

Promoting Youth Entrepreneurship and Employment: The Case of Lao PDR

"We'd like to encourage young people, particularly young women, to harness their entrepreneurial ideas and engage successfully in small business activities that can provide income for their families, employment for their communities, and the economic growth of the country."

Keiko Miwa,
World Bank Country
Manager for Lao PDR

Entering into productive work is a challenge for youth in Lao, and the hurdles for young women are particularly acute. Although average labor force participation rates for men and women are almost equal, there are significant differences across the sexes in the type of work and how this work is compensated. Men outnumber women in formal sector employment (although total formal sector employment remains extremely low at around 13 percent of the active labor force). The majority of economically active women and girls identify as "unpaid family workers"—64 percent compared to only 27 percent of economically active men and boys. Conversely, more than 56 percent of men and boys run their own enterprises, compared to 26 percent of women and girls.¹

Expanding wage labor opportunities for both men and women, and strengthening business enterprises are important for economic development in Lao. Young people—and particularly young women—need support on this front. Some data indicates

that the number of female-headed businesses (both informal and registered formal firms) is increasing, but they tend to be smaller and use less technology than male-owned enterprises. Female entrepreneurs tend to be younger, less educated, and have fewer assets. Female entrepreneurs are concentrated in less lucrative trades (namely retail and textile manufacturing), whereas male-owned enterprises are predominantly in services and manufacturing other than textiles. Women also report more problems than men when starting a business; particularly that their household duties impose constraints on their time and mobility.^{2,3}



The STEPS Project

STEPS (Supporting Talent, Entrepreneurial Potential and Success) is a pilot project in the World Bank's Adolescent Girls Initiative that is being implemented in two rounds between 2011 and 2013. STEPS is experimenting with two different interventions to help young people transition to the labor market: (1) a marketplace competition to promote a culture of entrepreneurship by identifying and supporting young entrepreneurs who are seeking to start or expand a business; and (2) career counseling offices to provide job placement and career counseling services to university students.

A MARKETPLACE COMPETITION TO INCENTIVIZE YOUTH ENTREPRENEURSHIP

The Marketplace competition is implemented in partnership with a local business association—the Young Entrepreneurs Association of Laos (YEAL). The approach involves a competition to identify good business ideas, and support to young entrepreneurs through business skills training, mentorship and seed grants. The project also aims to build the capacity of YEAL to support aspiring young entrepreneurs,



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"Through the program I learned to make smarter business decisions."

STEPS Competition participant from Champassak

particularly young women. Under the STEPS project, YEAL members are trained to become mentors for new entrepreneurs, and the annual fees are reduced to make membership in the business organization more accessible.

The Marketplace Competition reached 400 beneficiaries who were recruited from schools, business associations, vocational training centers, and micro-business communities. The program used an affirmative action strategy—including proactive outreach and explicit gender targets during the participant selection process—to ensure 50 percent female participation in the first round and 70 percent in the second round. The competition was organized in provinces where the private sector is relatively vibrant. The first round targeted three provincial capitals—Vientiane Capital, Luang Prabang and Champasak—and two additional provinces were

included in the second round—Vientiane and Savannakhet.

The Marketplace Competition launched with a call for proposals for young entrepreneurs to submit their business ideas. Proposals were then reviewed and shortlisted by a selection committee. Youth who were shortlisted received two weeks of certified business skills training, on topics such as marketing, finance, business plan development and leadership. Candidates were then asked to submit revised business plans, which were assessed by a technical review panel. Finalists were invited to showcase their business ideas at a two-day Marketplace Exhibition, during which they were interviewed by a panel of jurors. Winners were selected to receive small seed grants (start-up or expansion capital ranging from USD \$1000 to \$5000). All finalists received a one year free membership to YEAL as well as mentorship support. The project also pursued partnerships with local banks in order to facilitate access to financial services for STEPS participants.

Results

The Marketplace model is monitored by follow-up surveys of the short-listed candidates as well as qualitative interviews with key project stakeholders. For the first round, a follow-up survey was conducted at seven months and one year after training completion. Monitoring results for round one show that after one year of completing the STEPS training:

- 59 percent of Marketplace participants (more than half of whom are female) reported having started a new business or having expanded a pre-existing business. In total, 21 new businesses were begun and 20 businesses expanded their operations.
- This business growth led to the creation of 140 new full or part-time jobs, 55 percent of which were held by females.
- 76 percent of businesses (including 68 percent of female-run businesses) were profitable.

