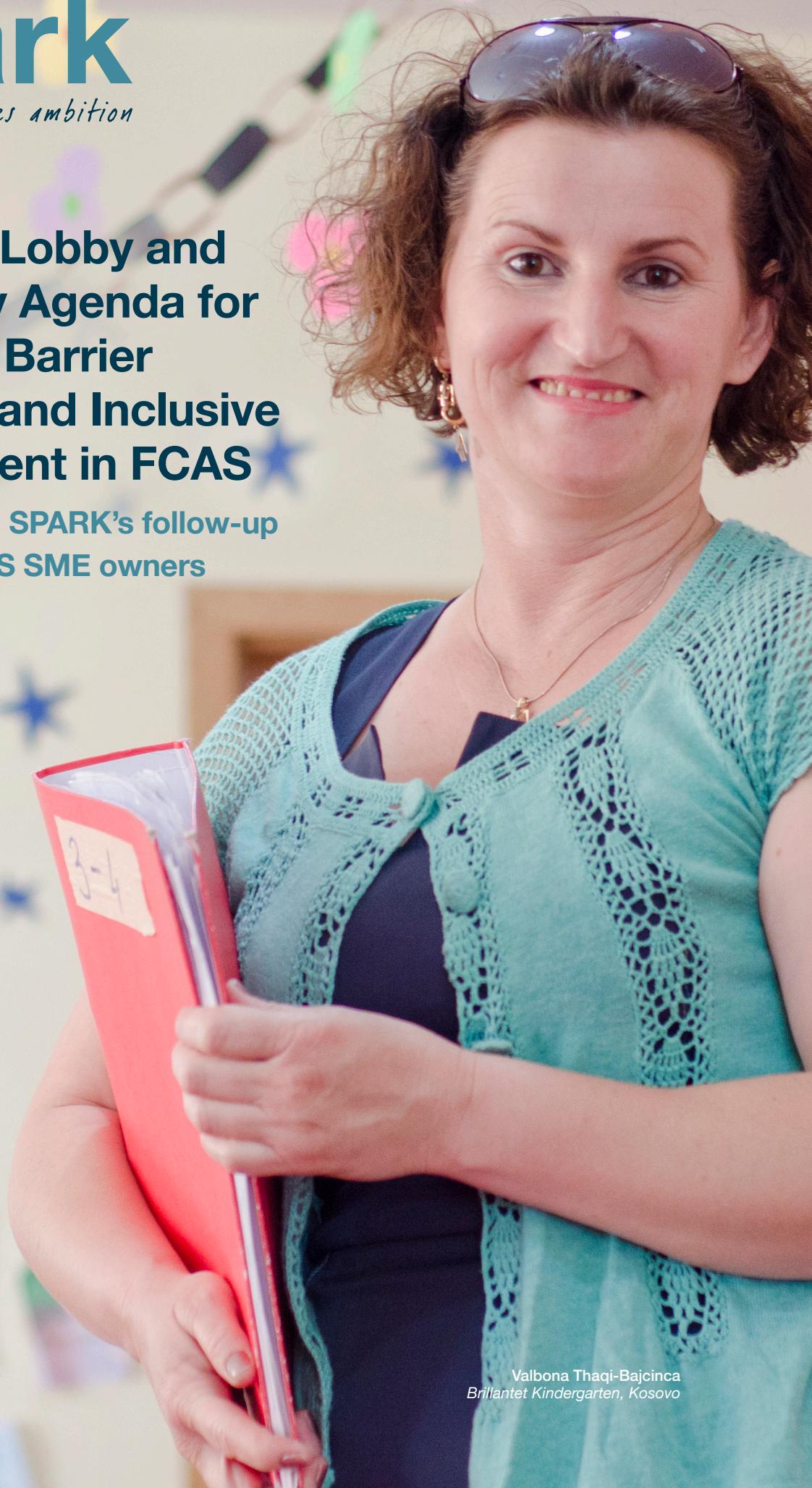




Setting a Lobby and Advocacy Agenda for Business Barrier Removal and Inclusive Employment in FCAS

Findings from SPARK's follow-up survey of FCAS SME owners



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About SPARK

Founded in 1994 at the University of Amsterdam, SPARK is an independent international development organization. SPARK develops higher education and entrepreneurship to empower young, ambitious people to lead their conflict-affected societies into prosperity.

SPARK believes that sustainable economic growth is essential for poverty alleviation. Creating jobs for youth and women in conflict-affected societies and enabling a climate for youth and women to improve their socioeconomic position are central to this vision.

