

# THE LANDSCAPE OF ECO-INCLUSIVE ENTREPRENEURSHIP IN MALAWI, MOZAMBIQUE AND NAMIBIA

TRENDS, CHALLENGES AND OPPORTUNITIES



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# 1 | ABOUT THE REPORT

SEED supports the growth of small and medium-sized enterprises (SMEs) that deliver social, environmental, and economic returns in developing countries or countries with emerging economies, to improve livelihoods, protect the environment and create a more inclusive society in some of the world's most challenged locations. Through research and in close collaboration with partners, SEED raises some of the most pressing questions around eco-inclusive entrepreneurship to challenge the broader, cutting-edge discussions in this sector. SEED translates over 10 years' solid experience in working with eco-inclusive SMEs to create fresh, pioneering and practical recommendations that can be used by enterprises and practitioners – recommendations that incentivise investors and policymakers to reform policies and markets to establish ecosystems that are conducive to the upscaling and replication of these important enterprises.

One of the SEED focus areas for 2016 includes eco-inclusive entrepreneurship in Malawi, Mozambique, and Namibia. Eco-inclusive entrepreneurship is an important market-based solution for economies transitioning to sustainable growth trajectories while providing essential services for the marginalised populations of these emerging economies. This report is part of an effort to support the sector through improved research, building the track record for eco-inclusive enterprises and highlighting their 'triple bottom line' impact and contribution towards green growth. This report serves to inform governments, donors, investors, large corporations, and development partners of the importance of eco-inclusive entrepreneurship,

the current challenges such enterprises face, and potential areas for increasing external support to improve the ecosystem for eco-inclusive entrepreneurship.

Eco-inclusive enterprises represent a relatively niche (but growing and increasingly important) segment within the broader SME sector. As such, they are faced with the same external environmental constraints and challenges as traditional enterprises. In order to effectively support eco-inclusive entrepreneurship to realise its potential and benefit, it is imperative that the basic building blocks for entrepreneurship more generally are in place. This is especially important in developing countries where the obstacles faced by SMEs are more acute and, in turn, hinder the potential and emergence of eco-inclusive enterprises as a niche sub-set of SMEs<sup>1</sup>.

Consequently, we situate this policy paper by framing the economic and entrepreneurial context for each country, followed by a discussion of the landscape and value of eco-inclusive entrepreneurship within the country, the key enablers and challenges, and, finally, culminating in a series of recommendations to improve the environment for eco-inclusive enterprises.

<sup>1</sup> ILO. 2014. Sustainable enterprises: creating more and better jobs. Available from: [www.ilo.org/](http://www.ilo.org/)

## 2 | METHODOLOGY

This research considers the entrepreneurial ecosystems for each focus country based on a framework<sup>2</sup> that has been adapted for the purposes of this work. The entrepreneurial ecosystem framework (“the framework”) consists of eight pillars of a supportive eco-system for entrepreneurship and was adapted to include elements specific to eco-inclusive enterprises where relevant<sup>3</sup>. The framework is outlined in figure 1 below:

The challenges and enablers within each pillar were ‘mapped’ and comparatively analysed based on the results of: surveys completed by SEED Winners<sup>4</sup> in each country; qualitative research workshops with selected SEED Winners; and in-depth interviews with key industry players within each country. The industry players included representatives from local and national government, development partners, investors, consultants, business development service providers, and industry networks. In accordance with the frequency and reported importance of elements within each framework pillar, we prioritise the insights from the SEED Winners and stakeholders separately using the three-tier circle diagram of the framework

where a full three-coloured segment indicates an enabling pillar and one-coloured segment indicates a hindering pillar.

The mapping serves to easily identify the priority areas for each country upon which four to five targeted recommendations for action were then developed.

These targeted recommendations were developed based on the prioritisation of suggestions from key stakeholders, as well as a consideration of the context, existing policies and initiatives, and opportunities and threats within each country ecosystem. The insights from expert interviews and best practice approaches among peer economies also influenced the final recommendations.

The report concludes with a call to action, summarising the key common challenges and recommendations across the three countries. It is intended that this report and the call to action will provide a foundation for conversations for change where ecosystem actors can engage and collaborate to co-create informed solutions propel eco-inclusive entrepreneurship forward.



