

IGNITE! SPARK CONFERENCE SUMMARY

20 November, 2013

De Rode Hoed, Amsterdam, The Netherlands



IGNITE!

SPARK Conference Youth Entrepreneurship Development in Conflict Affected Environments

November 20th, 2013

Rode Hoed

Amsterdam, The Netherlands



20 November, 2013, SPARK launched the first platform for cooperation on entrepreneurship development in conflict affected environments with the [IGNITE!](#) Conference.

From bankers to NGO professionals, from policy makers to ex-combatants, IGNITE! brought together an inspiring group of people to focus on creating economic stability in post-conflict states. The IGNITE! Conference highlighted [Global Entrepreneurship Week](#), the world's largest celebration of entrepreneurs, job creators and startups around the world.

Speakers from Chevron, the International Labour Organization, the IFC's Conflict Affected States in Africa (CASA) Initiative, Clingendael Institute and more came together to discuss how to best create economic opportunities for young men and women in fragile environments.

Concluding that creating a culture of entrepreneurship is a key factor for sustainable success, the IGNITE! Conference marked the beginning of a diverse community consisting of people from the private and public sector that will shape the future of youth entrepreneurship in conflict affected environments.

The following consists of the IGNITE! Conference conclusions and notes of the day.

IGNITE Conference Summary

Keynote Speakers

MORNING SESSION

Yes... Entrepreneurship! But Where to Begin?

Vin Morar, Enterprise Development Specialist, University of Twente, Maastricht School of Management

Key Message: Entrepreneurship is the backbone of a country. It is important to create a culture of entrepreneurship from an early age, through education and culture.

- Overall 90% of people want to become entrepreneurs, but only 12% actually see it through.
- Working in developing countries is tough due to conditions and lack of infrastructure; if you ask the people who should help them, they rarely answer the government: “The government steals money and then spends it.”
- Driving forces of entrepreneurship: general policy framework, regulatory framework, infrastructure, access to finance, business support services, technical and management skills, business culture. (Note: If registering a business is difficult, a larger informal sector will exist.)
- The culture of entrepreneurship is very important; this needs a holistic approach. Entrepreneurship should be encouraged in the educational systems through the subjects taught and overall attitude towards entrepreneurship. A culture of entrepreneurship can only come into existence if you start from an early age, at schools and colleges.
- Given the challenges and uncertainties within conflict affected countries, we need to create an enabling environment in order to create an enterprising culture.

Employment Generation in Fragile Settings: Opportunities & Challenges

Donato Kiniger-Passigli, Senior Specialist, Strategic Partnerships and Crisis Response, ILO

Key Message: Employment = Ingredient for Peace

- Global Youth (un)employment is worsening. Also the quality of jobs is low (poor working conditions i.e.).
- Pathway to peace: youth unemployment is a key stress factor that drives people to participate in conflict & violence.
- Simplistic solutions (i.e. creation of many poor quality jobs) can also result in conflict. Need for early employment generated through a systematic approach.
- When talking about generating employment four elements need to be taken into account: (1) community level integration; (2) inclusive approaches based on equity and securities (also ex combatants for example) ; (3) comprehensive labor market assessment, value chain analysis and training for the ‘right trade’ and (4) co-existing programmes and policies.

- Before starting implementation think YOUTH: key question for success: How do young people experience and perceive employment opportunities?
- Seven E's for operating in fragile settings: education, engagement, empowerment, equity, expectations, entrepreneurship, and experience.

Allowing Business Goals & Objectives to Drive Corporate Social Responsibility?

Karl Cottrell, Liberia Country Manager, Chevron

Key Message: The solution of tackling the youth unemployment is found in partnerships between governments, the private sector and NGOs.

- Corporate Social Responsibility (CSR) is not soft sector but hard work needs to be aligned with business goals & objectives.
- CSR programmes start immediately when Chevron enters a country. For example there is no drilling in Liberia at the moment, but there is a 10.5 million CSR programme agreed with the Liberian government for a period of 5.5 years.
- Chevron prefers local supply chain over import but there is a lot of work to be done on developing the local capacities: for example IT skills of the workforce in Liberia is very low. Thus the gap between international standards and Liberian standards needs to be closed.