Through job creation, entrepreneurship promotion and advocacy for an enabling business environment, SPARK aims to diminish the potential for conflict. We give special attention to marginalised groups, including women, returning refugees and internally displaced people (IDPs).

Acknowledgements

This publication is based on almost 250 survey interviews with SPARK-assisted entrepreneurs in five MFSII countries. This publication would not have been possible without the support of SPARK's country offices, local partners, data collectors in the field and of course all the entrepreneurs who willingly participated.

Jos Winters authored this paper

1. Introduction

SPARK develops higher education and entrepreneurship to empower young, ambitious people to lead their conflict-affected societies into prosperity. Such societies grapple with the complex effects of recent conflicts, including high levels of unemployment and limited educational opportunities. Women, youth and marginalized groups are especially hard hit. Through entrepreneurship promotion and advocacy for an enabling business environment, SPARK aims to increase the number of sustainable jobs and supports inclusive economic development.

SPARK offers solutions and services to businesses and higher education institutions in 15 countries. Over the last few years, SPARK has supported thousands of entrepreneurs to start or to expand their businesses through business-plan competitions, tailored business skill training and financial services such as loan guarantee funds and grants.

In 2013 SPARK undertook a large survey among 900 business owners who have been assisted through one of SPARK's many programmes since 2006. The rationale behind that survey was to learn more about the effectiveness of SPARK's small- and medium-enterprise interventions. One of the recommendations that came out of that survey was that SPARK establish a panel of entrepreneurs who could be monitored, consulted and interviewed regularly on a variety of issues.

Consequently, this publication contains the findings of one such follow-up survey of panel members. The purpose of the follow-up survey was to: 1) activate the panel of business owners; 2) follow up on 2013 data (especially on business barriers); 3) collect specific data on business barrier removal, inclusiveness and lobby and advocacy partners. The survey was carried out in five MFSII countries: occupied Palestine territories (oPt), North and South Kosovo (Kosovo), Burundi, Rwanda and Liberia.

Section 2 describes the objectives and methodology of the follow-up survey in more detail. Sections 3 and 4 highlight findings with regards to business barriers and inclusiveness, while Section 5 analyses lobby and advocacy partners. Section 6 discusses the conclusions.

2. Methodology and objectives

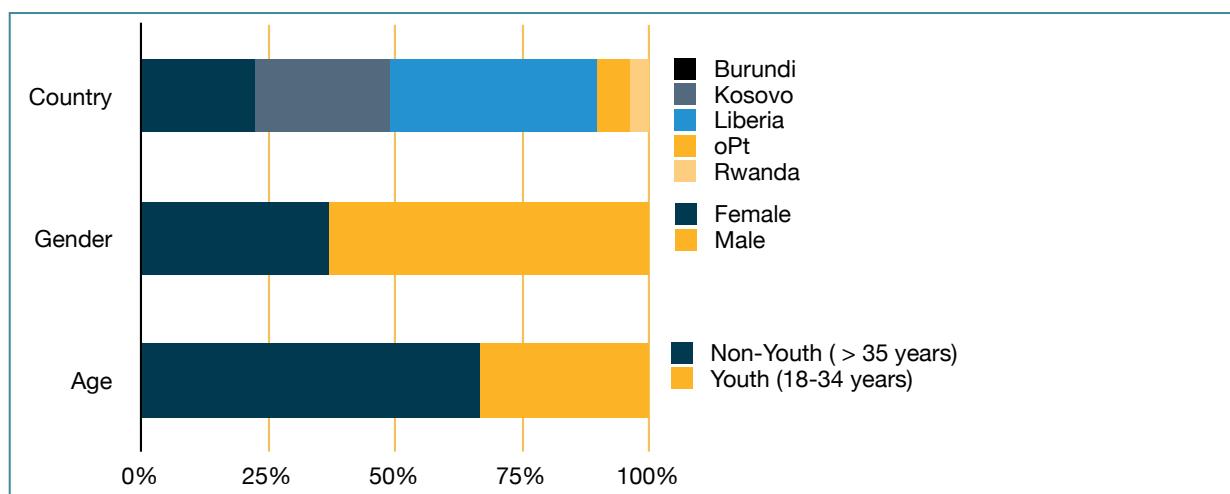
The purpose of the follow-up survey was to: 1) activate the panel of business owners; 2) follow up on 2013 data (especially on business barriers); 3) collect specific data on business barrier removal, inclusiveness and lobby and advocacy partners. The survey was carried out in five FCAS countries: occupied Palestine territories (oPt), North and South Kosovo (Kosovo), Burundi, Rwanda and Liberia.