**Figure 1:** Ecosystem framework for eco-inclusive enterprises

<sup>2</sup> The framework draws on the work of Monitor (Paths to Prosperity, 2009), SEED (Critical success factors and performance measures for start-up social and environmental enterprises), SEED (Social and Environmental Enterprises in the Green Economy: Supporting sustainable development and poverty eradication on the ground), OECD (A Toolkit of Policy Options to Support Inclusive Green Growth) and ANDE (Entrepreneurial Ecosystem Diagnostic Toolkit, 2013).

<sup>3</sup> See appendix for more information on the constituents for each pillar.

<sup>4</sup> SEED Winners are enterprises that have won a SEED Award. The SEED Awards are an annual awards scheme that recognises the most promising eco-inclusive start-up enterprises that have the potential to address poverty eradication and environmental sustainability while contributing to an inclusive green economy.

## ECO-INCLUSIVE ENTREPRENEURSHIP

Historically, many African countries have relied heavily on official development assistance (ODA) to address the basic needs of their citizens. However, the availability of ODA targeting Africa has been declining since the 2007/2008 financial crisis, which has tightened budgets and threatened many developed nations<sup>5</sup>. The capital required to address Africa's developmental needs will be insufficient if African countries do not supplement ODA with other sources of capital<sup>6</sup>. Simultaneous to the decline in ODA, private capital flows into Africa have been steadily increasing since the early 2000s. These two capital flow trends into Africa result in an opportunity to leverage market-based solutions to harness the private investment flows to address the continent's socio-economic challenges<sup>7</sup>. One such promising market-based solution is the proliferation and growth of eco-inclusive enterprises.

Eco-inclusive entrepreneurship can be defined as enterprises that sell products and/or provide services that are able to manage or use environmental/natural capital sustainably and consider the 'triple bottom line' of their organisations. This includes consideration of the aspects of sustainability, social, and economic progress<sup>8</sup>.

With the trends of increasing youth populations, rapid urbanisation and technological change, African countries will need to consider new ways to harness these trends to accelerate development<sup>9</sup>. Eco-inclusive enterprises play a pivotal role in poverty alleviation, ending inequality, job creation, sector diversification (particularly in rural economies), climate-change mitigation and environmental preservation. This is of particular importance in the African context where there is a prevailing reliance on agriculture and mineral resources as drivers of economic growth and prosperity in the face of environmental vulnerability and declining commodities markets<sup>10</sup>. Eco-inclusive enterprises open the doors to new market conditions, emerging sectors and innovative ways of doing business, whilst addressing key social and environmental development challenges and aligning economic growth with the sustainable development goals (SDGs)<sup>11</sup> and the African Union Commission's Agenda 2063.

<sup>5</sup> OECD.2012. Development: Aid to developing countries falls because of global recession. Available from: [www.oecd.org/](http://www.oecd.org/)

<sup>6</sup> United Nations Development Programme. 2015. Impact investment in Africa: trends, constraints and opportunities. Available from: [www.undp.org](http://www.undp.org)

<sup>7</sup> United Nations Development Programme. 2015. Impact investment in Africa: trends, constraints and opportunities. Available from: [www.undp.org](http://www.undp.org)

<sup>8</sup> Littlewood, D. and Holt, D. 2015. Social and environmental enterprises in Africa: context, convergence and characteristics. In *The Business of Social and Environmental Innovation* (pp. 27–47). Springer International Publishing.

<sup>9</sup> World Economic Forum. 2016. 3 reasons things are looking up for African economies. Available from: [www.weforum.org/](http://www.weforum.org/)

Across the world, such enterprises face a myriad of challenges which threaten their sustainability and scalability, subsequently threatening their ability to generate measurable impact<sup>12</sup>. The challenges these organisations face are similar to those faced by SMEs generally and may include: the struggle to access sizable markets; the struggle to attract talent; difficulty in obtaining appropriate finance; difficulty in accessing technical or business expertise; the constraints faced due to poor infrastructure, compliance or policies; as well as a local mind-set that is unsupportive of entrepreneurship or that does not acknowledge the need for environmental preservation<sup>13</sup>. Therefore, targeted support is required to ensure that eco-inclusive enterprises can access the support they need to increase their market share and impact within their local economies.