Overall, monitoring results show that the project met or exceeded its employment and gender targets for the first round. Furthermore, the project has been successful at helping YEAL work better with young women; between 2010 and 2012 YEAL membership increased by 26 percent and the number of female members doubled.

However, insights from the qualitative interviews point to some pervasive obstacles for female Marketplace participants. Respondents cited a lack of

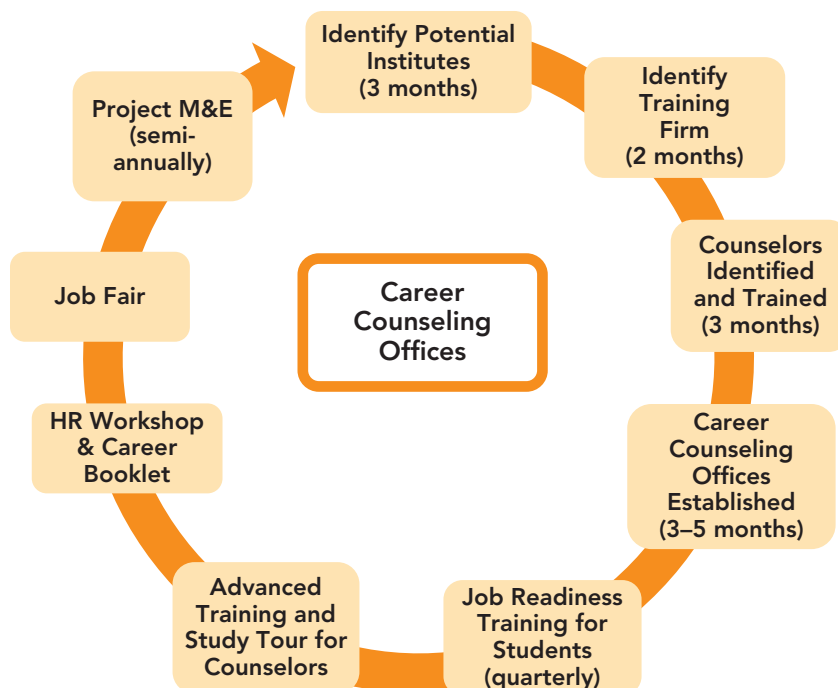
Key Outputs	Round 1 (Dec 2010–Aug 2011)	Round 2 (Jun 2012–Dec 2013)
# of proposals received	212 (67% female-led)	171 (57% female-led)
# of participants trained	96 (59% female)	97 (61% female)
# of business plans submitted	67 (63% female)	67 (67% female)
# of finalists	30 (57% female)	30 (73% female)
# of winners	11 (63% female)	10 (90% female)

confidence in business decision-making and a lack of social support compared to their male counterparts; 40 percent of new female owners said business decisions were made by their spouse or another person. Despite women's overall success in the program, female-led businesses still had a higher failure rate than male-led businesses; 33 percent compared to 24 percent among male-led businesses. When asked why STEPS trainees did not start a new business or expand an existing one, the most common responses among males were that they did not have enough capital. Female respondents echoed the need for more capital, but their second most critical barrier was a lack of sufficient time.

CAREER OFFICES TO SMOOTH THE TRANSITION TO EMPLOYMENT FOR COLLEGE GRADUATES

There is growing recognition of the need for tertiary institutions to help provide job counseling and connections to the labor market.⁴ The STEPS project has supported the creation of two career counseling offices (CCOs)—the first of their kind in the country—to support students in their last year of studies at the National University of Laos (NUOL) and Pakpasak Technical College (PSTC) in Vientiane. The schools were chosen because they had a large female student body, and had expressed an interest in and commitment to the CCO. Employment services offered through the CCOs include training in work readiness skills, career advice, job placement services and links to internship and employment opportunities. The program encourages female students to apply and explicitly recruits female counselors.

In May 2011 24 counselors (including seven women) took part in a five-day training. This was followed by individual coaching, two study tours to CCOs in Thailand, and a follow-up training workshop. Two CCOs were officially opened in October 2011, and both offices have established student



databases. 488 students (68 percent female) have received a one-day training in work readiness skills. More than 5,000 students and nearly 50 private companies have participated in two job fairs. The CCOs have expanded their contacts by holding workshops with private sector human resources (HR). Sustainability plans are being developed to integrate the CCOs into school plans and budgets.

