



EXPERT MEETING | 18 September 2013
Impact Hub | Westerstraat 187 | Amsterdam

Dilemmas for youth entrepreneurship development in conflict affected environments

A. Targeting entrepreneurs: based on vulnerability and risk or economic potential?

Overview

Entrepreneurship in fragile and conflict affected situations (FCAS) is credited with acting as a driver of pro-poor growth (OECD, 2006) and as a key factor in contributing to stability (WDR, 2013; Naude, 2011). Not only does entrepreneurship development for self-employment¹ tap into and foster the self-confidence of young and ambitious women and men. But it also aims at enabling those freshly established entrepreneurs to strive for more, grow their business and create the much desired jobs for their peers in societies in which economic opportunities are still to materialise. However, target group analysis and selection is a highly sensitive issue in FCAS (UNDP 2013, GTZ 2009, DCED 2013). There are a number of perspectives on how best to target entrepreneurship programmes in FCAS, but one common distinction is whether the selection of programme participants is based primarily on vulnerability or risk, i.e. poor, marginalised groups, youth, ex-combatants, or on economic potential.

For youth-targeted policies and practice, discussions evolved from “‘children’ as the ‘victims’ of violence to ‘youth’ as a ‘threat’ to security and stability” (McLean Hilker and Fraser, 2009), and more recently, greater recognition that ‘youth’ also represent a positive force for peacebuilding and development (McLean Hilker and Fraser, 2009; DIIS, 2008). However, targeting in FCAS environments rarely takes into account the economic potential or the likelihood of success as entrepreneurs for the selected participants.

Targeting in FCAS often prioritises those deemed most vulnerable or at high risk of engagement in violent conflict (UNDP, 2013; UN, 2009). Whilst traditionally, economically-driven actors seek participants that are most able and likely to go on to be successful entrepreneurs. Both approaches entail a careful balancing act to ensure that recovery and development reach the most vulnerable or high-risk groups, whilst attempting to avoid exclusionary or discriminatory support that may provoke resentment (UN, 2009; WDR 2013).

Dilemma: Which (potential) entrepreneurs are more likely to contribute to stability?

The targeting rationales are generally linked to either stability concerns or development goals. The most commonly targeted groups the immediate aftermath of conflict include the poorest sections of society, women, marginalised groups, youth, and ex-combatants.

With low performance rates of microenterprises (WDR 2013; IFC 2013), programmes in FCAS that select entrepreneurs based on their potential contribution to economic development and entrepreneurial ability may be more efficient vehicles for addressing conflict and peacebuilding

¹ The discussion of this dilemma at the expert meeting will focus on entrepreneurship for self-employment.

challenges. Nevertheless, a narrow interpretation of ‘potential’ based on conventional business skills or formal qualifications may overlook other more dynamic measures found in an FCAS environment; and not all conventional entrepreneurial characteristics will be as relevant in FCAS. Consequently, there is scope to look further into precisely how ‘potential’ is defined.

Each perspective has its merits and drawbacks, and whilst there is wide acknowledgement of the risks of targeting of age-related, social, gender-based or conflict groups (UN, 2009; WDR 2013), there is much less literature that examines the factors for success or failure of entrepreneurs and assessment of entrepreneurial ‘potential’ in the specific context of FCAS. In particular, the question of **which criteria or skills are most relevant in the assessment of ‘potential’ in FCAS**. The distinct environment in FCAS stimulates a variety of unconventional skills that may have particular value and relevance (Abdelnour et al 2008) for the success, sustainability, and wider community impact of entrepreneurial activities. Aside from general survival skills that various groups such as internally-displaced people or single female headed households, in FCAS generally develop during and after conflict, recent research on organizing practices within the informal economy suggests that informal sector entrepreneurs tend to engage a wider range of bargaining partners to include municipal authorities, police, wholesalers and other interest groups (Chen 2012). These broker or intermediary skills can offer valuable entry points for both economic development and peacebuilding efforts.

Key questions: Recognising a good entrepreneur in conflict-affected settings

From an entrepreneur’s perspective:

- In your experience, what makes a successful entrepreneur in a conflict affected environment? What are the additional “unconventional” skills a female or male entrepreneur needs in a conflict affected environment as compared to a more stable setting?
- How do you see your contribution to peace? In which ways has your business mitigated risks and fostered stability? Which skills are key for such positive contribution and which characteristics may expose you to higher risk?
- How are you affected by entrepreneurship development programmes targeted at vulnerable youth?

From a practitioner’s perspective:

- Based on your experience should the focus in youth entrepreneurship development interventions that aim to contribute to durable peace lie on vulnerable groups or on persons with high potential for economic success?
- What are the main reasons and risks for destabilisation involved in exclusively targeting either the vulnerable entrepreneurs or those with the highest potential for economic success?
- How to strike a balance?

From a policy making perspective:

- How do you see the role of youth entrepreneurship development in peacebuilding?
- To what extent is the fact that most young people all over the world, but particularly most vulnerable people in conflict-affected environments, prefer wage employment over self-employment is reflected in your policy strategies and programming?