<sup>10</sup> World Bank. 2016. Africa: Low Commodity Prices Continue to Impede Growth. Available from: [www.worldbank.org/](http://www.worldbank.org/)

<sup>11</sup> UNECE (no date). Review of the International Best Practice in SME State Support. Available from: [www.unece.org/](http://www.unece.org/)

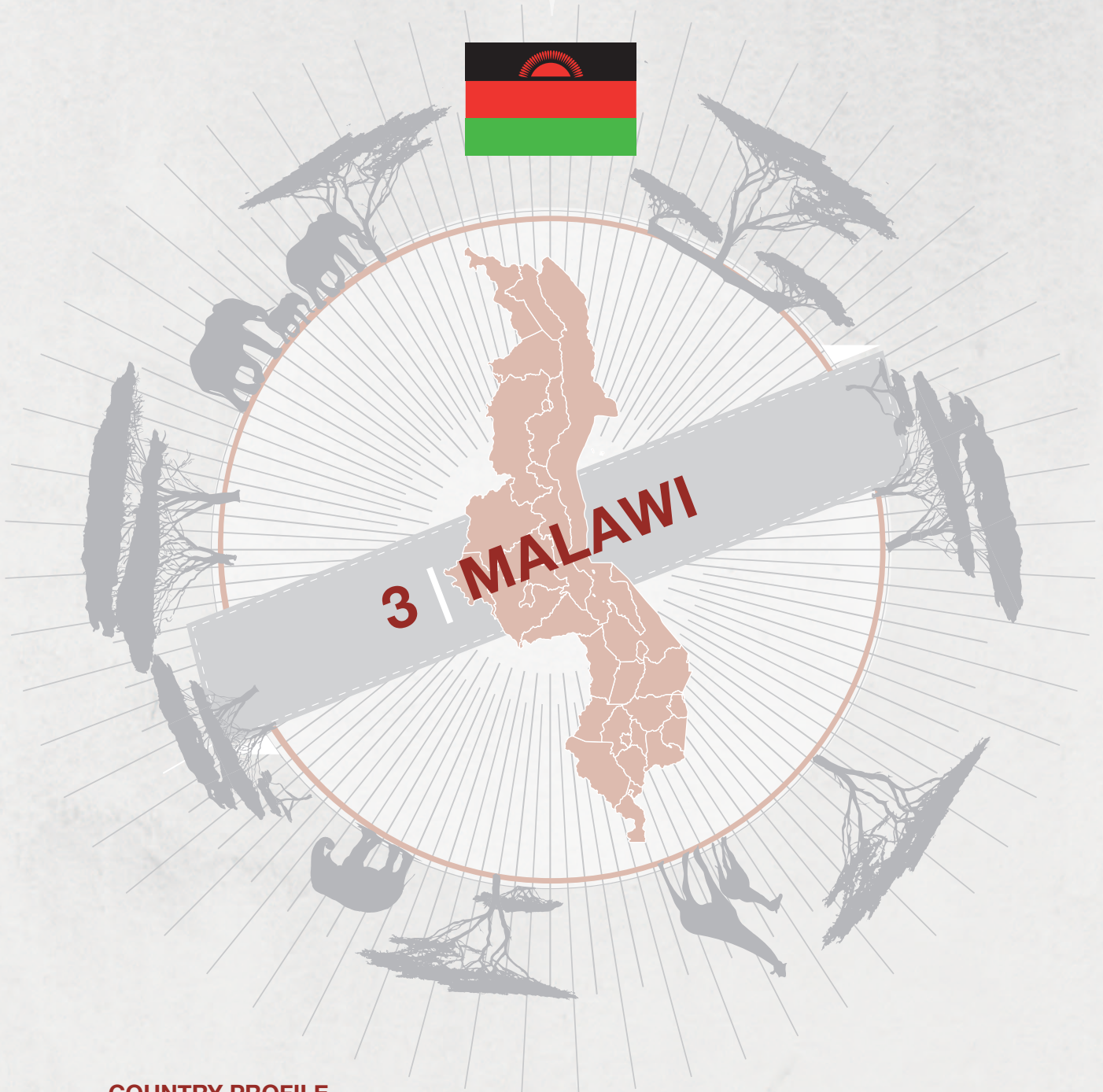
<sup>12</sup> Rockefeller foundation. 2015. Accelerating impact: exploring best practices, challenges and innovations in impact enterprise acceleration. Available from: [www.rockefellerfoundation.org/](http://www.rockefellerfoundation.org/)

<sup>13</sup> Rockefeller foundation. 2015. Accelerating impact: exploring best practices, challenges and innovations in impact enterprise acceleration. Available from: [www.rockefellerfoundation.org/](http://www.rockefellerfoundation.org/); Monitor. 2009. Paths to Prosperity. Available from: <http://icma.org/>; SEED. 2008. Critical success factors and performance measures for start-up social and environmental enterprises. Available from: <https://www.seed.uno/>

**POPULATION:** 17 215 232<sup>1</sup>

**GDP:** \$ 6.56 billion

**POVERTY HEADCOUNT:** 51 %



### **COUNTRY PROFILE**

Malawi, a country reliant on an un-diversified agricultural sector (over 80% of exports) is, therefore, vulnerable to the impact of environmental and climatic forces. Few large companies still dominate the region and small business typically remain in the informal economy. Other challenges include macroeconomic instability, poverty, food shortages and inequality. There is a clear need for innovative social and environmental products and services to address these challenges.





