PRESS RELEASE   
For immediate release

**Inclusive finance sector debates support for young entrepreneurs in developing countries**

**High-level panel with Minister Franz Fayot addresses the socio-economic integration of young people with innovative financing mechanisms and business skill training and also discusses particular challenges faced by women entrepreneurs.**

On 20 April, representatives of the inclusive finance sector came together at Banque de Luxembourg for ADA’s first *Midi de la microfinance et de l’inclusion financière* since the pandemic. A high-level panel debated how best to support young entrepreneurs in increasing their contribution to the economy.

**Support for young business owners key to reducing unemployment and poverty**

Fostering youth entrepreneurship is key for developing countries to address unemployment and to maximise young people’s contribution to the economy. However, while young start-uppers are well supported in Europe, they face significant challenges in developing countries.

While most Luxembourgish banks have dedicated start-up services, few financial service providers in developing countries understand and adequately serve young business owners. Young entrepreneurs are seen as high-risk clients because of their limited credit histories and lack of assets to offer as collateral. They therefore often depend on savings or money from friends and family to start and grow their businesses.

Another challenge is a general lack of business skills as there is too little business development support and professional training in most countries. Nevertheless, financial and accounting skills are essential for growing a business and for being granted and managing a bank loan. Young people also need appropriate training to take advantage of new opportunities in renewable energy, agroecology, and the circular economy.

Providing financial and non-financial support for youth entrepreneurship is therefore a strategic focus area of the Luxembourgish Directorate for Development Cooperation and Humanitarian Affairs and the inclusive finance NGO ADA.

**Panel debate with government, regulatory and NGO representatives**

The panel, which was moderated by inclusive finance specialist Gerhard Coetzee, consisted of Minister Franz Fayot, Patrick Losch from the Luxembourgish NGO ADA, and Dr. Alfred Hannig from the global policymaking and regulatory network Alliance of Financial Inclusion.

Franz Fayot, Minister for Development Cooperation and Humanitarian Affairs of Luxembourg: “The socio-economic integration of young people, especially of young women, is a priority in our development projects. We will continue to promote responsible financial and economic opportunities by providing access to responsible financing, markets and innovative best practices. This is particularly relevant for the agricultural sector, as young farming businesses not only provide much-needed employment but also improve food security in developing countries.”

Dr. Alfred Hannig, Executive Director of the Alliance for Financial Inclusion: “The role of the central banks and financial regulators in emerging and developing economies has become broader, especially in context of youth and gender inclusive finance. Financial regulators are increasingly seeing themselves as agents for development, with SDGs being at the centre of our members’ work. AFI member institutions are implementing innovative and gender sensitive, practical, regulatory and policy reforms that address the financial inclusion of young people by leveraging digital financial services as a main driver for access and usage of high-quality financial services while maintaining financial stability.

For example, the Central Bank of Egypt now allows young people between 16 to 21 years old to open bank accounts without parental or legal consent, as part of efforts to overcome age restrictions to accessing financial services. Pakistan and Burundi have started to provide loans to young entrepreneurs under the guidance and supervision of state banks. Events such as the *Midi de la microfinance* are great platforms for sharing these experiences so that we can all benefit from lessons learned.”

Patrick Losch, ADA Chairman: “The support of young entrepreneurs is a strategic priority for ADA. Over the coming years, we aim to develop innovative financing mechanisms adapted to young entrepreneurs’ needs, such as flexible, revenue-based loan repayment schemes, guarantees and longer, medium-term loans. These measures all reduce the risk of non-repayment of loans as the entrepreneurs are granted more flexibility and more time while the lenders are reassured thanks to local, state-backed repayment guarantees.

While ADA traditionally worked with microfinance institutions, we are now extending our collaboration to incubators and other business development hubs to ensure young entrepreneurs not only have the financing but also the managerial expertise and soft skills they need to grow their businesses sustainably and independently. This financial and non-financial support will help young people in developing countries and their families to improve their quality of life and to play an active role in their communities.”

*The Midis de la microfinance et de l’inclusion financière gather representatives of the Luxembourgish inclusive finance sector for a panel discussion with a Q&A session, followed by a lunch reception. They take place several times a year in Luxembourg City from 12.00 h to 14.00 h.*

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