



Young
Entrepreneurs' Alliance
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**Crisis delenda est,
Entrepreneurship est memorandum¹.**

THE OFFICIAL COMMUNIQUE OF THE MOSCOW 2013 G20 YOUNG ENTREPRENEURS' ALLIANCE SUMMIT

The G20 Young Entrepreneurs' Alliance (G20 YEA) is a global network of young entrepreneurs and the organizations that support them. In conjunction with the 2013 Leaders' Summit in St. Petersburg, Russia, more than 400 young entrepreneurs met in Moscow at the G20 YEA Summit on June 15th to 17th, 2013.

The 2013 edition of the G20 YEA Summit built upon the dialogue between young entrepreneurs that began in Italy (at the G8), and continued at the G20 YEA Summits in Canada, France and Mexico. We recognize that development of youth entrepreneurship is the main factor in the formation and development of human capital, the key to innovative economies in the 21st century, and the dominant force for strong, sustainable and balanced growth.

Over 2000 years ago, the famous Roman general, speaking to the Senate, persistently repeated "Carthago delenda est" (Carthage must be destroyed), and not without reason, considering that his homeland stood in the face of mortal danger. This man was Cato the Elder, and he was known not only as a statesman and soldier, but also as the author of the famous guide on agriculture, De Agri Cultura. This handbook for small landowners contributed to the development of private property and the birth of a new type of farming, one systematic and capitalist in nature.

In the Ancient period, we already witnessed economic unity of the world, uniformity of economic life, mass production, a "homo oeconomicus" way of thinking, and the first steps of capitalist development, which today all forms the basis of modern life. However, back then, the development of these institutions was suspended by a process that had no direct relation to economic life, as the source of obstacles was of a political nature.

Today, in times of economic crisis, structural changes and rising unemployment, we, the young entrepreneurs attending the 2013 G20 YEA Summit, paraphrasing the words of Cato the Elder, are ready to repeat emphatically "Crisis delenda est, Entrepreneurship est memorandum"!

¹ The Crisis must be overcome,
The Role of Entrepreneurship must be emphasized

We are witnessing challenges associated with the emergence of new technologies. Mass production still remains the basis of the global economy. But, technological development allows for the individualization of production of goods and services, the targeting of it to specific consumers, and the opportunity to be closer to customers and not hide behind the thick walls of corporations and intermediaries.

To take full advantage of the benefits and changes technology brings, economies require a review of legal and institutional frameworks, and adjusting the organization of economic activity. Economies need to modernize structurally, support innovation, create high-tech jobs, and stimulate domestic demand, which is an increasingly important factor for investment decisions.

The government machinery and the monopolies from their heights will not notice the unique person with his/her unique needs. But there is free enterprise, which allows for the realization of a free and at the same time culturally determined will of individual. Entrepreneurs are very different, but always aim at finding effective solutions. Youth entrepreneurship embodies mobility of thinking and lack of stereotypes – traits that play a crucial role in the development of economies.

G20 countries have different technological and institutional environments, geographical conditions, consumption and trade levels, and monetary and credit systems. These differences serve as an incentive to entrepreneurs, stimulating cross-border cooperation, advancement and job creation.

One of the major concerns of many modern economies is structural unemployment, in particular among young people. Entrepreneurship is a tool that provides targeted support for those who are currently unemployed or underemployed, and who have high potential in the innovation economy. Promotion of youth entrepreneurship is a significant factor in reducing social and economic risks.

There is ample evidence to say that any seriously grounded policy to reinvigorate growth and job creation should have entrepreneurship at its core, with a strong emphasis on youth. Small and medium-sized enterprises are the backbone of most economies around the globe. In 2011, the World Bank found that across a sample of 99 developing countries, almost 90% of jobs are generated by SMEs. They account for 52% of GDP and 64% of employment and, more importantly, create all the net growth of jobs, and account for the majority of hiring of youth.

Our recommendations are targeted to address specifically the most acute challenges the global economy is facing today. The legitimacy of our recommendations is based upon the credibility and input of hundreds of young entrepreneurs from all G20 countries who gathered in Moscow in June for the 2013 G20 YEA Summit. From them, we have identified a number of measures that require coordinated action on the part of the G20 leaders.

1. Access to digital infrastructure and services.

For emerging and growth ventures, digital infrastructure and electronic access to government services and payment networks is a necessary platform for future growth, innovation, and national and international cooperation.

