



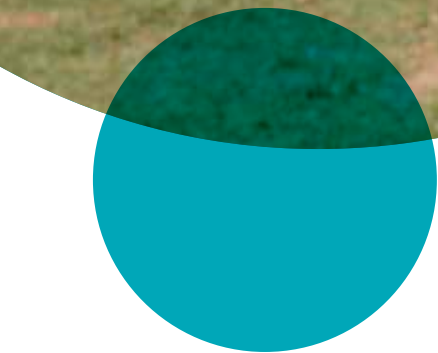
# Youth Entrepreneurship in Rural and Remote Areas:

A study of the challenges and possible solutions



*A Key Findings Report  
from Youth Business  
International and  
BG Group*

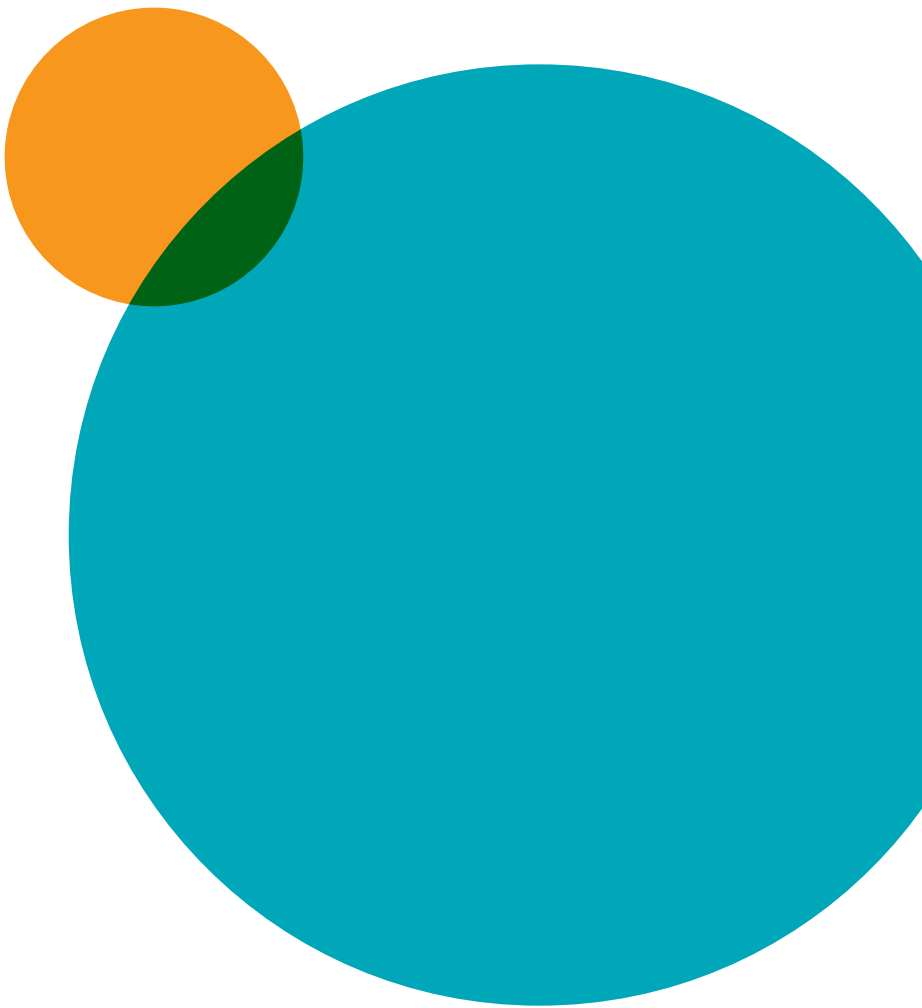
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# 1. Introduction

## The YBI and BG Group partnership

This study into rural and remote entrepreneurship was commissioned by YBI and BG Group. Both organisations are passionate about reducing youth unemployment through promoting entrepreneurship. Since 2013, YBI and BG Group have worked in partnership to support young people to create sustainable new businesses, generate employment, and support local economies and wider society. This partnership operates across four countries - Canada, Kenya, Tanzania, and Trinidad and Tobago - with each project involving an element of working with youth in either remote or rural contexts.

The YBI and BG Group partnership aims to:

- introduce 8,000 young people to entrepreneurship as a livelihood option through targeted outreach activities;
- provide 2,500 young people with entrepreneurship training and support;
- start 1,500 new youth-led businesses; and
- create an additional 1,100 jobs (not including the job created for the young entrepreneur themselves).

## Aims of the study

Many organisations work across urban, rural and remote areas to support unemployed young people through youth entrepreneurship interventions. Despite this, there is little knowledge sharing around how to successfully adapt programmes to tackle the challenges faced in rural and remote contexts. This study is intended as a first step to plugging this gap. Here, we specifically explore remote and rural youth entrepreneurship from a global perspective as a starting point for future, more geographically specific research. Our intention is to contribute to the knowledge base of the growing youth entrepreneurship sector.

Specifically, this study interrogates the challenges faced by young entrepreneurs in rural and remote contexts. To what extent are these challenges shaped by this context specifically? We also ask what practical actions can be pursued to support young entrepreneurs in rural and remote contexts. Which of these have worked better than others?

Finally, we outline the lessons that can be learnt from these experiences to inform youth entrepreneurship programming in rural and remote areas. Although specific areas for development are highlighted for YBI member organisations, the report also identifies broader recommendations for operating in rural and remote areas, of relevance to the wider entrepreneurship support sector.

This key findings report provides an overview of the most interesting findings and is aimed at delivery organisations, such as YBI members, and donors, such as BG Group.

### What do we mean by 'rural' and 'remote' entrepreneurship?

Definitions of 'rural' and 'remote' entrepreneurship vary, sometimes being defined by the number of people living in a location, and sometimes by the distance that an entrepreneur lives from essential services. In this study we define rural-based entrepreneurs as not living in a town, city or industrial area, but in a less densely populated location where most land is used for farming or has been left in its natural condition. Remote-based entrepreneurs are defined as living a long way from other towns, cities and essential services. It was left to respondents to self-identify themselves as living in a remote area, depending on how far they felt that they lived from other towns or services.