The objectives were to:

- 1) establish the most important business barriers;
- 2) establish understanding and practice of inclusiveness;
- 3) establish the ways business owners are affected by state fragility;
- 4) establish the key lobby and advocacy actors.

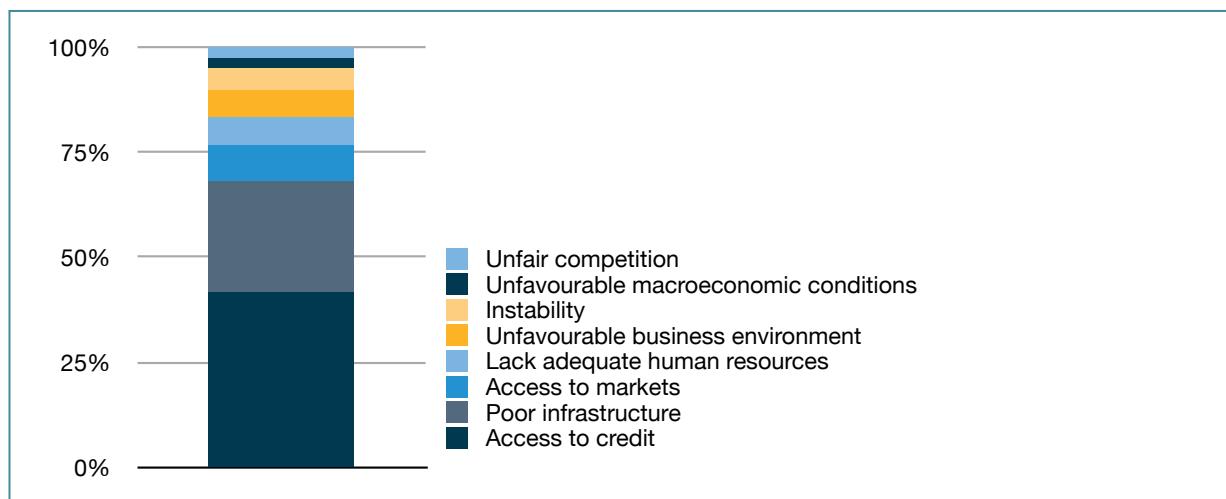
These objectives were met through a survey instrument with both open-ended and closed questions. In total, 240 business owners were randomly selected by country from a list of 550 panel members. The sample is not representative and the findings are therefore indicative only. Graph 1 shows the distribution by country, gender and age.

Graph 1: Distribution sample by country, gender and age



3. Business barriers

In countries that grapple with the complex effects of recent conflicts business owners face numerous barriers to running and growing their businesses. Removing business barriers and facilitating an enabling business environment in order to promote entrepreneurship, enhance trade and stimulate economic growth is high on the agenda of international organizations. SPARK has made business barrier removal central to both its lobby and advocacy support to partners and its intervention strategy in many programmes.