Results

Beneficiaries of the CCOs were surveyed at three and nine months after graduation. Surveys found that:

- 47 percent of the graduates registered with the Career Counseling Office at NUOL (more than half of whom are female) and 44 percent at Pakpasak Technical College (more than a third of whom are female) reported being employed within one year of graduation. More than half said they relied on their own contacts to find a job, but encouragingly eight percent of NUOL students and 19 percent of PSTC students cited “assistance from the Career Counseling Office”.
- 89 percent of NUOL students (85 percent female) and 95 percent of Pakpasak students (96 percent female) obtained an internship within three months of graduation.
- Average monthly earning is 1.76 million kip (1.75 million among females) for NUOL students and 825,000 kip (841,000 among females) at the technical college.⁵

From Program Results to Policies

The STEPS program shows that affirmative action plans can work when gender targets are included in the results framework. The project strategically included male participants knowing that it would be important for women to be able to apply in partnership with their male associates. To meet the gender targets, it is important that outreach materials explicitly encourage women to apply. Mobile clinics and social media were key tools for reaching women. Project monitoring data affirms that young women have benefitted at least equally, if not more so, from most project activities as compared to male participants.

STEPS has also shown that business organizations can be made more inclusive for young women by providing mentoring services to build women's confidence to be business decision-makers and by making membership affordable. Business organizations should consider providing personalized support services such as mentoring to help build the capacity and confidence of female entrepreneurs, who may be disadvantaged by fewer resources, smaller networks, and social stigma. It is also good practice for business organizations to link registration fees to business size—this is likely to benefit women who tend to have smaller businesses and less capital.

A Marketplace competition can be an effective way to foster public-private partnerships and support the most promising entrepreneurs. The Marketplace competition strengthens the supply of skilled youth and helps connect them to the private sector. Private sector response to STEPS has been positive; over the course of the project cycle the number of sponsors increased from five to seven

and the value of sponsorship increased seven-fold. On the other hand, a competition model limits the number of beneficiaries that can be reached and is likely to bypass more vulnerable populations.

Establishing Career Counseling Offices can help bridge the critical link between education institutions and the labor market. Students need a place where they can go to get targeted career advice and job preparation support. At the same time companies need a focal point at schools with whom they can build relationships to improve their recruitment, job matching and retention practices. Education policies that support the replication or scale-up of such services can go a long way to improving the transition between school and work.

Broader efforts to further advance female participation in the Lao labor force should address women's time constraints. Available data suggests that women's time and mobility constraints stemming from their greater share of household duties prevents them from enjoying equal access to paid work.

Going forward, the emphasis for both the Marketplace Competition and the Career Counseling Offices will be on promoting sustainability. In the coming year the project will launch another round of the Marketplace Competition and seek ways to integrate the model within larger World Bank, YEAL and/or Government programs. The project will also work with NUOL and Pakpasak Technical College to support the Career Counseling Offices for the coming school year and help integrate them within school plans and budgets for longer-term sustainability.

"I am really interested in business management so I was thrilled to meet many new people that I could learn from, and who knew a lot about business management."

STEPS Competition entrant

Endnotes

1. Asian Development Bank and the World Bank. 2012. *Country Gender Assessment for Lao PDR: Reducing Vulnerability and Increasing Opportunity*. Philippines and Washington DC: ABD and WB.
2. Ibid.
3. The World Bank. 2008. *Opportunities and Constraints for the Economic Empowerment of Adolescent Girls and Young Women in Lao PDR*.
4. OECD. 2004. *Career Guidance and Public Policy: Bridging the Gap*. Paris: OECD.
5. Earnings are approximately on par with those of technical vocational education training (TVET) graduates who were tracked in a recent World Bank tracer study (the reported salary range was 760,000 to 1,150,000 kip, depending on the sector).



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The World Bank's partners in the AGI are the Nike Foundation and the governments of Afghanistan, Australia, Denmark, Jordan, Lao People's Democratic Republic, Liberia, Nepal, Norway, Rwanda, Southern Sudan, Sweden, and the United Kingdom. This brief features work by the World Bank's Gender and Development Department in the Poverty Reduction and Economic Management (PREM) Network. For more information about the AGI please visit www.worldbank.org/gender/agi.