## Sources of information



**The report draws on various sources of information and data. This includes a literature review, which summarised what is known about rural and remote entrepreneurship, as well as primary research data from the following sources:**

### YBI member organisations

- 10 interviews with staff members who work with young entrepreneurs in rural or remote areas
- 43 online survey responses from YBI members from 27 countries. Of these, 15 exclusively work in urban areas, and 23 operate in both urban, rural or remote areas

### Subject-matter experts

- 5 interviews with representatives from NGOs, think tanks and consultancies who work to support young entrepreneurs in rural and remote areas

### Young entrepreneurs in rural and remote areas

- Focus groups and telephone interviews with a total of 22 young entrepreneurs operating in rural and remote areas
- 5 online survey responses from rural-based young entrepreneurs

### Young entrepreneurs in urban areas

- 39 online survey responses from urban and peri-urban-based young entrepreneurs

**Please see section 6 for our full methodology.**

*"Honestly, my business is my pride and joy to me. It's my own, it's my future."*

*Young entrepreneur, Trinidad and Tobago*

# 2. Challenges faced by young entrepreneurs in rural and remote areas

## The unique context of rural and remote areas

The research found that young entrepreneurs in rural and remote areas experience familiar challenges to establishing a successful business. These range from a lack of knowledge and skills through to cultural barriers and adverse economic and political conditions (Figure 2.1).

However, these challenges facing young entrepreneurs are accentuated and more difficult to overcome in rural and remote areas. For example, a greater level of need exists in relation to knowledge and skills training, due to the generally lower education levels and a lack of education and training providers in rural and remote contexts. A further deficit of financial service providers accentuates the typical challenges faced around access to finance.

This research also identified further challenges which are more specific to rural and remote contexts:

- Smaller market size;
- Underdeveloped infrastructure, including lack of tarmac roads, electricity supply, mobile phone networks and internet connectivity; and
- Increased vulnerability to seasonality and adverse weather conditions.

## Specific challenges faced by young entrepreneurs

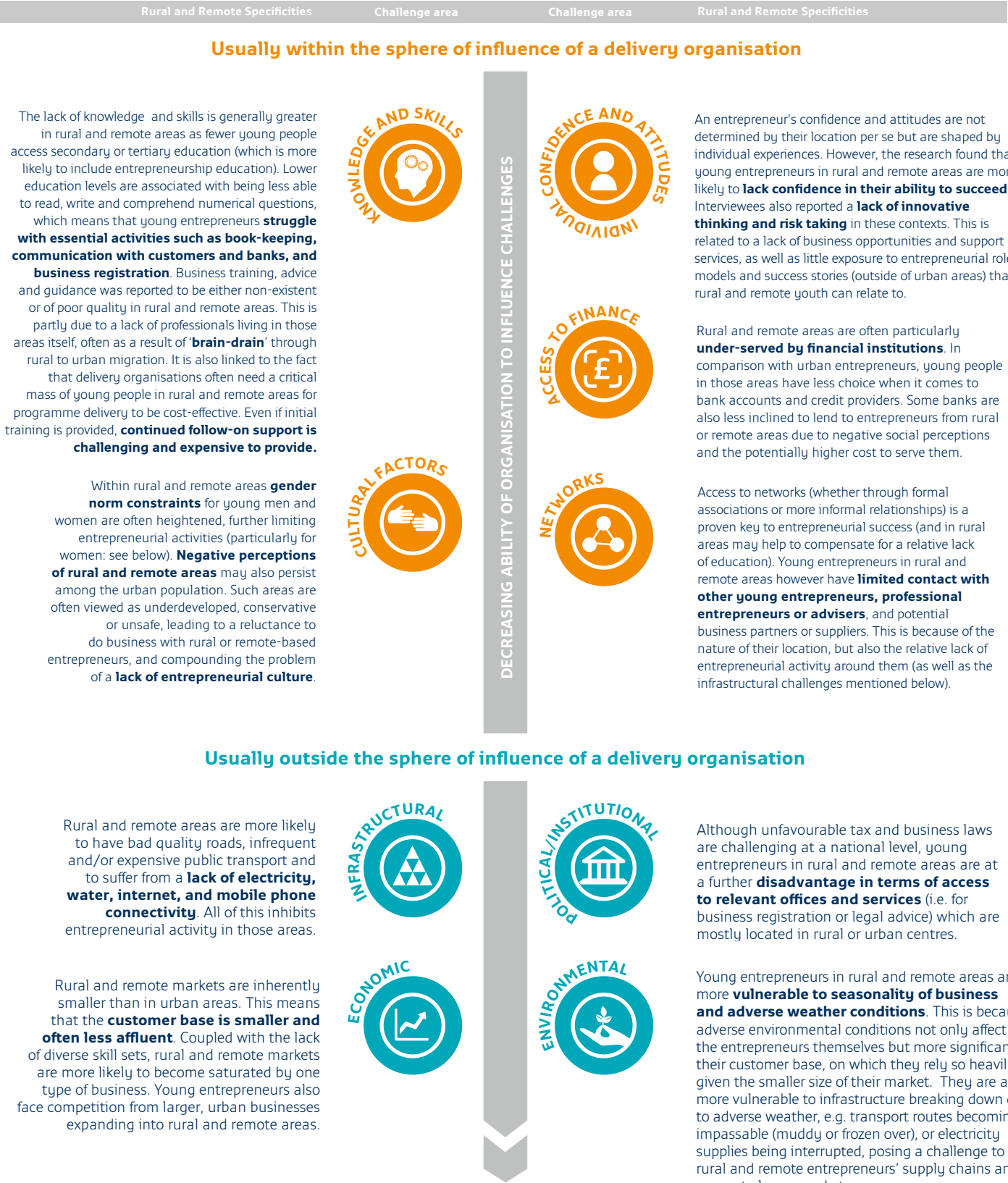
Figure 2.1 expands upon the specific challenges faced by young entrepreneurs in rural and remote areas, and indicates the degree to which these challenges lie within the sphere of influence of entrepreneurship support delivery organisations. **Practitioners**



The unique as well as accentuated challenges within rural and remote areas combine to create a generally unfavourable context for young entrepreneurs, placing them at a disadvantage compared with their urban counterparts and limiting wider entrepreneurial culture.

are better placed to directly influence some challenges than others, and an awareness of this is crucial for setting realistic programme targets as well as for identifying partner organisations best able to help overcome the challenges.

Figure 2.1 Types of challenges faced by young entrepreneurs in rural and remote areas<sup>1</sup>



1. Sources of information include YBI member staff interviews, interviews with subject-matter experts working in youth entrepreneurship, as well academic and practitioner reports, including Sarasvathy (2001); Heaton (2005); Smallbone (2009); IFAD (2011); Namatovu et al. (2012); Saxena (2012); Sharma et al. (2012); Besser and Miller (2013); Sindambiwe and Mbabazi (2014); Danson (2015).



# Differing perceptions of the challenges facing young entrepreneurs

Young entrepreneurs and professionals appear to have different perspectives on the main challenges to youth entrepreneurship in rural and remote areas. Service providers perceive a lack of skills and innovative thinking to be the greatest challenges. Young entrepreneurs consider that their most pressing challenges are a lack of finance and the

competitive market environment. This in turn suggests that professionals tend to locate the main challenges to rural and remote youth entrepreneurship within the control of young entrepreneurs. By contrast, young people more commonly feel that the main challenges lie outside of their sphere of influence.