**TAX POLICY<sup>6</sup>**



The corporate tax rate is 30%



The sales tax rate is 16.5%



**LABOUR FORCE**

Unemployment rate (21%)<sup>2</sup>

Informal employment as a % of total<sup>3</sup> employment (88.7%)

Youth unemployment rate (23%)<sup>4</sup>

**0.8%**

Gross enrollment in tertiary education<sup>5</sup> (% of individuals within 5 years of leaving secondary school)

**OVERALL EASE OF DOING BUSINESS<sup>7</sup>**



**133<sup>rd</sup>**

Up from previous period ranking

Out of 189 countries

**STARTING A BUSINESS**



**150<sup>th</sup>**

Up from previous period ranking

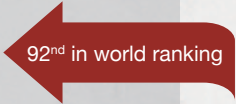
Out of 189 countries



**MACROECONOMIC INDICATORS**

**Democracy Index (1 = low; 10 = high)<sup>8</sup>**

Malawi ————— 5.55  
SSA ————— 4.38



'Functioning of Government' and 'Political Participation' being the elements of the state that bring the index down

**CPIA transparency, accountability, and corruption in the public sector rating (1 = low; 6 = high)<sup>10</sup>**

Malawi ————— 2.5  
SSA ————— 2.711

Prime interest rate: 45%<sup>9</sup>

Inflation rate: 21.1%<sup>11</sup>

**ENTREPRENEURIAL MINDSETS<sup>12</sup>**

Where 0 = poor and 1 = perfect

- Cultural support — 0.05
- Internationalisation — 0.07
- Networking — 0.1
- Opportunity perception ————— 0.44
- Risk acceptance — 0.03

**28%**

**TOTAL ENTREPRENEURIAL ACTIVITY (TEA)<sup>13</sup>**

Proportion of working age population involved in entrepreneurial activities



**90% OF THE LABOUR FORCE WORKS IN AGRICULTURE<sup>14</sup>**



**46% OF ENTREPRENEURS ARE ESTIMATED FEMALES<sup>15</sup>**

Sources: 1] World Bank Indicators, 2016; 2] National Statistics Office Malawi (NSO), 2013; 3] NSO, 2013; 4] NSO, 2013; 5] World Bank, 2016; 7] Malawi Investment and Trade Center; 8] World Bank, 2016; 9] Central Intelligence Agency; 10] The Economist Investigative Unit, 2015; 11] Central Intelligence Agency, 2015; 12] Global Entrepreneurship Index, 2016; 13] Global Entrepreneurship Monitor; 14] Central Intelligence Agency, 2015; 15] FinMark, 2014.

# MALAWI

## 3.1 Landscape of eco-inclusive entrepreneurship

Key features of the economic and business environment in Malawi include a high perception of opportunity and a positive trajectory towards a business environment that is conducive to running a business. Factors which constrain the ability to start and run businesses, as seen in the country profile, include: a high corporate tax rate; low gross enrolment in tertiary education; underperforming public-sector transparency, accountability, and corruption; high rate of inflation; and high rates of interest. The business environment in Malawi is challenging and entrepreneurs typically find it difficult to scale their businesses from small to medium enterprises.

Eco-inclusive entrepreneurship in Malawi is not well understood. People tend to believe that the role of business is to make a profit and entrepreneurs often do not consider — or are not aware of — eco-inclusive business models as options for their ventures. However, the emerging eco-inclusive enterprises (SEED Winners) that participated in this research can be characterised by enthusiasm and innovation.