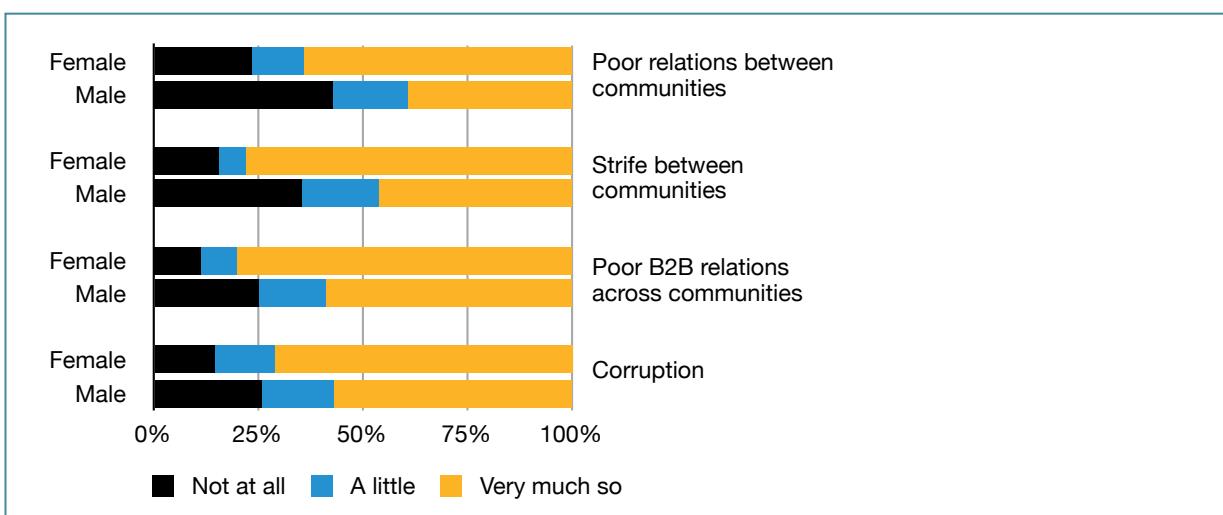
Graph 2: Biggest business barriers

The business barriers were grouped into eight categories (see Graph 2). Access to credit, which includes a number of impeding factors such as not being able to purchase adequate tools and machineries, cash-flow problems and attracting investors, is by and large the biggest barrier for most business owners (41.7%). Poor infrastructure, including access to electricity and poor roads, is the second most mentioned (26.4%) obstacle. Access to markets and finding customers is third most mentioned (8.5%), followed by finding (skilled) employees (6.8%), business environment, rules, laws and regulations (6.4%), instability (5.1%), macroeconomic constraints (2.5%), unfair competition of cheap imports and informal sector (2.5%).

These are the results when asked for the most important barrier. Respondents were also asked about the second most important barrier, and the outcome was not significantly different; by and large, the majority of respondents reported access to credit and poor infrastructure as either the first or second most important barrier.

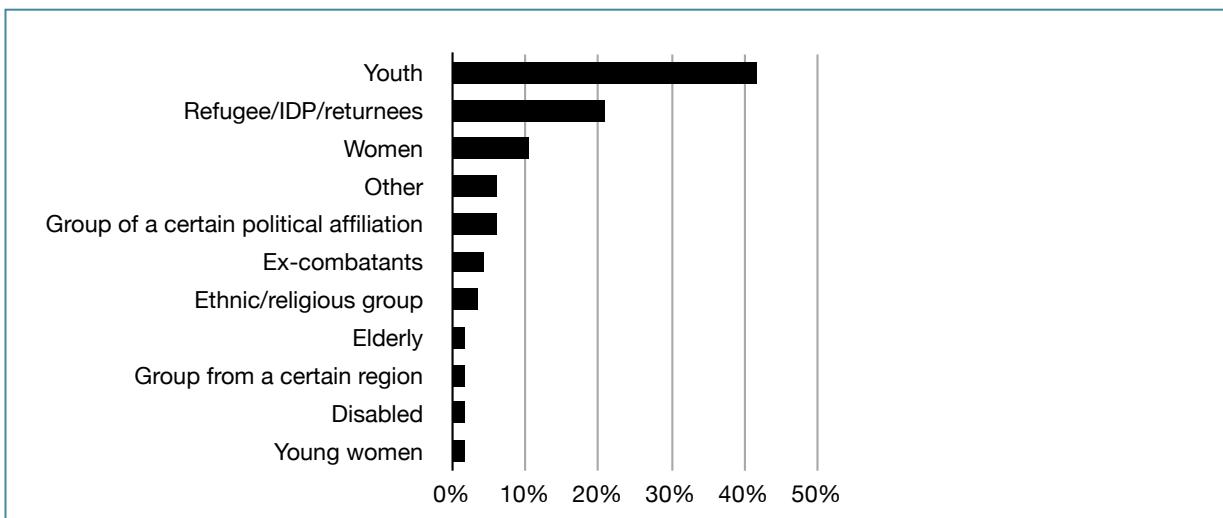
4. Inclusiveness

The inclusion of women, youth and marginalized groups that otherwise have less opportunity to participate in business ownership and employment has been a focus in SPARK's programming. This focus is even more relevant in fragile states where economic exclusion could become a destabilizing factor. Moreover, in such countries certain groups are harder hit by the instability of the environment. For instance, across the board women – much more so than men – feel that their business activity is very much affected by conditions such as poor relations between communities, strife, poor B2B relations across communities and corruption (see Graph 3).