Figure 2.2 Ranking of challenges faced by young entrepreneurs in rural and remote areas



Sources: Online survey responses from YBI members and young entrepreneurs operating in rural areas; focus group discussions with young entrepreneurs in rural areas; interviews with YBI member organisations

It is important for providers to recognise these differences when designing and delivering entrepreneurship training and when forming partnerships, in order to instil confidence in young entrepreneurs that their needs are being addressed.

Furthermore, professionals working in the field of youth entrepreneurship were found to have different perceptions of the extent to which gender influences the challenges that young entrepreneurs face. Many did not feel that female entrepreneurs were at a disadvantage in comparison to their male counterparts, and also did not think that gender was more of a concern in rural than in urban areas. In contrast to this stands a significant amount of literature<sup>2</sup> highlighting the barriers and constraints that female entrepreneurs face in many parts of the world. According to the literature, women have lower levels of education and often bear the main responsibility for child care and the household, whilst cultural or religious expectations can prevent women from travelling or appearing alone in public.

Research by Enterprise Uganda<sup>3</sup> in rural northern Uganda found that young women and men have very different starting points when setting out to become entrepreneurs. Their survey of 10,979 youth found that **young men**:

- **earn on average 29% more monthly income;**
- **are more likely to have a mobile phone;**
- **own double the assets;** and
- **have almost double the amount of savings compared to women.**

These findings call into question whether there is enough awareness and consideration of the gender barriers to youth entrepreneurship amongst practitioners. The level of awareness of gender norms and resultant practices amongst providers is one of the suggested areas for further research identified in section 5.

*“Challenges of doing business in rural areas are that people do not have money, and they spend on the basics only. Rural areas have water problems and transport is a big problem – it is not reliable.”*

*Young entrepreneur during a focus group discussion in Tanzania*



2. See for example Harrelson et al. (2007) for Making Cents and CHF International, “Youth Enterprise and Livelihood Development in Conflict Settings”; Williams et al. (2015) for The MasterCard Foundation, “Youth at work: Building Economic Opportunities for Young People in Africa”; Cho and Honorati for The World Bank (2013) “Entrepreneurship Programs in Developing Countries: A Meta Regression Analysis”; Buvinic and Furst-Nichols (2014) for The Word Bank, “Promoting Women’s Economic Empowerment, What works?”

3. This research was part of an internal baseline report for the DFID-funded Northern Uganda Youth Entrepreneurship programme.

### 3. Current practices and areas for learning

#### The current state of delivery in rural and remote areas

The findings around the unique and accentuated challenges faced by young entrepreneurs in rural and remote areas highlight the critical need for delivery organisations to adapt their support packages and delivery methods accordingly. This should be based on a prior analysis of the particular opportunities and challenges faced by entrepreneurs in their specific rural or remote contexts. **The research found that delivery organisations undertake such contextual analysis and the tailoring of their approaches to varying degrees.**

Data from YBI member organisations working in rural and remote areas shows that most young entrepreneurs in those settings are offered business training, feedback on their business idea, loans with low interest rates, and are put in touch with mentors (and sometimes peer mentors) who are based locally or in urban areas (see Figure 3.1). This suggests that **the core package of support provided by YBI members - business training, access to finance, and mentoring<sup>4</sup> - is similar across urban, rural and remote contexts.**

Given the challenges associated with delivering any type of support in rural and remote areas, these are encouraging findings. Furthermore, **feedback from young entrepreneurs in all contexts revealed that they find existing support useful** and that YBI member organisations are successfully tackling

the identified challenges of lack of knowledge and skills, access to finance and (to some extent) lack of networks.

However, given that challenges in rural and remote areas are accentuated, and furthermore that there are a number of unique challenges around infrastructure, small market size and vulnerability to seasonality and weather conditions, **there appear to be gaps in the support provided to young entrepreneurs in rural and remote areas.** YBI member organisations (through in-depth interviews and an online survey) reported a wide range of different support mechanisms to overcome the challenges around a lack of knowledge (12 in total), and to address the limited access to finance in rural and remote areas (seven). On the other hand, solutions to or ways to work around the challenges of infrastructural underdevelopment, lack of networks, unfavourable cultural norms and difficult economic, political or environmental conditions were seldom mentioned (between zero to four types of support were identified for each of these challenge areas). **Our findings indicate that a lack of awareness of the specificities of rural and remote contexts, as well as limited funding and best practice are among the reason why delivery organisations do not greatly adapt their activities** in those areas. However, further research into the reasons behind practices in rural and remote areas is suggested in section 5.