### 3.1.1 Value of eco-inclusive enterprises

There is a great need for the proliferation of eco-inclusive enterprises in Malawi to assist in mitigating the risks of environmental degradation and addressing social needs. These needs include the high poverty rate (50.7 %), insufficient energy sup-

ply, high transportation costs, skills shortage, insufficient financial resources, narrow export base, high illiteracy, dependence on agriculture, and an HIV/AIDs pandemic<sup>14</sup>. Malawi's 'Vision 2020' aligns policy strategy to develop the country so that it is, among other things, environmentally sustainable, culturally vibrant, technology-driven, and self-reliant, with effective provision of social services and equal opportunities for all<sup>15</sup>. To achieve this, there is a need for the public, private and international development sectors to collaborate to drive environmental and social awareness within policy and industry. An innovative eco-inclusive business sector will assist in driving Vision 2020 and addressing the prevailing challenges.

### 3.1.2 Opportunities for youth and women

It is important that women are equipped to run their own businesses as they are able to assist in economic growth, job creation and diversifying the economy<sup>16</sup>. Malawi's legal framework supports gender equality, however, there is still a cultural bias against women, which is perpetuated by a low education attainment, lack of exposure to good business practices, and lack of credit access<sup>17</sup>.

One of the projected trends for Africa is a growing young population contributing to a growing labour force. With this growth trajectory, there needs to be a matched increase in the growth of employment opportunities<sup>18</sup>. SMEs, including eco-inclusive enterprises, have the capacity to contribute to growth in employment opportunities. Globally, small enterprises contribute to an estimated 67% of all employment, and this proportion is higher in low to middle income countries<sup>19</sup>. Furthermore,

<sup>14</sup> UNDP. 2015. Malawi National Human Development Report. Available from: [www.mw.undp.org/](http://www.mw.undp.org/)

<sup>15</sup> National Economic Council of Malawi. 1998. National long-term development perspective for Malawi. Available from: [www.sdn.org.mw/](http://www.sdn.org.mw/)

<sup>16</sup> World Bank. No date. The Environment for Women's Entrepreneurship in the Middle East and North Africa Region. Available from: [elibrary.worldbank.org/](http://elibrary.worldbank.org/)

<sup>17</sup> International Labour Organisation. 2011. Selected perspectives on the Enabling Environment for Women entrepreneurs in Malawi. Available from: [www.ilo.org/](http://www.ilo.org/)

<sup>18</sup> World Economic forum. 2016. 3 reasons things are looking up for African economies. Available from: [www.weforum.org/](http://www.weforum.org/)

eco-inclusive enterprises, under the assumption of responsible and inclusive business models, have the capacity to provide opportunities to the youth who are the worst affected by high levels of unemployment<sup>20</sup>.

### 3.2 Engagement with SEED Winners

#### 3.2.1 Adding value in a local context

SMEs have great scope to improve the state of socio-economic well-being and environmental preservation through innovation and localised improvement. Furthermore, SMEs have significant job-creation potential, with the participating SEED Winners creating an average of over nine direct jobs each and many more indirect jobs. Some of the participating SEED Winners noted that youth and women are directly targeted within their employee base. Furthermore, the business models used tend to empower and encourage others to start and run their own businesses.

Eco-inclusive enterprises participating in this study empower women by equipping them with skills and employment opportunities. However, the entrepreneurs themselves are mostly men (89% of the participating SEED Winners were male), suggesting that gender bias may persist at a business leadership and ownership level.



Malawi is famous for its lake and abundance of freshwater fish. However, this picture is changing as fish stocks are diminishing year after year. Aquaculture is a solution to this desperate situation and has been identified by the Global Impact Investment Network as a key opportunity sector.

**Masole Ammele** is a business addressing the threat of depleting fish stocks – as well as a number of other social and environmental challenges – through their inclusive business model. The model is implemented through self-managed groups and supports the livelihoods of 30 small-holder farmers who have in turn created 60 indirect employment opportunities, some of which are for women and youth. This is achieved while preserving local fish species and mitigating the threat of overfishing. The final product has a high nutritional value and it is expected that in the long-term, communities where *Masole Ammele* operates will experience increased health and wealth, which can be used to support families and improve the quality of life of community residents.

This is a clear example of how inclusive business models are ideal for scalability in a rural setting where expansion requires additional labour whose interests align with the goals of the organisation. Equipping groups to manage their own farms empower the community while providing sustainable nutrition.

#### Box 1: Stories from local SEED Winners: Masole Ammele

<sup>19</sup> Ayyagari, M., Demirgüç-Kunt, A. and Maksimovic, V. 2011. Small vs. Young Firms Across The World – Contribution to Employment, Job Creation, and Growth, Policy Research Working Paper 5631 (The World Bank Development Research Group). Available from: <http://documents.worldbank.org/>

<sup>21</sup> International Labour Organisation. 2013. The enabling environment for sustainable enterprises in Malawi. Available from: <https://www.cbd.int/>

### 3.2.2 Enablers and challenges experienced

The analysis below presents and prioritises the framework pillars based on enabling and challenging factors reported by the SEED Winners and stakeholders respectively.