RECOMMENDATIONS:

- Ensure access to reliable high-speed internet connections at a reasonable cost for start-up and growth businesses, especially outside of large cities.

- Provide government business services electronically, reducing expensive staff and time resources.
- Ensure an infrastructure that enables companies to have digital access to all business-related information (regulations, taxation, public statistics, etc.).
- Ensure Internet-neutrality by overseeing companies that control online content flow.
- Support the development of global electronic payment networks.

2. Education to provide knowledge, networks and innovation skills.

Human capital is the main factor of sustainable development in the post-industrial economy that increasingly depends on continuous innovation for growth and prosperity. Knowledge plays a key role in international competitiveness.

Development of entrepreneurship in the sphere of innovation creates a growing need for staff with modern higher education. The quality of education determines the quality of entrepreneurship growth, and the two sides of the equation must develop together.

RECOMMENDATIONS:

- Review educational priorities to ensure young people have access to knowledge and skills vital for the new technological and business realities of the 21st century.
- Facilitate promotion of an entrepreneurial culture through all layers of the schooling system, with a focus on the values of ethics and business morals.
- Develop standardized enterprise development programs, which include widespread training in basic entrepreneurship and risk management skills, and utilize the Internet to deliver top-quality informational resources.
- Support creation of specialized business and social networks (local and international), and technologically advanced business centers at universities, giving students access to skills and tools necessary to put theory into practice; incubation services and co-work spaces; low cost search for information, partners and suppliers; and management talent, recruiting, accounting and other resources for start-up initiatives.
- Promote close cooperation between businesses and schools to better link educational pathways with labor market needs, and to effectively support and provide guidance to students in their career choices and job search.
- Stimulate the establishment of work-based learning systems (internships, apprenticeships, vocational trainings etc.).
- Expand, streamline and coordinate government funding programs targeted to R&D in green growth technology.

3. Business and labor legislation environment.

There is strong demand for easy-to-understand, employment-friendly labor laws, which are currently considered to be complex, rigid, a huge drain on SMEs in terms of both administrative resources and compliance, and high risk vis-à-vis hiring and laying-off employees.

Any institutional changes should be directed toward the sustainable development and ability of SMEs to scale-up, which will lead to positive cumulative effects on the global economy as a whole.

RECOMMENDATIONS:

- Revise the tax burden on labor (including both wage and non-wage labor costs on the part of the employer, as well as income taxes on the part of the employee) in two priority areas:

1. Innovation (implementation of scientific and technical programs, improvement of the technical means of production, and the development of new high-tech equipment and technologies);
 2. Social entrepreneurship (for example, social care, opening of schools, or the launching of immigrant assimilation programs).
- Harmonize labor laws to strike the right balance between the needs of workers and employers by introducing simplified labor regimes for start-ups in the first three years of their existence; establishing simplified rules for hiring and laying-off; and organizing simple procedures for dispute resolution.
 - Promote business legislation that minimizes the stigma and punitive nature of bankruptcy.

4. Increasing access to finance for start-ups and enterprise growth.

Making credit markets work for start-ups, as well as for SMEs, is a policy prescription of long standing, and yet one that is often unrealized. Supporting the sustainability of enterprises converges with the objective of generating quality jobs.

Access to finance is an important prerequisite to enterprise growth, be they newcomers to the market, or those seeking financing for a new type of product or service.

RECOMMENDATIONS:

- Facilitate the development of a comprehensive range of financial products and services suitable for start-ups/small businesses, including development of a methodology for financial institutions that finance SMEs, striking a balance between "risk" and "trust".
- Ensure that funding on favorable terms is available from a variety of private funds, local banks, as well as state and local government sources for higher risk investment in capital expenditures for new product development and marketing.
- Reduce bank requirements concerning amount of mandatory reserve fund allocations when lending to SMEs, and enable the use of mandatory reserve funds for support of banks' current liquidity.
- Require international and regional development banks to set up programs tailored to support cross-border cooperation between growth ventures and corporations in the development of new products and technologies.
- Develop regulations to accommodate development of new innovative forms of financing, including online cross-border platforms and networks of investors and entrepreneurs.

To facilitate further development and implementation of the above recommendations we urge G20 governments to create a Task Force encompassing all relevant stakeholders and ask it to present an action plan at the next G20 meeting in Australia in 2014.

Signed on this 17th day of June, 2013



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