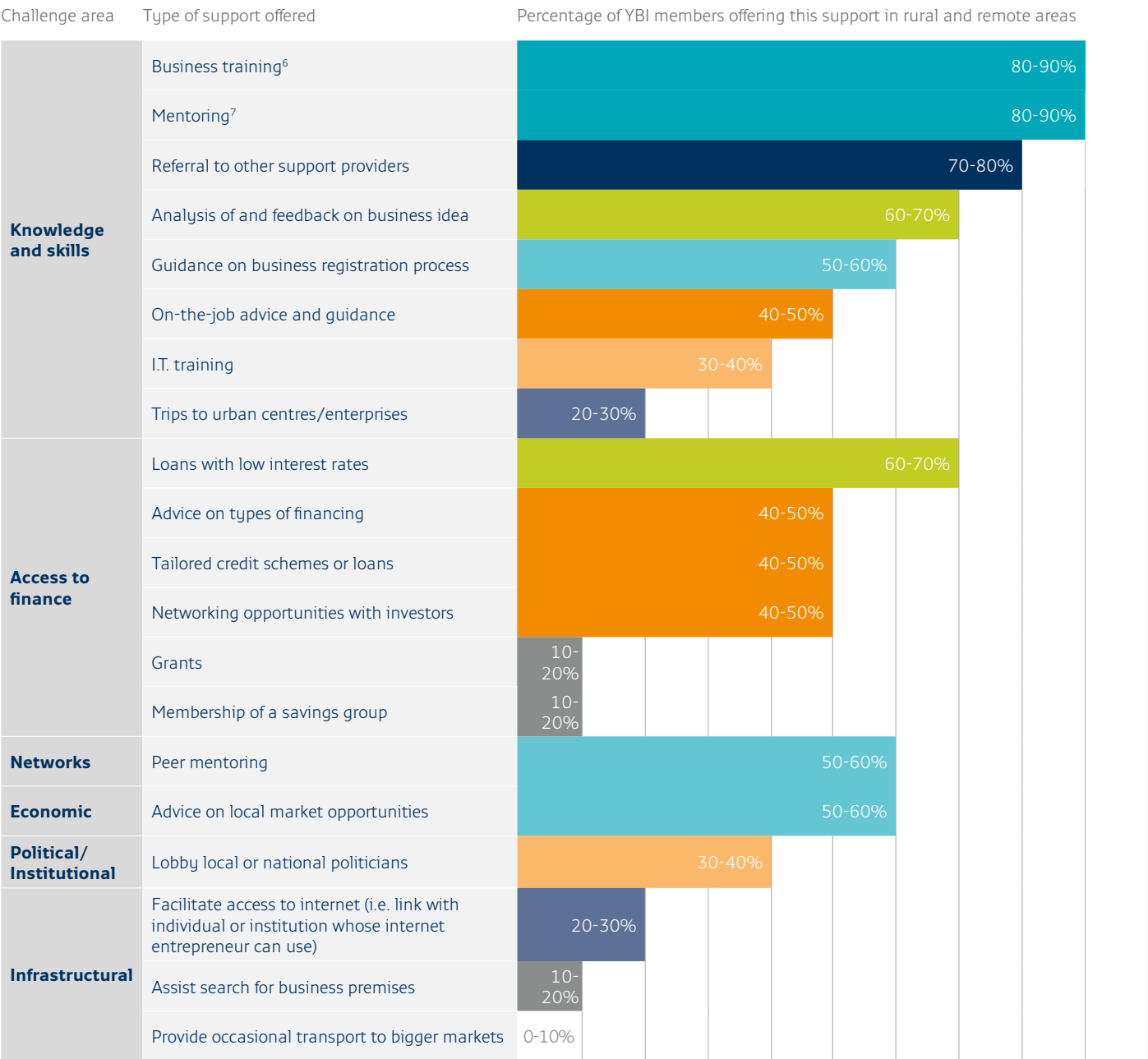


4. Mentoring involves an experienced entrepreneur providing one-to-one support to a young person wanting to start or grow a business. This support is provided on a voluntary basis. Interactions take place in a location and using communication channels agreed between the mentor and mentee.

5. It needs to be acknowledged that the online survey only tested for a limited number of support provisions. The list of support provisions to choose from was developed on the basis of qualitative interviews with YBI member organisations prior to the launch of the survey. Respondents also had the option to mention other types of support provided that were not listed.

The below figure shows<sup>5</sup> that **some organisations do implement relevant tailored activities in rural or remote areas** (for example providing transport to bigger markets, access to the internet, and specific advice on local market opportunities); however this is by no means the majority of support providers.

Figure 3.1 Percentage of YBI member organisations offering types of support in rural or remote areas



Source: Responses to online survey from YBI member organisations operating in rural and remote areas

6. The results for YBI members offering business training in rural and remote areas are lower than expected, given that this should be part of their core support package. We assume that not every respondent ticked this option in the online survey since different organisations may have different names for 'business training', and the survey did not provide a specific definition.

7. The results for YBI members offering mentoring in rural and remote areas are higher than expected, given that many interviewees also reported that they struggle to find quality mentors located in such areas. We assume that respondents indicated what support they generally provide, and not what support is actually provided to every young entrepreneur in rural and remote areas. The survey also did not differentiate between providing an entrepreneur with a locally-based mentor and with one living further away from them.



While the type of support provided is important, it is also essential to consider the delivery methods used to reach young entrepreneurs, and whether these are effective. **Practitioners reported facing persistent difficulties in delivering enterprise support in rural and remote areas.** The smaller population size of potential young entrepreneurs, lack of quality delivery partners and local mentors, as well as higher transport costs and poor infrastructure prevent some organisations from working in rural and remote areas altogether. In such conditions, it is a particular challenge to provide follow-on support to every young entrepreneur, after they have completed their initial business training. Some practitioners reported that they find it particularly difficult to monitor young entrepreneurs’ progress from afar.

This study found that in rural and remote areas, **YBI member organisations therefore rely more on distance-support** (via phone, email, online platforms and video chat) to reach young entrepreneurs. Feedback from young entrepreneurs and YBI members, however, shows that face-to-face support is the preferred method of delivery and most effective, since it increases the feeling of accountability and makes for a stronger relationship between the young entrepreneur and staff member or mentor. The effectiveness of distance-support seems to vary.

**Collaborating with local organisations and individuals** was reported to offer one cost-effective solution to the challenge of delivering training and continued support in rural and remote areas (and was more prevalent than in the urban context). Not only are local partners more accessible to young entrepreneurs and better able to facilitate access to other local people and resources, but they may also understand the local context and local language better than urban delivery staff, who can be seen to ‘parachute’ into communities.

However, drawing on the help of communities and families to support young entrepreneurs is a much less common delivery solution in both urban and rural and remote areas (the case study below provides one successful example of this approach).

# Examples of innovative approaches to delivering in rural and remote contexts

Before we provide a full list of recommendations for supporting rural and remote-based entrepreneurs in section 4, we include a range of **innovative examples that illustrate how organisations can adapt their support and delivery methods to serve rural or remote entrepreneurs.** We hope that this will provide a starting point for the sharing of more specific experiences across the sector, and for building a more substantive body of knowledge than exists currently.

**Making technical and vocational skills training accessible to young entrepreneurs in rural and remote areas.** Technical and vocational skills training may be required to complement business training in cases where young entrepreneurs need specific skills to succeed in their business venture. Such training is often not accessible to entrepreneurs in rural and remote areas as training centres are mostly located in central, urban areas, or else centres more closely located to them offer only a limited variety of courses. Thus the opportunity cost of attending the training they need may be too high for young entrepreneurs from rural and remote areas. Enterprise Uganda and YBI Mongolia serve as examples of how to help young entrepreneurs in rural and remote areas to overcome the challenges around transport to training centres as well as a lack of funding for course fees.



**Overall, while individual examples of good practice exist with regards to support provision and the method of delivery in rural and remote areas, there does not appear to be an established and comprehensive strategy for how best to support young entrepreneurs in these contexts. As a result, a number of the identified challenges are not being tackled as well as they could be.**

## Example from Enterprise Uganda

Since 2013, Enterprise Uganda (EUG) has aimed to improve the livelihoods of 14,500 youths through their Northern Uganda Youth Entrepreneurship Project (NUYEP). In addition to offering ‘mind-set change’ training, business follow-up and personalised support, EUG established a small pilot partnership with the international charity Voluntary Service Overseas (VSO) to facilitate technical and vocational skills training for those young entrepreneurs who require this to develop their business. To ensure young entrepreneurs are not prevented from attending the skills training due to infrastructural or financial challenges, EUG has set up a communal transport system for young entrepreneurs who live far from the training centres. This transport service is free as long as they sign up to and attend the training. Moreover, training centres are located in accessible locations in order to reduce travel distances as much as possible. The young entrepreneurs have to pay a small fee of \$1.50 to attend the training. This helps to ensure that only those who are highly committed attend the course, whilst keeping it affordable.