An Entrepreneur's Story: From Small Business to Growing International Company

Rania Ghneim, Co Founder, Anoud Company

Key Message: Working in difficult environments means you have to be flexible and look for partnerships.

- Rania began as a secretary, and worked her way up learning various disciplines.
- When she discovered how much she loved running a business she started her own in educational games. First by selling English games through her mother's shop and going to exhibitions. Then the second Intifada started and she (had to) put the business on hold.
- With a creative partner she slowly started to design their own games in Arabic during that time. At first they financed a lot from their own salaries. Then she found a Syrian company who wanted to take care of the distribution in the Arabic region (she covered Palestine).
- They have now expanded their business and are also make equipment for kindergartens.



Workshop Session I

Women Entrepreneurship in The Spotlight: Success Stories, Opportunities and Concrete Support Facilitated by Yvette van Dok (Co-Motion Consult) & Rania Ghneim (Co-Founder of Anoud Games)



- Women run businesses tend to be smaller, fewer staff and less growth expectations. Visibility of women entrepreneurs is key.
 - Women generate relatively lower revenue and earn less income from entrepreneurial activity. We need to challenge women to go beyond the startup phase; exit rates for women run business are high (40-50%) especially in developing countries.
 - Reasons include; lack of financing, insufficient profitability and family responsibilities.
 - Women contribute more to the society; 95% of money a woman makes is reinvested into the family, whereas men reinvest 50% of their earning.
- Focus on more than micro entrepreneurs but create opportunities for entrepreneurs that have passed the micro level. They are the ones that create employment and have proven to be viable businesses that deserve further growth.
 - Analyse your programmes and look at the staff and clients and identify the gaps and opportunities lacking for women entrepreneurs

LiveWIRE & Enterprise Development: Giving Young Entrepreneurs a Head Start Facilitated by Gloria Udoh, SHELL

- Gloria Udoh, from SHELL, presented the SHELL livewire 2.0 programme.
- LiveWIRE was launched in Scotland in 1992 to provide opportunities for young entrepreneurs.
- LiveWIRE is a social performance programme that focuses on the changing of geographies and the social (invest) impact on local communities through master classes and workshops.
- The two key enablers of the programme are; in- country knowledge and learning and improvement through reflection.
- The success behind the programme is assigned to its entry strategy, a generic strategy whereby inter alia demographics and potential impacts are taken into account to get a good understanding of the

environment. Individuals with an interest in business as a career option are empowered through skills development.

Assessing SME Job-creation: Moving from Myth to Measurement

Facilitated by Nic van der Jagt, SPARK, Melina Heinrich, Donor Committee for Enterprise Development & by Drew Gardiner, ILO Youth Employment Fund

- Most studies find that beneficiaries improve their business knowledge and practices after training. However there seems to be no impact on employment of other workers.
- General knowledge gaps in terms of what kind of entrepreneurship training programmes work better and why. Some studies find that training is more effective in increasing revenues when 'packaged' together with a grant (esp. for women) or TA.
- To achieve market-wide impacts, a shift is needed from direct provision and subsidies for entrepreneurship training to facilitation of increasing demand and supply of business development services. This implies a BDS market assessment. BDS include training, consultancy and advisory services, market information, technology transfer, business linkage promotion etc.
- There are many barriers and challenges to facilitative approaches in CAEs. For example the pressure to 'get things done' quickly by working directly with businesses and to produce quick wins, in particular for unemployed youth.
- However it is possible to make this happen. For example by having a plan in place for moving to a market development approach: starting with a direct approach might be necessary and can help build relationships, but further market and conflict analysis & planning should take place in parallel.
- Impact Evaluation (IE) is still not common practice. IE is important for quality evidence to base conclusion on and adjustment of interventions. It allows us to determine attribution of results to interventions, and in the area of youth employment we know very little still of what interventions actually work.
- The goal of the YEN network is to get projects to the point they can do an impact evaluation themselves. This demands a high level of technical and financial resources.