The most common and important challenges that these enterprises cited include: access to finance, infrastructure and technology, and the policy environment. The interviewed SEED Winners reported to have accessed funding through debt and grants, most commonly from international development organisations. There is very little local competitive finance available for them and borrowing at the current interest rate is not feasible. The lack of infrastructure and technology refers to electricity shortages as well as insufficient access to cost-effective technology and machinery. The policy environment is unsupportive primarily due to high

corporate tax rates and burdensome tax administration, as well as corruption and political uncertainty, which threaten business and investment.

Accessing a skilled employee base was cited as being relatively easy according to the SEED Winners. The SEED Winners themselves have received extensive training and business development support. As a result, they do not feel that their own entrepreneurial, technical and leadership skills are insufficient. However, this entrepreneurship capacity is not broadly representative of the population and interviewed SEED Winners emphasised the need for broad-based entrepreneurial training to increase the levels of eco-inclusive entrepreneurship at a country level. Therefore, access to skills and talent is rated as ‘average’ with room to improve because of the need to balance the elements of an abundant unskilled workforce and limited educational attainment.

#### SEED Winners' Perspective



**Note:** Three segments indicate that the pillar is an enabler. Two segments indicate average performance with room to improve. One segment indicates that the pillar is hindered by challenges and demands significant improvement.

**Figure 2:** Prioritisation of entrepreneurship ecosystem pillars – SEED Winners perspective

### 3.3 Engagement with key industry stakeholders

Many stakeholders agreed that Malawi, in the light of the socio-economic challenges and public sector capacity constraint, should be taking the necessary steps to promote and support eco-inclusive entrepreneurship, and that such support is long overdue. However, they all noted that starting up and scaling a business in Malawi is tough.

Three areas were reported as being important to improve as they are currently highly inhibiting to the entrepreneurial ecosystem in Malawi. These are: access to finance, skills and talent, and the policy and regulatory environment.

Stakeholders' perspectives differ vastly from that of the SEED Winners as they responded with a

perspective on the ecosystem as a whole. While the SEED Winners may not see entrepreneurship training as a dire need for themselves, this was frequently mentioned among the stakeholder group, especially the investors, development partners and consultants. These stakeholders suggested that entrepreneurship training would improve the quality of applications for finance which will, in turn, improve a business's ability to access and effectively utilise finance (which was also a frequently mentioned need).

The industry stakeholders were also acutely aware of the shortcomings in policy. Many acknowledged that the policies in place tend to focus on medium-sized businesses or informal traders, and that there is limited support for small businesses. Furthermore, poor implementation and corruption limit the effectiveness of supportive policies.

#### SEED Stakeholders' Perspective






**Note:** Three segments indicate that the pillar is an enabler. Two segments indicate average performance with room to improve. One segment indicates that the pillar is hindered by challenges and demands significant improvement.

**Figure 3:** Prioritisation of entrepreneurship ecosystem pillars – industry stakeholder perspective

A summary of the factors that were reported by stakeholders to influence the performance of each pillar are shown in table 1 below:

### Key enablers and challenges – Malawi Winners

	Enablers	Challenges
 Finance	<ul style="list-style-type: none"> <li>• Donor community provides significant support</li> <li>• Abundance of micro-finance investors (see challenges)</li> </ul>	<ul style="list-style-type: none"> <li>• High interest rates (in excess of 40 %)</li> <li>• Micro-finance is cost-inhibitive</li> <li>• Banks, and external support to banks to incentivise risky investments (e.g. credit guarantees), target medium to large enterprises only</li> <li>• Lack of entrepreneurial/strategic finance, e.g. venture capital</li> <li>• Inability to absorb cash injections due to limited financial management skills (usually from donors)</li> </ul>
 Skills and talent	<ul style="list-style-type: none"> <li>• Youthful population is highly innovative, risk-taking, energetic, and trainable</li> <li>• Abundance of unskilled labour available and labour laws are not rigid</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of entrepreneurial and business skills</li> <li>• Education system does not impart practical entrepreneurial skills (not a cross-cutting subject in schools or tertiary institutions)</li> <li>• Learners are trained theoretically but practical training is inadequate</li> <li>• Lack of awareness of eco-inclusive entrepreneurship</li> <li>• Limited knowledge of impact measurement and performance</li> <li>• Lack of sector-specific technical skills</li> <li>• Donors and government crowd-out talent by offering salaries that cannot be matched by the small business sector</li> </ul>
 Technology and infrastructure	<ul style="list-style-type: none"> <li>• Infrastructure constraints (e.g. electricity) induce innovation (e.g. solar products)</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of access to cost-effective machinery and modern technology</li> <li>• Inconsistent electricity supply affects the ability to scale</li> <li>• Internet is costly</li> <li>• Lack of cost-efficient transport and logistics infrastructure</li> <li>• Lack of water</li> <li>• Lack of cost-effective office space</li> </ul>