## Example from YBI Mongolia

In a similar attempt to enable young entrepreneurs in rural and remote areas to access a variety of technical and vocational skills training, YBI Mongolia links youth with vocational training centres run by the Ministry of Labour. Government funding is available to unemployed and income-poor youth to help them afford the training. As part of the funding application process, the young entrepreneurs need to submit their business plan, which YBI Mongolia helps them to write. This helps to ensure that only those who are highly committed attend the course, whilst keeping it affordable.

**Facilitating access to finance by supporting the work of rural bank branches and tailoring financial products specifically for the rural and remote context.** Figure 3.1 illustrated that a variety of financial products are being used by practitioners to provide young entrepreneurs with access to funding. However, in rural and remote areas the success of these may depend on the capacity of local bank branches. Also, financial products need to be appropriately tailored to the more difficult and often dynamic circumstances that young entrepreneurs face in these contexts. Examples of innovative practice come from Bharatiya Yuva Shakti Trust in India and from Enterprise Uganda.

## Example from Bharatiya Yuva Shakti Trust, India

Bharatiya Yuva Shakti Trust (BYST), benefits from a government policy which incentivises Indian banks to provide loans and venture capital to small-medium enterprises and agricultural businesses. However, the challenge remains that often rural and remote bank branches are understaffed, and employees lack the time and experience to support young entrepreneurs. BYST has established a system in which it hires retired staff from their partner banks to become mentors and financial advisers to the entrepreneurs, and to act as key facilitators between rural bank staff and the young people. Initially, these mentors facilitate the submission of funding proposals to the banks. Loans are then made available, which are tailored in terms of the amount of money provided (maximum 50 Lakh<sup>8</sup>), the repayment period (between three to seven years) and sometimes the interest rate (usually 10.5%). The bank staff draw confidence from the fact that a monthly mobile mentor clinic visits the rural entrepreneur. They are also supported in their due diligence by the mentors who submit quarterly business performance reviews on each entrepreneur to the bank, and who help to negotiate and find solutions to any delays in loan repayments. The assistance is of great importance for rural entrepreneurs, who often lack financial literacy and confidence in dealing with bank staff.

8. Equivalent to £50,000 or \$75,000 at the time of writing.

### Example from Enterprise Uganda

EUG also support the formation of youth savings groups, which involves groups of five or more entrepreneurs (who know each other) coming together to save money collectively rather than individually. They mobilise money strictly for investment purposes. Savings groups are especially suited to young people in rural and remote areas who cannot access commercial loans because they lack collateral, are seen as risky clients, or would not be able to comply with the strict repayment schedules. When starting a youth savings group, EUG provides training on financial literacy and on how to run the group. They also provide follow-up support. Depending on the group, each entrepreneur will input \$5-100 per person per month. Repayment rates have been found to be high in such groups, due to the strong loyalty that exists between members.

### Facilitating access to new markets and customers by selling products in urban areas.

A combination of challenges – small market size, infrastructural underdevelopment, and lack of capital – means that young entrepreneurs in rural and remote areas generally have a very limited customer base and struggle to expand into peri-urban or urban markets. This study found that facilitating the sale of young entrepreneurs' products in urban areas was seen as extremely helpful in some contexts. Many Rivers in Australia have developed a successful approach to connecting young entrepreneurs to urban customers, as outlined below.

### Example from Many Rivers, Australia

Many Rivers is supporting entrepreneurs based in rural and remote locations across Australia. Business development and growth in these areas is often limited by virtue of being located far from potential customers and larger markets. Many Rivers has been trialling the sale of entrepreneurs' products at 'Pop-Up Shops' in Perth, Sydney, Melbourne and Brisbane to reach new customers. For three years running, these pop-up markets have taken place once a year in November/December to tap into pre-Christmas sales. The markets are located in the spacious entrance of the headquarters

of Westpac Banking Corporation, one of Australia's largest banks, and Many Rivers' partner for their microloan provision. Westpac donates the space for the market for one week. Many Rivers' staff organise the market and man the stalls during the week, saving young entrepreneurs from rural and remote areas the opportunity costs of doing so themselves. Each product has attached to it a profile and details about the entrepreneur who made the good. Many Rivers passes on 100% of the profit made at the market to the entrepreneurs, which, over the past three years, has amounted to A\$50,072<sup>9</sup>.

**Using mobile technology to facilitate access to market information, suppliers and banking services.** Our research has shown that young entrepreneurs in rural and remote areas often lack access to suppliers and to information to compare prices across the market. They also have restricted access to banking services (as outlined in Figure 2.1). Making Cents is using mobile technology to overcome these challenges and the inefficiencies that hinder business growth in rural and remote areas in particular.

### Example from Making Cents International

Under the three-year (2012-2016) Rural Youth Economic Empowerment Program (RYEEP), Making Cents International supported Proinvest, a Tunisian consulting company, to facilitate access to finance for young rural retailers through mobile phones. Market research found that the retail sector was a great employer of rural youth, but suffered from a number of inefficiencies that constrained growth. For example, young retailers were forced to buy from suppliers who delivered on an ad-hoc basis, and lacked access to credit that would enable them to diversify their suppliers or to invest in shop improvements. In response, Proinvest piloted MobiPOS. Through the MobiPOS mobile application, rural retailers can order a wide variety of goods that are delivered within 48 hours. Retailers pay digitally upon delivery through MobiPOS, or after 30 days through a tri-partite funding arrangement with

the microfinance institution Enda (a YBI member organisation since 2013). In addition, simple financial literacy and entrepreneurship education messages are delivered to retailers via their mobiles. This combination of services provides a number of benefits to rural youth – solving stock shortage problems, providing youth with a wider variety of goods, giving them access to finance, and helping them to upgrade their operations through financial education, which is often lacking in such contexts.

**Training local business communities where quality mentors are lacking, and facilitating peer mentoring in remote settings.** Feedback from YBI members and young entrepreneurs shows that mentoring and peer mentoring can be hugely impactful. In rural and remote areas however, practitioners reportedly struggle to find quality mentors, and particularly those who can provide the more effective mode of face-to-face support. One solution is to train local business community members in rural and remote areas to become mentors. It has also been found useful to supplement this with peer mentoring, although this can be difficult to implement when young entrepreneurs live far from each other. Futurpreneur in Canada have found effective ways to overcome these challenges, as described below.