Graph 3: Impeding factors to business activity

In a number of cases, the exclusion of certain groups remains a sensitive issue, as demonstrated by the answers 'don't want to say' (7%) and 'don't find it relevant' (15%). This appears to be especially the case in Rwanda, where no business owner wanted or was able to answer. Graph 4 shows the different groups that were deemed most excluded. Youth, IDPs/refugees/returnees and women were the most mentioned, in that order. It should be noted that female business owners mentioned women more often than men as the most excluded group (17% against 5% respectively). As second most excluded group, IDPs/refugees/returnees (47%), youth (20%) and women (12%) were also mentioned most often.



Graph 4: Most excluded group

For youth, as an excluded group, the simple 'lack of job opportunities' (39%), 'political instability' (17%) and 'lack of skills' (15%) are the most reported reasons for being excluded from economic activity. For women as an excluded group, 'family views' (58%) and 'require more resources' (such as childcare; 33%) are the most reported reasons for being excluded from economic activity. Interestingly, female business owners reported 'family views' with regards to women working outside the house as one of the biggest factors; whereas men didn't mention family views at all. Most business owners feel ex-combatants and IDPs/refugees/returnees are excluded because of past bad experiences and the feeling that they pose risks to businesses.

A significant number of business owners (35%) employ someone from the group they felt were most excluded, and 34% would consider hiring someone from an excluded group.

5. Lobby and advocacy actors

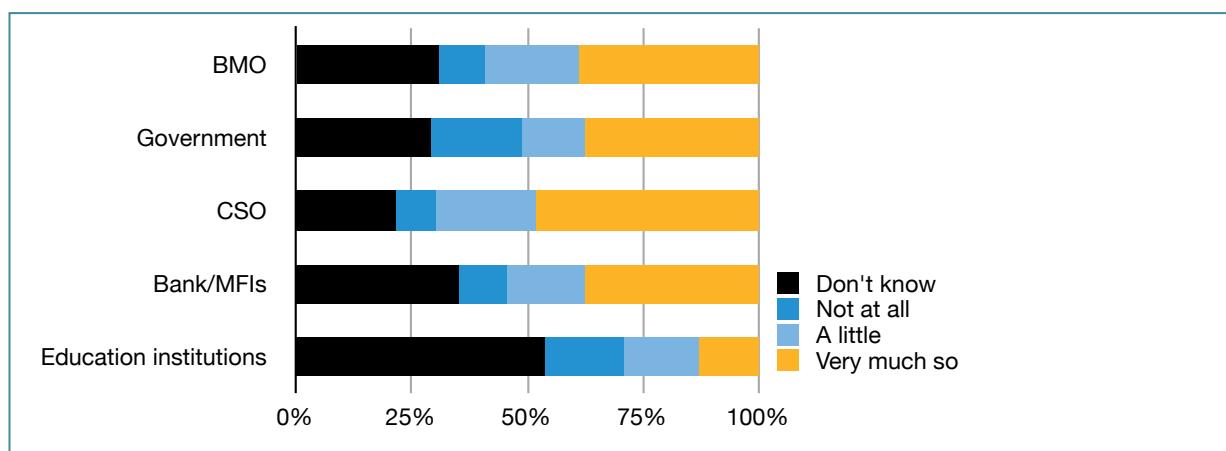
The survey contained questions on organizations that represent the interests of the business owners, as well as on business membership organizations, (local) government, civil society organizations, banks and microfinance institutions, and education institutions specifically. The questions pertained to lobby and advocacy for business barrier removal and inclusiveness.

