

## **Y20 RECOMMENDATION**

### **Supporting Youth Entrepreneurship**

**Why:** Entrepreneurship is vital to ensuring a healthy and vibrant global economy. Global research shows that **25-35 year olds have the highest rate of entrepreneurial activity**.<sup>1</sup> Productivity among young people brings disproportionately positive effects in terms of economic growth and social stability that are cumulative and intergenerational.<sup>2</sup> Especially in the current climate, demographic and labour market trends indicate that entrepreneurial support directed at young people will be a key determinant of future prosperity. Among businesses that survived three years, **those run by people under 30 years of age have an average growth rate of 206 per cent**, which is almost double the growth rate of businesses run by those over 40 (114 per cent).<sup>3</sup>

**Deliverables:**

1. **Encourage entrepreneurship among youth by enhancing and leveraging existing programmes aimed at valuing start-up initiatives**, including: promoting entrepreneurial education in secondary and university education; fostering academic collaboration in skills training; creating entrepreneurship contests; rewarding the creation of start-up incubators and resulting project launches; and investing in government-backed youth entrepreneurship support services, which youth-led start-ups can consult with on legal and financial issues.
2. **Reduce or delay start-up costs for young entrepreneurs** by offering fiscal incentives for youth-run start-ups as well as reducing bureaucratic hurdles to the set-up, financing and expansion of start-ups.
3. **Design micro-credit and credit programmes within the framework of a national development strategy** and according to each country's priorities. This should include fostering public and private investments in youth entrepreneurs who cover strategic industries that could make a strong contribution to economic growth, including to achieving the two percent growth target above current projections over five years.

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### **Promoting Labour Mobility**

**Why:** International labour mobility is a cornerstone of global economic integration. Stringent restrictions on international labour mobility can impose a far greater burden on the economy than trade restrictions.<sup>4</sup> **A decision by developed countries to liberalise immigration restrictions by a mere three per cent could result in an estimated output gain of more than USD150 billion.**<sup>5</sup> By encouraging labour mobility among the world's youth, G20 countries can drive globalisation, improve trade relations, encourage investment, improve education opportunities, as well as increase the flexibility and resilience of the global economy.

<sup>1</sup> Global Entrepreneurship Monitor Global Report, 2012.

<sup>2</sup> World Bank 'World Development Report', 2007.

<sup>3</sup> OECD/European Union, Policy Brief on Youth Entrepreneurship, 2012.

<sup>4</sup> At Home & Away: Expanding Job Opportunities for Pacific Islanders through Labour Mobility, Mission Possible, World Bank, 2006.

<sup>5</sup> Sharun Mukand, International Migration, Politics & Culture: the Case for Labour Mobility, CAGE-Chatham House Series, No. 2, Oct 2012.

### Deliverables:

1. **Remove policies that excessively impede youth mobility**, including: easing access to work and academic visas via mutual recognition of professional qualifications/diplomas; easing occupational licensing through a simplified bureaucratic framework; easing distortionary housing policy; and extending foreign students' visas up to one year after graduating to ease the search for employment.
2. **Encourage periodic review of migration and immigration policies**, based on the present and future employment needs of the labour market and the socio-political dynamics within all involved receiving and sending countries.
3. **While promoting youth labour mobility, mitigate the impact of 'brain drain'** by supporting young migrants who are seeking to invest in their home country through fiscal agreements between countries and reducing the cost of remittances. In parallel, support migrant return programmes and knowledge exchange and cooperation for returnees.

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### Protecting Jobs and Promoting Decent Employment

**Why:** More than five years after the global financial crisis, more than 600 million young people are not in education, training or employment.<sup>6</sup> Youth unemployment has immediate and far reaching social and economic impacts, and should be addressed with both job protection policies aimed at preventing further increases in unemployment, and job creation policies that guarantee decent employment conditions. **Two-thirds of working age youth in some developing countries are either unemployed or trapped in low-quality jobs.**<sup>7</sup> **Countries that have been successful in reducing vulnerable employment have experienced an economic growth rate one-percentage point higher than those making the least progress.**<sup>8</sup>

### Deliverables:

1. **We ask G20 member states to address youth unemployment as a priority in their country action plans.** We recommend the inclusion of youth employment targets within country plans, and the adoption of a common set of youth unemployment metrics. G20 governments should undertake critical evaluation of existing youth employment initiatives and scale-up successful programmes – which could include partnerships between universities, businesses, communities and government.
2. **We ask G20 member states to promote the creation of programmes aimed at securing jobs, in accordance with each country's possibilities.** This could be achieved by building cooperation and negotiation mechanisms so that employers and employees could discuss alternative measures in order to prevent job losses that would further increase rates of unemployment and youth unemployment (i.e., reducing working hours or applying for wage subsidies).
3. In line with the spirit of respecting social and labour rights and of guaranteeing decent employment conditions for youth, we ask that **countries consider implementing 'intern accords' to prevent the risk of interns being exploited.** In these B20/G20 accords, we ask that employers of interns respect minimum wage standards; explicitly lay out work demands and learning opportunities (especially through formal training at the start of the internship agreement); and design a professional development plan for trainees.

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<sup>6</sup> International Youth Foundation, 2013 Annual Report.

<sup>7</sup> ILO Global Trends for Employment: Youth 2013.

<sup>8</sup> ILO World of Work Report, 2014.