### Example from Futurpreneur Canada

Futurpreneur Canada has developed effective local and peer mentoring mechanisms to serve young entrepreneurs in remote locations, who would otherwise have no or little access to face-to-face mentoring. For example, in the remote town of Prince Rupert they found that an active network of business people existed, but that there was a lack of resources available to help them become effective mentors for young entrepreneurs. To address this gap, Futurpreneur ran a one day training session on their mentorship philosophy and the skills that great mentors can leverage. Useful tools and resources were shared (templates, case studies, online training content) to prepare local mentors for their mentoring relationship. In addition, through the ThriveNorth initiative, Futurpreneur organises monthly peer mentor circles. These circles bring together up to eight young entrepreneurs to

discuss their businesses and brainstorm solutions to challenges in a safe and quiet environment. The sessions are facilitated by Futurpreneur's local Community Coordinator and take place in two remote centres, Prince Rupert and Terrace, making it more feasible for young entrepreneurs to attend. The travel and accommodation costs of young entrepreneurs not living locally are sponsored by Futurpreneur in order to remove any financial barriers to taking part.

**Achieving the right balance between distance and face-to-face support, and defining clear boundaries for delivery.** Supporting young entrepreneurs in rural and remote areas after providing them with initial business training is inherently more difficult than in urban areas due to the above mentioned infrastructural challenges and geographical distances involved. We came across a variety of approaches to overcoming this challenge, including continuing to visit young entrepreneurs at specific intervals for face-to-face meetings as well as the use of text messages, Facebook chat, and email, depending upon geographical proximity and the technology that is available to young entrepreneurs. Many Rivers in Australia have developed their distance-support over the years and it is now based on a combination of face-to-face, phone and email communication, which suits their context and has been found to be effective (see case study box below for details).

### Example from Many Rivers, Australia

Many Rivers operates in rural and remote Australia through a network of 19 field officers who are based at driving distance (up to six hours) from the entrepreneurs they serve. These field officers are recruited from the local community and are the main point of contact for the entrepreneurs. To ensure face-to-face contact with their clients, they visit the communities in which they are based for one or more days at regular intervals. During a face-to-face meeting they develop an action plan, which the entrepreneur works on between meetings. Each entrepreneur updates their field officer on progress or can seek help via SMS, phone calls or email. Whereas face-to face-contact may occur every one to two weeks initially, this reduces over

9. Equivalent to £27,000 or \$39,000 at the time of writing



the course of the relationship as entrepreneurs gain more skills and independence. In addition to having determined which distance-support mechanisms work best in their specific context, Many Rivers also have put a rule in place to not serve young entrepreneurs that live outside of the defined area of reach of their field officers. This helps to ensure that a high standard of support is provided to all young entrepreneurs, regardless of where they live.

**Engaging community and family members to help build entrepreneurial culture and a supportive environment.** A key finding of this study is the importance of community and family members in shaping the entrepreneurial environment in which young people start their business. During our research, many practitioners stated that entrepreneurial culture was often lacking in rural and remote areas, discouraging young people from becoming entrepreneurs. The Center for Rural Entrepreneurship and Fundación Paraguaya have developed innovative approaches to engaging communities and families respectively, in their efforts to build entrepreneurial culture and an environment in which young entrepreneurs can flourish. Although their models are applicable to urban areas, they are especially relevant in rural and remote areas where communities tend to be smaller and exposure to entrepreneurial ideas and role models is limited.

#### **Example from the Center for Rural Entrepreneurship, USA**

The Center for Rural Entrepreneurship has found that engaging and empowering a wide variety of stakeholders is a recipe for success when working in rural communities to build entrepreneurial skills and culture. Upon starting to work in a new community, they set up a working group of adults and young people, who are consulted and lead the delivery of activities. Such working groups usually include key actors and institutions that influence the entrepreneurial culture in a community, such as schools, youth organisations, local government and economic developers. The Center then works to empower these stakeholders to help them change the entrepreneurial culture

in their community. They initially undertake research into the entrepreneurial attitudes and ambitions of young people through surveys and focus groups, and help the working group to map the assets that exist in their community. They then facilitate the writing of an action plan and provide technical assistance to implement specific youth entrepreneurship projects. This model is particularly effective in smaller communities, where it is feasible to gather all of the key stakeholders together around the cause of growing and retaining young entrepreneurs within the community.

#### **Example from Fundación Paraguaya, Paraguay**

Fundación Paraguaya offers entrepreneurship education and micro-credits in rural and urban areas of Paraguay to help bring young people out of poverty, and into sustainable employment. It is recognised that a young person's ability to overcome the challenges along their entrepreneurial journey is often dependent upon their family's approval, and ability to support them financially. Therefore the organisation has found working with families as a whole, rather than young entrepreneurs alone, to be very effective. Although this approach can be used in any context, it may be particularly important in rural and remote areas, where young entrepreneurs are less likely to have access to finance, business networks, and advice services, leaving them more dependent upon family support. When families enter Fundación Paraguaya's programme, the organisation assesses their poverty level across six areas before aiming to provide support to every member of the family depending upon their level of need (e.g. to provide them with education, access to a micro-loan, or to teach them a new skill). During this process, the main point of contact is the young person in the family, since Fundación Paraguaya has found that young people's enthusiasm and motivation are a great source of strength in helping to pull a family out of poverty.

## 4. Key recommendations for practitioners

This study aimed to provide practitioners with clear, workable recommendations for supporting young entrepreneurs in rural and remote areas. While we acknowledge the importance of local context and are aware that there are no blanket solutions, the following recommendations are provided to guide the activities of entrepreneurship practitioners working in rural and remote areas:

### **1. Conduct a thorough market analysis**

before starting an entrepreneurship support programme in a rural or remote area. An in-depth understanding of the economic opportunities and challenges is a pre-requisite for providing sound advice and nurturing sustainable businesses, particularly in the more difficult rural or remote market conditions that young entrepreneurs operate in. Common advice and rules applicable to urban areas may not apply.

**2. Enable access to technical and vocational skills training**, in addition to business training, if acquiring a specific skill is key to the success of a young entrepreneur in their rural or remote context. While in urban areas such training centres are more easily accessible and offer a variety of courses, young people from rural or remote areas often struggle to access technical and vocational skills training. Funding for transport and course fees are major barriers preventing them from receiving training which would help to overcome their relative lack of knowledge and skills. Where identified as a need, delivery organisations should look to enable access to training that is already available, through developing quality partnerships with specialists in vocational training. Training should be facilitated on a case by case basis, and should be based on market analysis to avoid risks such as market saturation in rural areas.

**3. Expose rural and remote youth to new and innovative business ideas**, for example through trips to urban centres, sharing case studies of new enterprise models, talks from role models, and by helping young entrepreneurs to spot opportunities or gaps in their local markets. This responds to the reported challenge of young entrepreneurs in rural and remote areas lacking innovation and being prone to sticking to familiar business ideas (especially problematic given that they operate in smaller markets that are easily saturated).