Youth Entrepreneurship: What is in it for Peace Building?

Facilitated by Rajkumar Bidla, Programme Officer, Common Wealth Secretariat & Anette Hoffmann, Research Fellow Conflict Research Unit, Clingendael Institute

- Peace building and PSD are interdependent.

IGNITE Conference Summary



- Do-no-harm approach makes peace; Integrated approaches, yield better economic & peacebuilding result
- Success YED depends on the extent it fosters peace and actual claims on it's contribution to peace
- Rule of law is implied in 'good governance'.
- Social entrepreneurship is of increasing importance because is PSD that directly addresses a social issue; examples of community garden, recruitment agency, SPARK supported cinema
- Early interventions in conflict should be macro/micro?; It is difficult to measure, single out cases => all interdependent should be systemic approach.
- An intervention directly target at peace can disengage community (example from Afghanistan) - Look first at needs and demands of community, do not talk about peace/war, peace should become secondary
- Should we target vulnerable groups or high potential entrepreneurs? = South –Sudan: no productive businesses, but go for quick win in trade. Trade can also be a starting point for another type of business.
- Private public partnership => ownership with government.
- Matter of good economic governance=> should be inclusive, private/public dialogue => don't drive any party out of the governance system.

**Forget the Banks, Invest Direct! Direct Investing to Boost High Growth (small) Entrepreneurs in Conflict Affected Environments
Facilitated by Marc de Klerk, SPARK**

- Is crowd funding beneficial? Participants were had both positive negative experiences with crowd funding. Some believe it is better to have a few investors support a project, than 20-30 investors with ownership of smaller parts.
- Accountability that comes from investments: The monitoring and the control of the investments, the results to show to a larger amount of investors requires more human resources, meaning higher administrative fees, than with few investors.
- Investors look for money, for profit, but what is more important for some investors is the management of funds. By checking the profitability of a business, you can also check potential growth.
- How can you ensure you will get profit or that at least you will get your money back? This comes from the early stages, it begins with the business plan, with a credible plan, to get to this starting point you need to assessments, studies, evaluation of risks, funds and organizations as CCE help on that. Another way to mitigate risks is ensuring there is a good management of the company.

- Social impact of investments is also of high importance. Focus on jobs created, quality of the jobs and how many families are covered under these jobs.
- How can social impact be measured? JACANA uses social indicators: first targets are assessed, by looking at how many have been reached, and then there is a yearly audit so that an independent person looking at these targets, can see in detail how this was achieved.
- Other indicators can be education and health regulations. Indicators like education can be used, but not only the level of education, but what people do after their studies, do they get jobs? What kind of jobs?
- To have social impact and to have profit, it is indispensable to have a good management. To ensure good management, you should be able to influence the company in order to help them to achieve their targets.
- SME Investors care more about social investment than profit; There are two kinds of investors, one is the plane entrepreneur or investors who wants money PLUS profit back, and the second is the strategic investor, who believes in potential growing and looks much more than only money.
- How to control the loans, the good management, and the risks? You need human resources and money to pay them. Normally you charged a fee on the loans, which is usually 3%, with the people on the field you could control the loans more, through periodical meetings and also giving them in kind support so they can influence also the direction of the business.
- Financing a young entrepreneur in AFRICA is difficult and risky; a case from India showed that investors were willing to donate more than to invest in a young business.
- CCE encourages social fund to invest in students, the attractive is not on the profit in a way of money, but on services that they could provide afterwards, this way they are not dependant in cash, and therefore there is less risk.

Keynote Speakers

AFTERNOON SESSION

The Bumpy Road of Programme Design

Colin Shepherd, Head, Conflict Affected States in Africa at IFC

Key Message: Synergy between programmes is of key importance as risk of project failure in Fragile Conflict States (FCS) is the same in non FCS countries.