5.1. Lobby and advocacy actors in business barrier removal

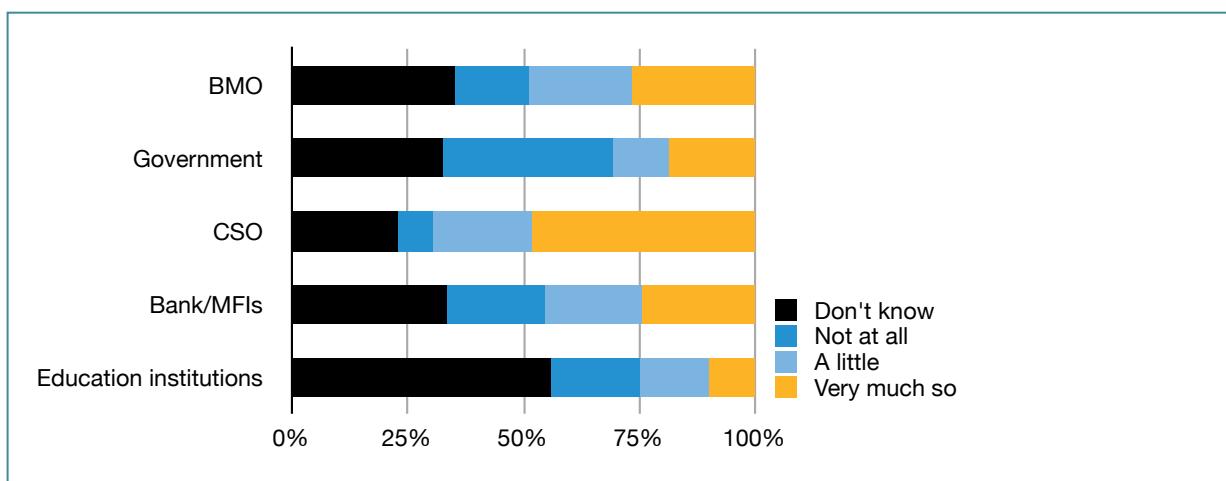
In order to address the most important business barriers most entrepreneurs would currently turn to national government (20.6%), INGOs (13.3%), banks/MFIs (12.5%), business associations (11.6%), local government (9%), and other (17.1%), depending on the barrier. At the same time, a significant number of business owners feel that there is no formal organization representing their interests, and they would currently turn to 'no organization' (10.7%) and 'informal institutions' (5.2%) such as friends, family or other business owners.

There are differences between countries; for instance, in Kosovo and Burundi INGOs prevail over government; while in Liberia, oPt and Rwanda the reverse is true. There is no significant difference between male and female business owners. Young entrepreneurs in Kosovo (38%) and oPt (50%) feel there is no organization they would turn to. Across the board, business owners feel they have little to no influence on their business environment (95%). There are no significant differences in that respect between youth and non-youth, or male and female entrepreneurs.

Many business owners in all surveyed countries do not have clear ideas whether the government, CSOs, BMOs, banks/MFIs and education institutions are committed to and have the capacity to address business barriers (see Graphs 5 and 6). Another substantial percentage feels they have little to no capacity and commitment to address business barriers. CSOs are felt to have the greatest capacity and commitment to address business barriers.



Graph 5: Capacity to address business barriers



Graph 6: Commitment to addressing business barriers

Despite the relative unfamiliarity with or negative views of BMOs, government, CSOs, MFIs or educational institutions, a number of business owners were able to make valuable recommendations on how to address the most common business barriers. They can be taken as entry points for a discussion on a lobby and advocacy agenda for business barrier removal. The points are made from the business owner's perspective, and are paraphrased into more general categories.

Table 1: Recommendations for business barrier removal

Organization	Recommendations	Countries
BMOs	<ul style="list-style-type: none"> Organize exhibitions & international network tours, facilitate access to local and international market Better supervision over standardizing procedures, improve quality Vocational training Conduct more research, consult with and provide consultation to business owners Lobby and advocate with government Help find investors 	<ul style="list-style-type: none"> oPt, Rwanda oPt oPt, Kosovo, Liberia oPt, Kosovo, Rwanda oPt, Kosovo, Liberia Burundi, Rwanda-
	<ul style="list-style-type: none"> Organize exhibitions Lower taxes Change import policies and support trade relations Promote purchasing of local produce Devise macro-level policies and build infrastructure conducive to business activity Consult with business owners Support sub-national institutions to promote private sector Support public education Attract investors Become partner in business Support business associations Regulate dumping practices Regulate informal businesses 	<ul style="list-style-type: none"> oPt oPt oPt oPt Kosovo, Liberia, Burundi, Rwanda Kosovo, Rwanda Kosovo Kosovo, Rwanda Kosovo, Liberia, Burundi, Rwanda Kosovo Kosovo Kosovo, Liberia Burundi
CSOs	<ul style="list-style-type: none"> Organize exhibitions, promote local produce Provide grants and loans Provide skill training to business owners Better supervision over standardizing procedures, improve quality Follow up on their own programmes Support innovative businesses Lobby and advocate for business interests, be more visible Conduct more research, consult with and provide consultation to business owners Partake in businesses Provide infrastructure (e.g. solar panels) Lobby with government Retain integrity (e.g. no involvement in land conflict, fair procedures in awarding contracts) Provide legal support 	<ul style="list-style-type: none"> oPt oPt, Liberia, Rwanda oPt, Kosovo, Rwanda oPt oPt oPt oPt oPt, Kosovo, Burundi, Rwanda Kosovo, Rwanda Kosovo Burundi Burundi, Liberia Burundi Rwanda