	Enablers	Challenges
 Markets and inputs	<ul style="list-style-type: none"> <li>• Existence of a trade portal to facilitate access to export markets</li> <li>• Land and natural resources are abundant</li> </ul>	<ul style="list-style-type: none"> <li>• Poor product quality standards due to limited capacity at Standards Bureau. This results in restricted access to international markets</li> <li>• High inflation and currency volatility</li> <li>• High input and production costs result in a final product that is not competitive with imports</li> <li>• Limited domestic market size that is dominated by medium and large firms</li> <li>• Government, an important customer for larger enterprises, does not procure goods and services from small businesses</li> </ul>
 Business support services	<ul style="list-style-type: none"> <li>• Emergence of incubators and networks</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of centres of excellence, incubators, accelerators</li> <li>• Lack of information available to businesses about policy, registration and financing opportunities</li> <li>• Insufficient promotion of small businesses</li> <li>• Small businesses are not represented by industry associations</li> <li>• Lack of support for developing eco-inclusive business models</li> </ul>
 Policy	<ul style="list-style-type: none"> <li>• Government understands the need to support entrepreneurship</li> <li>• Policy supports local procurement (medium to large enterprises)</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation of policy is poor</li> <li>• High tax rates for small businesses can threaten their viability</li> <li>• Policy lacks focused support for small business</li> <li>• Policy targets medium to large businesses, small businesses are excluded from the support</li> <li>• Politicisation and corruption</li> </ul>
 Administration	<ul style="list-style-type: none"> <li>• One-stop-shop for permits and land applications for investors, traders and exporters</li> <li>• Registering a business may be done online<sup>22</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Registration process is difficult outside of Blantyre</li> <li>• Reluctance to formalise because of compliance costs</li> </ul>
 Mind-set	<ul style="list-style-type: none"> <li>• People have innovative business ideas</li> <li>• High levels of enthusiasm among youth</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of concern about environmental preservation</li> <li>• Lingering perception that entrepreneurship is not a legitimate career</li> <li>• Lack of risk-taking behaviour and bankruptcy is viewed negatively</li> </ul>

**Table 1:** Key enablers and challenges faced by eco-inclusive enterprises in Malawi Winners perspective

<sup>22</sup> While the online registration process exists, the interviewees reported that this process is not fully functional and takes a long time.

### 3.4 Recommendations to encourage eco-inclusive entrepreneurship

A series of five recommendations to support eco-inclusive entrepreneurship in Malawi were developed based on the insights from stakeholder interviews and SEED Winners engagements. These insights were considered in combination with existing efforts and measures in Malawi, as well as tried and tested interventions from peer countries.

#### i. Align tax policy to support an enabling ecosystem for entrepreneurship

Tax incentives in Malawi are offered for companies involved in importing machinery for manufacturing, agricultural inputs and capital, special purpose vehicles, and solar products<sup>22</sup>. Furthermore, there are some incentives on domestic tax which reduce the tax burden on companies incurring losses and for select industries such as manufacturing, fisheries and tourism. While certain small businesses may be able to access these incentives on duties (should they be importing designated machinery and inputs), the typical entrepreneur is still faced with a flat rate of 30% corporate tax on profits. There is a reported threat of corporate tax rates to the operations of their business and a resulting reluctance for entrepreneurs to register their ventures.

#### Progressive tax policy, India

In Bihar, India, the government has implemented a progressive tax regime which includes:

- A flat tax rate for businesses classified as micro and small
- Simplification of requirements and processes for micro and small enterprises
- No routine inspections on micro and small taxpayers
- Improved the efficiency of various tax registration and collection processes

These reforms resulted in a 24% increase in the tax payer base. ↗ Further reading: IFC

#### Box 2: Examples from around the world, India

It is recommended that policymakers institute a progressive tax system which determines rate increments according to size (e.g. turnover not profit)<sup>23</sup>. In this way, smaller businesses would receive a reduced tax rate while the business is still trying to reach financial sustainability. Supporting the formalisation and growth of small enterprises may also lead to a larger base of tax-paying companies in the long run, potentially increasing the financial capacity of the public sector<sup>24</sup>.