B. From quick wins to long-term development: how can youth entrepreneurs be empowered to bridge that gap?

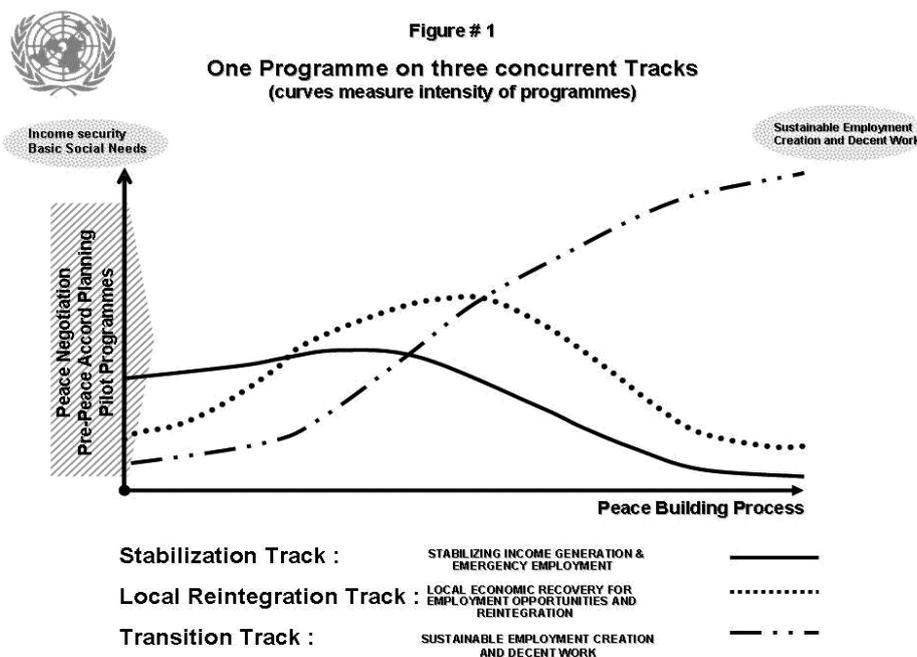
Overview

“As countries emerge from conflict or political crisis, expectations run high for a quick return to a normal social and economic life” (AfDB, 2012:14) The transition from short-term humanitarian and stabilisation programming to longer-term economic development is a persistent challenge facing those working in FCAS (PBSO & UNDP, 2010; USAID 2009). Quick impact projects (QIPs) related to economic development such as, emergency job creation and cash-for-work projects can provide the quick wins necessary for a peace dividend (UN 2009, ILO 2012, UNDP 2013) and for satisfying donor demands for immediate results.

Yet, despite their short-term stabilisation value, there is always a risk that such projects may unintentionally undermine economic recovery if they are poorly aligned with long-term development strategy. QIPs that target young people could even exacerbate conflict by feeding frustration when temporary employment projects raise expectations that then cannot be met (McLean Hilker and Fraser, 2009). Moreover, these interventions aimed at quick results tend to overlook existing domestic market structures and generally provoke a crowding out of the already weak private sector (Specker 2009), further hampering any economic recovery effort.

Dilemma: Linking QIPs to long-term economic development strategy

QIPs are often associated with the type of short-term stabilisation described in the first of three tracks in the UN Policy framework on Post-Conflict Employment Creation, Job Creation and Reintegration (2009) (See Figure 1). This policy represents the UN’s effort to systematise and facilitate a smooth transition from short- to long-term interventions.



Whilst the Policy aims to be sustainable, there is a risk that activities within each of the three tracks may be concomitant without necessarily being congruent. For example, by selecting target groups for short-term employment programmes without anticipating how these groups – upon completion of those programmes – could apply their (newly acquired) skills in more longer-term economic recovery interventions. Aligning QIPs with an immediate ‘stabilisation’ goal with long-term economic development remains a challenge for many practitioners.

Another challenge in applying the three track policy framework to the often volatile and fluent reality of fragile and conflict-affected situations relates to the fact that peacebuilding processes are rarely linear. In fact, most civil wars occur in countries that have already experienced violent conflict in the last 30 years (WDR 2011). Hence, the problem is not only how to identify the right moment to move from one track to the next, but also how to recognize in a timely manner whether to move ahead or backwards in case the situation risks to deteriorate again, as for example currently witnessed in Libya?

Trade-offs between short- and long-term goals seem inevitable (Maier, 2010). However, there is space to explore more concretely how to transform short-term stabilisation projects in the economic domain into early interventions that work for economic development as well as peace. In other words, to **enhance the market-sensitivity and sustainability of quick-impact stabilisation interventions on employment** in FCAS. As noted above, this is even more pressing for projects aimed at young people who risk being further frustrated and disillusioned by unpredictable employment paths.

Key questions: Translating jobs from QIPs into a foundation for sustainable economic development

From an entrepreneur’s perspective:

- Have you experienced cases, in which QIPs negatively affected your and others’ business and therefore the foundations for longer-term economic recovery (local market distortion, crowding-out of private sector, etc.) and how did you deal with this?
- How could such negative affects be avoided? What role could youth entrepreneurs play in this regard?

From a practitioner’s perspective

- From your experience in youth entrepreneurship development programmes, what are possibilities of linking the required “quick wins” interventions with longer-term economic reconstruction in FCAS?
- What are the specific challenges for linking QIPs to more sustainable income-generation when working with young programme participants (e.g. shifting from a relief-mentality to a business thinking, from a grants to a loans culture, etc.)?

From a policy making perspective:

- How can policy making ease the shift from relief to economic development by drawing together expertise and decision making from different policy departments?
- Based on your experience, what are strategies to ensure flexibility in adapting the most suitable youth employment intervention strategies to a quickly changing context?



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