**4. Incorporate a focus on attitudinal change within training**, and ensure that this is reinforced throughout the programme of support. The research found that mind-set issues are a key barrier to rural and remote-based youth, often preventing them from venturing into youth entrepreneurship or causing them to lose confidence at a later stage. It is important to instil a sense of agency, motivation and control through targeted training provision. This should focus on addressing the perceived barriers to entrepreneurship and dispelling some of the associated myths.

**5. Provide regular or occasional transport to larger, urban centres**, where this can effectively facilitate young entrepreneurs from rural and remote areas to reach vital markets or new customer groups. The costs and benefits of this should be analysed on a case by case basis, but it can be a simple but powerful response to overcoming the infrastructural and economic challenges that young entrepreneurs in rural and remote areas face.

**6. Explore opportunities presented by internet or mobile-based technology** to facilitate direct access to capital and market information for young entrepreneurs in rural and remote areas, as well as access to new customer groups. Rural and remote-based youth are currently disadvantaged in all of these areas vis-a-vis urban entrepreneurs. Delivery organisations could equally support young people to become developers of associated apps or SMS information services. This area of support does however require specialised expertise on the part of the delivery organisation.

**7. Strategically involve communities and families** to help mitigate the lack of entrepreneurial culture and restrictive social norms, including gender norms. Community and particularly family members play crucial roles in defining the 'ecosystem' in which young entrepreneurs operate and can pose a barrier to as well as acting as facilitators of youth entrepreneurship. This is particularly important in rural and remote areas, where communities are naturally smaller and generally more tightly interconnected than urban communities. As well

as encouraging involvement in entrepreneurship programmes in the first place, support from community and family members can facilitate access to networks and new opportunities for funding. Specifically, more attention should be paid to how communities and families may reinforce gender barriers, which may not be fully acknowledged by all practitioners.

8. **Plan around seasonality and adverse weather conditions**, for example by consciously using the time during which rural or remote communities are physically accessible to deliver more face-to-face support. Additional measures should be considered such as encouraging entrepreneurs in rural areas to save for those months when customers will predictably have lower purchasing power (due to lower agricultural product sales), to anticipate supply chain disruption during monsoon or winter months and to time purchases accordingly, and to take up insurance or micro-insurance, where available, against damage from adverse weather and especially for agricultural enterprises.

9. **Strengthen the evidence base of what works and does not work with regards to rural and remote youth entrepreneurship programmes, and share findings more frequently**. There are very few published evaluations or even internal reviews available that interrogate what specific support and which delivery methods are effective in rural and remote areas. To help better overcome the specific challenges identified through this research, the sector should become more open to investing in evidencing successes and failures, and to sharing these experiences. This could be undertaken on a regional level to ensure relevance and context-specificity. The aim should be to facilitate organisations to develop more targeted approaches to working in rural and remote settings.

10. **Consider evidence of the 'conditions for success' underpinning successful entrepreneurship programmes** during programme design, and before committing to deliver within rural and remote areas. As a starting point, the following were identified through this research.

*"The face-to-face contact and tailored support is highly valued by participants (naturally they feel far from almost everything)."*

YBI member



## Conditions for Success

**Organisations wanting to deliver entrepreneurship support in rural and remote areas should firstly consider whether they can meet the conditions for success, as evidenced through existing research and good practice.** The list below is not exhaustive and its precise composition will vary in different contexts; this should be considered as part of the initial feasibility assessment and market research.

Organisations should also be mindful of the fact that meeting these conditions will require sufficient funding; the delivery of an effective programme in rural or remote areas may be more costly than in urban areas. We recommend openly discussing such cost issues with donors who seek to reach out into rural and remote areas in order to set realistic expectations.

- **Ability to deliver trainings and meetings in accessible locations** (i.e. directly in the communities where young entrepreneurs live, or in rural and remote centres close by). This is vital in order to respond to the challenges around lack of transport options and high transport costs. This can be achieved by working through local partners (see following point), opening offices in peri-urban, rural and remote locations, or having mobile staff. Another option is to subsidise the transport costs of young entrepreneurs from rural and remote areas to attend training and meetings in urban areas.
- **Availability of quality, local delivery partners** (organisations or key individuals) to help develop an understanding of the local context, aid delivery, and facilitate more contacts and buy-in. This is in line with our finding that in rural and remote areas, practitioners rely more on co-delivery with local partners to overcome challenges around geographical distance from head offices (often based in urban centres) and the cost of transport.
- **Capacity for operating effective systems of distance-support**, to provide entrepreneurs with access to ad-hoc advice and information after the completion of their business training (such as sector-specific information, guidance on business registration, advice on financial matters, etc.) This research found that successful delivery organisations rely heavily on distance-support via text messaging, email and/or video chat in rural and remote areas, in addition to providing more traditional face-to-face engagement.
- **Availability of quality local mentors**. Such individuals offer a constant source of ad-hoc advice and information, which is crucial in rural and remote areas where young entrepreneurs generally have lower levels of education and less access to other sources of information through the internet and media. Local mentors are also able to provide face-to-face support which reportedly decreases the feeling of isolation and makes young entrepreneurs feel more accountable than distance-support.
- **Capacity to facilitate peer or group mentoring approaches**. This can complement one-to-one mentoring and help to build the young entrepreneur's network of support. In cases where a suitable local mentor cannot be found in a rural or remote area, face-to-face support from peers may be vital for increasing confidence and accountability.
- **Ability to tailor interest rates and loan repayment schedules to individuals**. This is particularly important for rural and remote-based entrepreneurs, given that they face tougher market conditions and therefore, in some cases, have been found to be more likely to default on their loan repayments.



## 5. Areas for further research

During this study, in addition to the general need to improve evaluation of what works, it became apparent that **further research** is needed on the following specific topics to help advance youth entrepreneurship support in rural and remote areas.

- 1. Investigating gaps in support provision in rural and remote areas:** One of the main findings of this report points towards gaps that exist in the support that delivery organisations provide to young entrepreneurs and the delivery methods that they use in rural and remote areas. Further research should investigate the underlying reasons behind why organisations do not adapt their activities to rural and remote contexts. Challenges uncovered by this research, including a lack of awareness, funding and sharing of best practice in this area, could form a starting point. The second aspect of such research should further explore what effective adaptive measures are being implemented in different contexts, building on the case studies in this report, and what further adaptations are necessary to make entrepreneurship support in rural and remote contexts successful.
- 2. Gender awareness:** On the basis of the finding that many delivery organisations did not think that an entrepreneur's gender influences the barriers and challenges that they experience, it is suggested that further research is conducted into: i) the level of awareness and understanding of gender equality issues among organisations; ii) the extent to which organisations have conducted research into gender inequalities and

entrepreneurship barriers in the localities that they operate in; iii) the extent to which gender is factored into recruitment and delivery practices beyond the common practice of setting quotas for female entrepreneurs; and finally iv) the extent to which the rural or urban context influences existing gender norms. Such research may lead to mainstreaming gender awareness training amongst delivery organisations as well as young entrepreneurs themselves (who were also found to be relatively uncritical of the impact of gender norms during the focus group discussions conducted for this study).