Organization	Recommendations	Countries
Banks/MFIs	<ul style="list-style-type: none"> Provide sharia-compliant loans Favourable credit terms to promote entrepreneurship (repayment rate, interest rate, collateral) Lobby and advocate for business interests at ministry Provide financial training 	<ul style="list-style-type: none"> oPt oPt, Kosovo, Burundi, Liberia, Rwanda oPt, Liberia Rwanda
Educational institutions	<ul style="list-style-type: none"> Provide business-related workshops and training Do research and development Organize scholarships Teach anti-corruption messages 	<ul style="list-style-type: none"> oPt, Kosovo, Liberia, Rwanda oPt, Burundi, Rwanda oPt Liberia

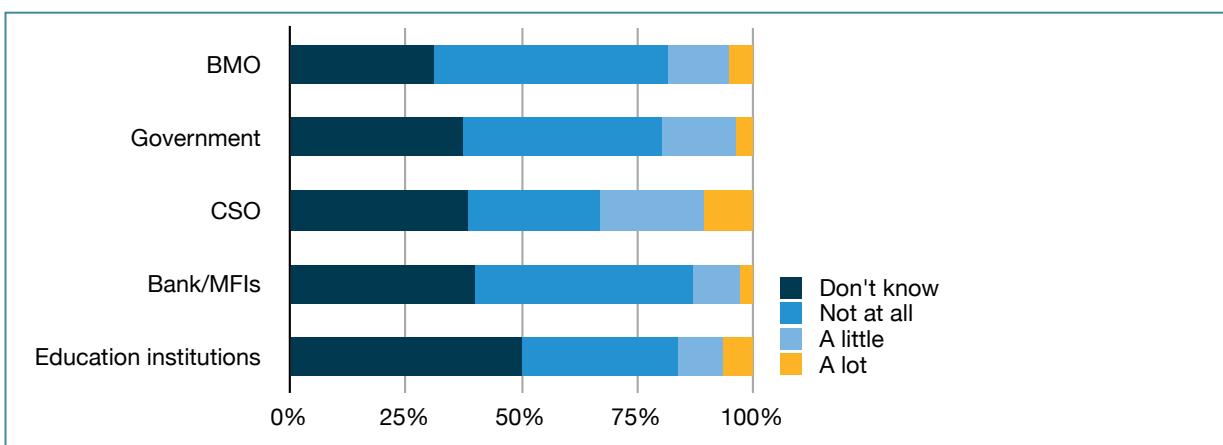
5.1. Lobby and advocacy actors for inclusiveness

The 2013 survey showed that of the newly created jobs following SPARK interventions, female entrepreneurs created relatively more jobs for women (63%) than male entrepreneurs (28%). Similarly, young entrepreneurs created relatively more jobs for youth (82%) than entrepreneurs over the age of 35 (65%).

More jobs are created by female and youth entrepreneurs for their own demographic in certain sectors (ICT, lifestyle/beauty, health, catering/hospitality). In order to create employment for youth, women and marginalized groups, the focus of lobbying and advocacy activities should therefore be on enabling and promoting business ownership among these groups.

In Liberia, 57% of business owners feel that inclusiveness would not benefit the overall well-being of the community. In oPt, Kosovo, Burundi and Rwanda, however, business owners overwhelmingly feel that inclusiveness benefits the overall well-being of the community (85-100%).

However, a significant number of business owners couldn't say whether BSOs (31%), government (37%), CSOs (38%), banks/MFIs (40%) and education institutions (50%) do enough to promote inclusiveness. In addition, business owners felt that BSOs (50%), government (43%), CSOs (29%), banks/MFIs (47%) and education institutions (34%) were doing nothing at all to promote inclusiveness. It is therefore recommended that these institutions strengthen their outreach to SMEs and tailor services better to their needs.



Graph 7: Do actors do enough to promote inclusiveness?

Business owners themselves were asked to provide recommendations for more inclusiveness (see Table 2). The paraphrased list of recommendations is not exhaustive but indicative, containing valuable input from the perspective of business owners and is an entry point to set a lobby and advocacy agenda with key stakeholders.