- Focus within NGO sector has shifted to Fragile Conflict States (FCS) / situations and it will focus on it even more so in the coming 10 – 15 years.

- Initially efforts have been geared towards improving the investment climate of the private sector to facilitate job creation and access to finance, but analysis has shown that taking a more direct approach and going in immediately results in better outcomes.
- Definition of an FCS is somewhat unclear, as is, what countries would fall under this definition.
- 19 of 36 FCS' are in Africa, but the difference in approach between FCS and non FCS countries greatly affect programme design. Programme design success factors; assume nothing, have self-awareness, marshal forces, recognition, visualize success, trust but verify. 3 key factors to a successful approach; provide flexible funding, integrate programmes and share best practices.
- Reasons for success; flexibility, need for practical support, results tradeoffs, innovation, clear priorities, accept risk, be realistic, ensure a coherent approach.
- Key factor is patience and local coordination; it is critical in developing tailored programmes to meet local needs.
- 4 P's of success: Pre-empt (assess), Plan B (have a back up plan), Partnerships (conscript allies & decision makers) & Patience (results do not happen overnight)

The Role Of A (Co-operative) Bank in Fragile States

Dick Scherjon, Senior Board Advisor, Rabobank Nederland

Key Message: Economic independence is crucial for the economic growth and improvement less developed countries.

- The co-operative principle, in which all local Rabobanks are independent, is the main driver for Rabobank's work in the development sector.
- International trade/export is responsible for about 70% of the Dutch total income; it is key to the relation between trade & peace.
- Agriculture is becoming an increasing problem in the world: both demand and supply side, which will lead to instability. Rabobank operates in the field of influencing trade and therefore security and stability.
- Rabobank encourages local people to start their own co-operative banks (for example Rwanda), while Rabobank assists with management; owns less than 50%.
- There is a need to find a balance in the regions between boosting/supporting security and market that are complimentary to each other.
- Establish partner-banks, that would operate under the same vision and rules, but the majority of shares will still be locally owned
- The aim of those banks will be to provide loans for small businesses therefore providing economic independence not controlled by foreign shareholders.

Economic Reintegration of Thuwar, Challenges & Opportunities

Mustafa Sagizly, Director, The Warrior Affairs Commission

Key Message: People/militias need to be disarmed and persuaded 'rebuild' their society, if not, conflict lingers and investments go to waste.

- Shared his story of a businessman becoming a revolution commander.
- Libya is a large country with a small population and oil resources. The dictator that led the country for 42 years basically left the people with nothing, so everything needs to be built from the ground up.
- After the revolution the Warrior Affairs Commission (WAC) was established, there was a sense of duty to help young people get back to normal life.
- The WAC reintegrates local youth and ex-combatants into society. The goal is to reach 67.000 Thuwar over 3 years and to create 8000 SMEs.
- The challenges Libya faces are great: before the revolution 90% of the economy was driven by the public sector. There is a need to build capacity in every sector. The WAC and Libya are looking for expertise and partnerships with foreign firms and institutions to provide that.

Truth & Reconciliation; From Intuitive Entrepreneurship to Big Data

Chid Liberty, CEO, Liberty and Justice

Key Message: There is greater risk of not investing in a post conflict environment than investing.



- American Liberian that went back to Liberia after reading some inspiring stories about grass roots women groups in Liberia. He did not have any clear plans but decided to start textile business there with a specific eye on women.
 - Investing in mothers/women is key to improving the educational participation in a country.
 - Liberty & Justice (L&J) is Africa's leading Fair Trade Certified™ apparel manufacturing company.
 - They currently are managing 3.6 million in equity; for SMEs equity is much better to handle than loans with 15% interest.
- How to replicate this post-conflict success story? For the investor the main problem is always how to manage the risk. This is a problem in fragile states because they can become unstable quickly in certain areas.

- To find out more about the risks and risk analysis of instability, Chid went on a trip to Princeton and talked with Novametrics LLS about weak signal analysis. They tested a model that combines many indicators with respect to Boko Haram in Nigeria and found that the model indicated perfectly which areas within Nigeria were more likely to become instable and which not. So now they are continuing to work on this model and hopefully this will be shared soon.

