



## Economic and Financial Committee (ECOFIN)

### *Topic 1: The sustainability of youth-led economy*

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#### 1. Definition of key terms

**Youth Entrepreneurship:** The process of starting and operating a business by young individuals, often characterized by innovation and a willingness to take risks.

**Start-up Culture:** A culture that encourages the creation and growth of startup businesses, characterized by a high tolerance for risk, a focus on innovation, and an emphasis on rapid growth.

**Collaborative Economy:** An economic model that emphasizes collaboration and sharing resources. In a youth-led economy, collaborative initiatives may be more prevalent. Co-working spaces, innovation hubs, and startup incubators facilitate interaction among young entrepreneurs, fostering an economy based on knowledge sharing.

**Sustainable Development Goals (SDGs):** 17 global goals established by the United Nations in 2015, set to promote sustainable development by the year 2030.

#### 2. Introduction

In numerous regions globally, children encounter challenges in exploring their creativity, innovation, and technical skills due to insufficient human resources, funding, and opportunities within educational systems. This limitation contributes to the struggles faced by many young individuals in today's economic landscape. A notable 15.58% of young people worldwide find themselves unemployed.

A survey conducted by the World Bank highlights the escalating trend in youth unemployment rates from 1990 to 2020. However, in subsequent years, a reversal of this trend has been observed, attributable to the adoption of a novel economic model aimed at fostering youth engagement in entrepreneurship.



This emergent economic model, established within the past decade, envisions young individuals as key contributors to a new economy centered on social good. Organizations such as Digital Opportunity Trust (DOT), YES for Europe (The European Confederation of Young Entrepreneurs), and Future Academy have been actively collaborating to provide support and guidance to youth in their entrepreneurial pursuits.

### 3. Background information

A "youth-led economy" denotes an economic system wherein young individuals actively and significantly contribute to steering economic activities, innovation, and decision-making processes. Social enterprises spearheaded by the youth not only address pressing social and environmental concerns but also offer employment opportunities to this demographic. Policymakers can bolster such enterprises by providing tailored support to enhance access to funding, build knowledge and skills, elevate the overall profile of social enterprises, and fortify the evidentiary foundation. Governments and organizations alike acknowledge the imperative of cultivating an enabling environment for youth-led initiatives, leading to the implementation of policy frameworks supporting entrepreneurship and promoting a helpful ecosystem for young economic participants. In recent times, numerous regions globally have witnessed a "youth bulge", characterized by a significant proportion of the population comprising young people. This demographic shift has prompted heightened attention to harnessing the potential of youth for economic development. Moreover, the digital era has ushered in unprecedented opportunities for young entrepreneurs and innovators. Technological access has empowered youth to initiate businesses, establish global connections, and contribute across various sectors of the economy, catalyzing the emergence of a distinctive "Start-up Culture." Digital literacy and connectivity further facilitate youth participation in the economy, as the widespread adoption of digital technologies grants them access to information, markets, and resources.

The dynamics of a youth-led economy remain in flux, shaped by global trends, technological advancements, and societal transformations. This concept highlights the transformative potential of young people in shaping the future of economies on a global scale.

## 4. UN involvement

Given that young individuals frequently take a prominent role in addressing global challenges, encompassing concerns related to environmental sustainability, social justice, and poverty alleviation, the incorporation of social entrepreneurship and a focus on sustainable business practices holds crucial significance in the principles upheld by many young entrepreneurs. Consequently, several initiatives led by the youth align with the United Nations Sustainable Development Goals (SDGs), highlighting a dedication to fostering positive social and environmental impacts alongside economic growth.

United Nations Secretary-General António Guterres stated that he strongly believes in the influential capacity of young people, recognizing that the vibrancy of economic dynamics hinges on harnessing the potential beheld in the youth demographic. To this end, the United Nations has designated the Secretary-General's Envoy on Youth, whose role extends to serving as a global advocate for addressing the needs and rights of young people, thereby bringing the United Nations into closer alignment with their concerns.

## 5. Major countries involved

### China

Benefiting from a thriving technology sector, China has witnessed notable instances of youth-led entrepreneurship, particularly manifesting in fields such as e-commerce, financial technology (fintech), and artificial intelligence. The average age of entrepreneurs in China stands at 32 years old, with approximately 44% of Chinese entrepreneurs falling below the age of 35.

### India

India exhibits a burgeoning startup ecosystem marked by a substantial contribution from young entrepreneurs. Cities such as Bangalore and Hyderabad are known for their proliferation of technology startups. Within the Indian entrepreneurial landscape, the median age for commencing a business is 27, with a noteworthy 80% of founders initiating their startup ventures before reaching the age of 30.

### Israel

Recognized as the "Startup Nation," Israel boasts a robust ecosystem dedicated to technology and innovation, spearheaded by a considerable number of young entrepreneurs who typically favor the startup approach. A prevalent practice among Israeli founders involves completing mandatory military service and obtaining a university degree prior to embarking on entrepreneurial ventures. Consequently, while the average age of entrepreneurs in Israel may exceed that of some other nations mentioned before due to these prerequisites, it remains notably lower than the global average.

### Germany

Berlin, specifically, hosts a flourishing startup scene that draws in youthful talent, particularly in domains such as software development and biotechnology. In Germany, entrepreneurial pursuits have witnessed a notable transition towards younger age cohorts in recent years. As of 2022, 28.3% of entrepreneurs in Germany fall within the 18 to 32 age bracket. In contrast, the corresponding rate for individuals aged 55 to 64 is merely 4.1%.

## 6. Bibliography and useful links

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