.2 Youth entrepreneurship programmes