Workshop Session II

Breaking Down Business Barriers! Advocacy for Business Reforms Facilitated by Simon White, SA IDEAS/ World Bank Doing Business Unit

- Building in Fragile States must consider the business sector as a legitimate player.
- Two key questions: 'how can people become better economic citizens?' And; 'what leads to better accountability?'
- 'Advocacy and democracy are intertwined'; 'there are a lot of government committees but not enough business representation'
- 'How do we get the government to listen to us?'
- Unfortunately '... opportunities for actual dialogue are often shut down by the government side, leading to superficial exchanges that don't lead to actual reforms.'
- Often governments are suspicious of Foreign Direct Investment (FDI) and subsequently can be suspicious of business in general, i.e. governments may be less willing to engage with the broader, local business community because of negative experiences with FDI.
- 'There needs to be a more pluralistic approach, with more consensus, which is a more Western thought.
- NGOs vs Business Membership Organizations (BMOs): as vehicles/channels through which advocacy efforts for business can be organized and pressed forward.
- NGOs find themselves having a lead role in business reforms advocacy when instead it would be better if BMOs had the lead role.
- The business community would actually be more engaged in helping to affect policy, which is in clearly in its interest.
- NGOs should not be removed, but not necessarily be the driver, a role they been assigned, by default, by governments.
- Many BMO miss out on support from donors and there is a 'danger of NGO thinking they can fill the gap of not having good BMO.'

- NGOs should facilitate -create platforms, campaigns, etc. but let go in the end to businesses, particularly to BMOs.

Where There Are No Banks: Strengthening The Financial Sector in Post Conflict States

Facilitated by Lukas Wellen, Enclude

- The workshop focused on the risk of having no regulation in a country, but what are the possibilities of new banking activities in countries without regulation?
- For loans, a good property law and land rights system needs to be established first – more confidence in the rule of law will enable more financing and more trading.
- A guarantee fund; cover risk of local banks and share risk with local banks. SPARK is bridging the fear of offering loans. Sharing risk is the best option. This goes both ways, for the entrepreneur to trust the bank, and for the bank to trust the entrepreneur.
- The lack of security constraint to financing could be covered through the private sector. Private sector can use technology to create shared interest in loan repayments between groups of entrepreneurs. This can work instead of governmental regulatory frameworks to provide security.
- A good financial system helps entrepreneurs start their small business ventures.
- If there is a lack of a good financial sector, small business entrepreneurs can turn to working with ‘black money’, as they are unable to gain a business loan.
- Example; Rabobank is supporting a cacao corporation in the Ivory Coast - Rabobank concludes that banks should not invest in fragile countries, but empower and invest in the entrepreneurs instead. Scherjon concluded that there is importance in belonging to a network; it gives security that enhances economic development.
- Profit stays in the bank and/or used for community development.
- SMEs play a role in creating stability in a country.
- Technology; the use of cell phones in Africa and mobile banking is growing in Africa. Technology firms are taking over banking activities, since basic banking products are easy to use and set up; however, due to lack of regulations and ease of mobile banking, there is now a greater risk of innocent people to become victims of banking scams.
- There needs to be a network of entrepreneurs created, so that a micro institutional environment can be created and where small groups of entrepreneurs can monitor each other.