Table 2: Recommendations for inclusiveness

Organization	Recommendations	Countries
BMOs	<ul style="list-style-type: none"> Provide targeted vocational training Support specific sectors where excluded groups are better employable Advocate for equal treatment in official offices (multilingual, single stop) Provide social-skills training Support employment of excluded groups with their members Raise awareness about entrepreneurship among excluded groups Ensure coordinated effort/cooperation with other organizations Do more research into needs of marginalized groups and community Public awareness raising, exposure Appoint someone in the organization to ensure economic inclusiveness Set the example by hiring from marginalized groups 	<ul style="list-style-type: none"> Liberia, Kosovo, oPt, Burundi Kosovo Kosovo oPt oPt Burundi Kosovo, oPt oPt oPt oPt

Organization	Recommendations	Countries
Government	<ul style="list-style-type: none"> • Appoint someone in office dedicated to ensuring economic inclusiveness • To be impartial (e.g. by having bilingual offices) • Ensure coordinated effort between public institutions for more inclusiveness • Create stability by formal (international) agreements • Devise laws that enable inclusiveness (e.g. tax cuts on employment of marginalized groups, employment quota) • Do more research into needs of marginalized groups and community • Support targeted programmes • Establish public vocational centres • Raise public awareness about rights and responsibilities of marginalized groups 	<ul style="list-style-type: none"> • Liberia • Kosovo, Burundi • Kosovo • Kosovo • oPt, Burundi • oPt • oPt, Burundi • oPt • oPt, Burundi
CSOs	<ul style="list-style-type: none"> • Organize targeted employment programmes and training • Ensure visibility, communicate and provide information to marginalized groups • Ensure coordinated effort/cooperation with other organizations • Do more research into needs of marginalized groups and community • Do follow-up on their own programmes • Raise public awareness about rights and importance of inclusiveness • Set the example by hiring from marginalized groups 	<ul style="list-style-type: none"> • Liberia, Kosovo, Burundi • Kosovo • Kosovo, OPT • Kosovo, OPT • oPt • oPt, Burundi • oPt, Burundi
Banks/MFIs	<ul style="list-style-type: none"> • Favourable credit terms for excluded groups to promote entrepreneurship (repayment rate, interest rate, collateral) • Set the example by hiring from marginalized groups 	<ul style="list-style-type: none"> • Liberia, Kosovo, oPt, Burundi • oPt
Educational institutions	<ul style="list-style-type: none"> • Curriculum development about inclusive entrepreneurship • Provide favourable study conditions for excluded groups • (Market-oriented) skills training for marginalized groups • Do more research into needs of marginalized groups and community • Raise public awareness about rights and importance of inclusiveness • Set the example by hiring from marginalized groups • Organize career days for excluded groups 	<ul style="list-style-type: none"> • Liberia, Burundi • Kosovo, oPt • Kosovo, oPt, Burundi • Kosovo • oPt • oPt • oPt

6. Conclusions

This paper contains the findings from the SPARK follow-up survey of FCAS SME owners. Participating business owners were interviewed about business barriers, inclusiveness and lobby and advocacy actors.

Technical barriers for SMEs seem to prevail over barriers related to business environment in the surveyed countries. This may hold true for many businesses in fragile states, where business concerns are about electricity, poor infrastructure, access to credit and lack of tools and machinery; and less so about rules, laws and regulations. These issues are, however, not likely to be solved soon, and they are certainly better addressed by governments and large development banks.

Women, youth and otherwise marginalized groups have difficulties participating in economic activity. This in turn may pose a threat to stabilization processes. Inclusiveness therefore is recognized as an important factor for the well-being of the community. The number of business owners (34%) that employ from what they feel is the most excluded group, or the number of business owners who would consider hiring from this group (35%), may imply there is still opposition, while people are in principle in favour of the idea of inclusiveness.

The 2013 survey showed that creating female and youth entrepreneurship is a good strategy to create more employment for these groups, as firms owned by these demographics hire relatively more women and youth. The findings from the 2013 survey also suggested that stimulation of certain sectors where women and youth are overrepresented could be a good strategy; this has also been suggested by a respondent of the 2014 survey in Kosovo.

There seems to be a general lack of awareness regarding whether different types of organizations have the capacity or are committed to addressing business barriers, as well as whether they do enough to promote inclusiveness. Another good number of business owners hold negative views.

Quite telling is that survey respondents suggested almost all of these formal institutions do lobbying and advocacy towards one another; they are seen as both L&A actors and L&A targets. Partnering with these formal institutions in order to advocate and lobby for business barrier removal and inclusiveness should begin with raising awareness of and building trust in these institutions.

On the other hand, there is a lack of capacity among these institutions to undertake lobbying and advocacy on behalf of business owners.

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