- 3. Approaches to community and family engagement:** In rural and remote areas in particular, family members as well as entrepreneurial role models, local banks and existing business networks significantly define the small 'ecosystem' in which young entrepreneurs operate. There are very few good practice examples of how to effectively engage communities and families in supporting a change in entrepreneurial culture and of collaboration with different stakeholders to help provide a business environment that is conducive for young entrepreneurs. Beyond researching which approaches exist across the sector, it is important to understand why certain approaches are more successful than others (analysing contextual and process factors). In addition, delivery organisations should be encouraged to trial different approaches and to evaluate them thoroughly in order to add to the knowledge base.
- 4. Effective outreach and recruitment:** Although this study focused on young entrepreneurs who were already enrolled in entrepreneurship support programmes, we recognise that a vital part of every delivery organisation's work lies in initial outreach and recruitment. Further research is needed to understand how best to conduct effective outreach and recruitment activities in rural and remote areas, how these may need to differ given contextual challenges, and to share experience in this area.

## 6. Methodology



This study combined existing academic and empirical knowledge on rural and remote youth entrepreneurship with opinions from young entrepreneurs and youth entrepreneurship practitioners themselves through the following methods:

- **Literature review** of reports, academic papers and evaluations focusing on rural and remote entrepreneurship and youth entrepreneurship.
- **Key informant interviews** with ten YBI members that operate in rural and remote areas.
- **Key informant interviews** with five thematic experts, comprising a mixture of individuals and organisations working in the field of rural and remote youth entrepreneurship
- **Online survey** of YBI members operating in 40 countries, who in turn distributed the survey to the young entrepreneurs that they support. Responses were received from YBI members from 27 countries and young entrepreneurs from 14 countries.
- **Focus Group Discussions** (FGDs) with young entrepreneurs in rural Kenya and Tanzania.
- **Telephone interviews** with four young entrepreneurs in rural Trinidad and Tobago.

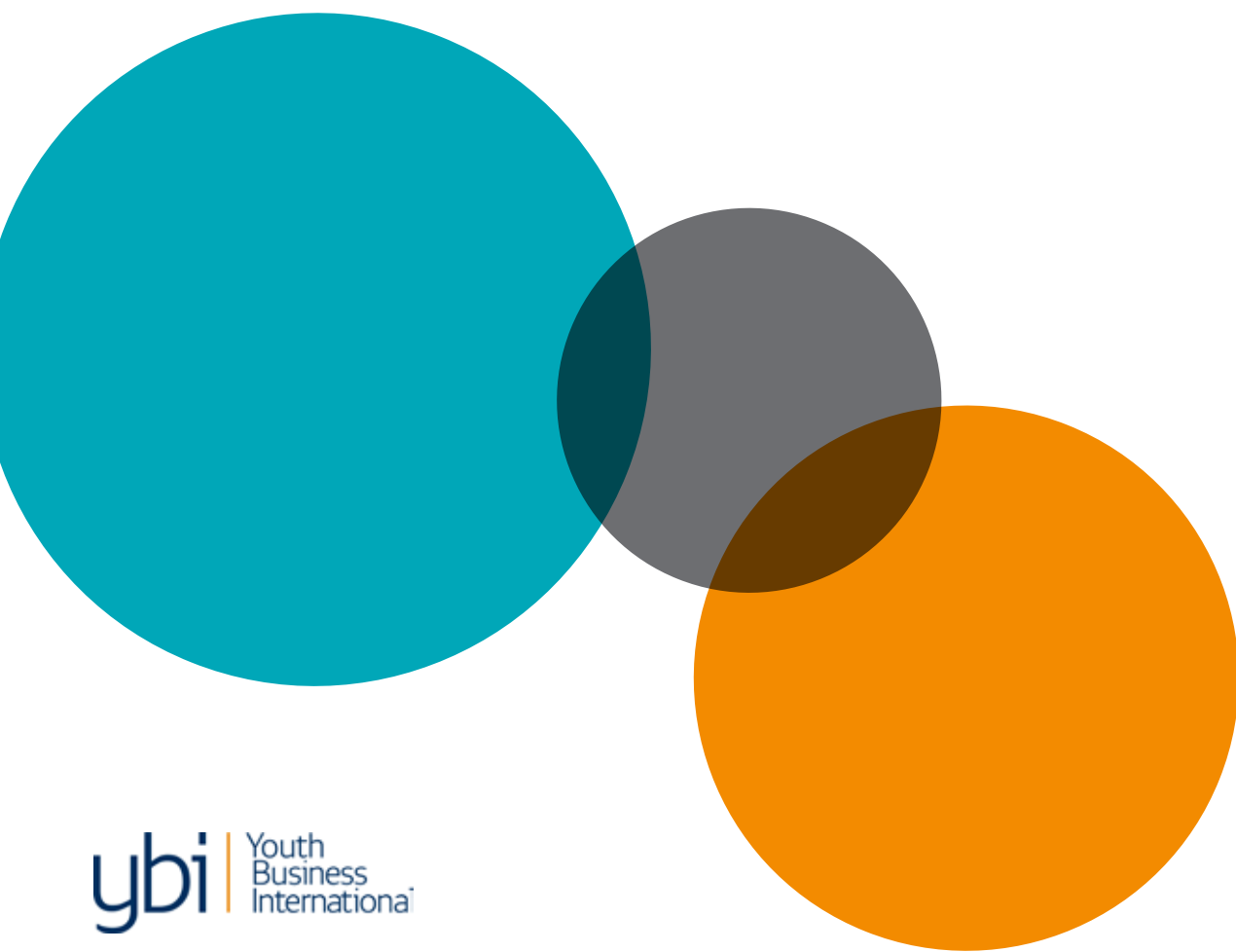
During this research, we experienced similar difficulties to delivery organisations in reaching out to rural and remote entrepreneurs to gather their views. While the online survey response rate from urban-based entrepreneurs was satisfactory, very few entrepreneurs from rural areas and none in remote areas completed the survey. Even telephone and e-mail consultations proved difficult, which reflects the challenges that young entrepreneurs face around accessing the internet and technology.

This map illustrates the countries of origin of survey respondents and YBI interviewees.

- Background colours denote responses from young entrepreneurs and where their business operates.
- Dots and stripes denote responses from YBI members and in what areas they support young entrepreneurs.







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