Sourcing Entrepreneurs In Conflict Affected Environments

Facilitated by Vin Morar, University of Twente / Maastricht School of Management, and Michel Richter, SPARK



- The key conclusion to this workshop is that besides the business plan, an assessment of entrepreneurial behaviour is essential
- Key questions: Relevance of entrepreneurial attitudes and behavior in selecting aspirant young entrepreneurs for business development programmes. Effectiveness of psychometric screening as a tool in the selection process of young entrepreneurs. Potential of psychometrics – in general and in conflict affected environments
- Method discussed: General enterprising tendency (GET) – focusing on: Creativity, Need for Achievement, Need for Independence, Risk and Drive in aspirant's Personality Profile
- No test in the world can predict who is to become a successful entrepreneur – there are far too many variables and benefits of such tests are largely dependent on the test conductors' skills to interpret the data (notably to identify the data correlations) and draw the conclusions (test itself is not enough)
- GET and other similar tests are not able to capture the cultural factors and 'enterprising' environment that is crucial and plays determining role when it comes to analysis why some entrepreneurs are successful and others not
- Purpose of the test should therefore be: to assist only with the selection process and provide input for the interviewer and feedback for the aspiring entrepreneur
- For Jacana psychometric testing does not have an added value – what truly matters is the track record – if the historical performance indicates a potential, Jacana invests.

Global Supply Chains & Local Small Businesses: Positive Effects on Employment?

Facilitated by Marije Balt, Spring Factor

- How big companies engage locally in conflict affected states, and how they put a lot of energy in CRS and local content as their local strategy'.
- Understand the local market.
- Try to understand the supply side and the demand side and engage the workforce.
- Local businesses: what do they know? What is done before? Where can we tap into supply side, where in the demand side, what will we buy?
- A strong linkage that can be supplied by the market is needed. To use quality for core operations. A Sustainable and achievable supply chain.
- Sustainability is key. Interventions come and go, within 6 months, we want and need impact for years to come.

- We have to work together with organizations like SPARK, working on PSD. The economies drive us to use local supply chains. We bring in the technical expertise but employ the Liberians.
- Private sector as an engine for growth, keeping in mind that the growth is leading to education in poverty.
- Work wise we need to rely on governments. Governments are picking up and ask us to include entrepreneurs in education curricula, e.g. training for employment and business skills.
- A big challenge: management of expectations. After 6 month programme some Liberians think they have the key, which is not true of course. How long do we need to work to get the skills set to actually be able to set up viable businesses?
- Isn't the real issue is value chain development. Africa has a lot of growth, but no poverty reduction. How can value chains be development so that local communities benefit?
- Companies should pull in governments in more; if you want to be transformational, it has to be more than business as usual.

**Youth Employment in Fragile Environments: Approaches & Project Examples
Facilitated by Birgit Seibel & Elena Lau, GIZ**

- Focused on the different approaches that the German development organization GIZ is using in fragile environments. Two components have been highlighted as prominent within the organization's integrated approach to promote Youth Employment, i.e. labor demand and labor supply. The linkage between the two factors is of a mediating and matching nature, with the overarching aim to mainstream employment policy and alignment with other policy areas.
- The element of peace building is of significance to the approach. The peace building Impact Private Sector Development (PSD) intervention tackles economic development in the target areas to create more justice and stability and better governance; all to promote more youth employment and employability.
- Before the GIZ enters a new area, it first conducts a so-called Peace and Conflict Assessment (PCA). This assessment consists of four steps; 1. Peace and conflict analysis; 2. Peace and conflict related relevance assessment; 3. Risk management in the context of conflict, fragility and violence; and 4. Peace and conflict related impact monitoring.
- The first two steps are periodical follow ups, the last two are continuous.
- Case studies of Timor-Leste and Sierra Leone served as illustrations. In the case of Timor- Leste, which was part of a three year trajectory whereby the target group was young graduates and vocational agriculture schools, the GIZ aimed to improve vocational training and to establish a decentralized

advisory system. The results of the program were inter alia the creation of 104 production groups (1000 youngsters) and the integration of soft skills into curricula.

- The second case of Sierra Leone was more of a challenge, as the private sector was left in a weak condition after the civil war. Hence, the GIZ initiated a nine year trajectory spread over three phases of implementation. The unemployed youth and informal employees were targeted with a value chain promotion. Among the results is the training of over 20.000 farmers and the reintegration of 8.400 displaced youngsters to their villages. However, the Sierra Leone case has also given lessons regarding used approaches; the trickle down approach did not work there, so now the approach has been altered into more micro level and bottom up.