<sup>22</sup> Malawi Revenue Authority and Malawi Investment and Trade Centre. 2016. Tax incentives in Malawi, Volume 1. Available from: [www.mra.mw/](http://www.mra.mw/)

<sup>23</sup> ActAlliance. 2016. Supporting small business in developing countries: which programmes work and why? Available from: [www.actalliance.eu/](http://www.actalliance.eu/)

<sup>24</sup> Tax Justice Network-Africa & ActionAid International. 2012. Tax competition in East Africa: a race to the bottom? Available from: <http://www.actionaid.org/>



Furthermore, policymakers could consider the suitability of instituting a pro-poor taxation break for businesses that provide services to the poor, such as eco-inclusive enterprises<sup>25</sup>. Such a policy may be highly effective, however, the benefits would need to be weighed up against the compliance costs that would come with such a policy.

Finally, policymakers could continue to improve entrepreneurs' understanding of the tax policy system by making information widely available and ensuring that tax policies are simplified for small businesses. Compliance burdens are most harshly felt by budding entrepreneurs, particularly because, at an early stage, they are not able to employ accountants and tax specialists to assist with processing tax payments; therefore, it is imperative that policy and processes be simplified<sup>26</sup>.

## ii. Crowd-in investment for the 'missing middle'

Developing countries commonly struggle to provide sufficient access to finance for small businesses, while large and micro enterprises are typically better served through formal financial services and micro-finance respectively. The 'missing middle' refers to the gap in financing for enterprises seeking investment between \$25k and \$2million<sup>27</sup>. The requisite availability of debt and equity for businesses requiring this size of investment tends to be deficient for reasons such as risk and profitability. International financial institutions have the opportunity to address this gap by playing a catalysing role through the provision of guarantees and technical assistance<sup>28</sup>. Government can also play a prominent role in the provision of these services. However, it is suggested that collaboration occurs between these organisations and local intermediaries for efficiency<sup>29</sup>.

### Impact investors financing agriculture in emerging economies

The Grassroots Business Fund operating across Africa, Asia and Latin America has generated \$15.3 million in economic value and supported 567 934 individuals through its investments targeting sustainable, fair trade agriculture organisations and the development of small and medium enterprises in this sector. ↗ Further reading: GBF

### Box 3: Examples from around the world, Africa, Asia and Latin America

For eco-inclusive enterprises specifically, the crowding-in of impact investors should be targeted. These are investors that invest in companies, organisations and funds with the intention to generate a social and environmental impact alongside financial returns<sup>30</sup>. Therefore, these investors are well-matched to fund eco-inclusive enterprises, either directly or through intermediaries. The impact investing sector in Malawi can also be strengthened through innovative risk mitigation techniques, strengthened foreign direct investment policy, and a clear understanding of the appropriate type of finance required through research<sup>31</sup>.

## iii. Expand capacity development support for eco-inclusive enterprises

There are limited private small business incubators in Malawi (only two known private incubators currently operating, according to stakeholders). Incubators are showing great initial success in supporting small businesses in developing countries<sup>32</sup>. Furthermore, impact accelerators targeting

<sup>25</sup> ActAlliance.2016. Supporting small business in developing countries: which programmes work and why? Available from: [www.actalliance.eu/](http://www.actalliance.eu/)

<sup>26</sup> International Finance Corporation. 2014. Small and Medium Enterprises: key driver for growth and jobs in South Asia. Available from: [www.ifc.org/](http://www.ifc.org/)

<sup>27</sup> Dalberg. 2011. Report on support to SMEs in developing countries through financial intermediaries. Available from: [www.bio-invest.be/](http://www.bio-invest.be/)

<sup>28</sup> GIIN. 2013. Catalytic first-loss capital. Available from: [thegiin.org/](http://thegiin.org/)

<sup>29</sup> Dalberg. 2011. Report on support to SMEs in developing countries through financial intermediaries. Available from: [www.bio-invest.be/](http://www.bio-invest.be/)

<sup>30</sup> GIIN. 2016. What you need to know about impact investing. Available from: [thegiin.org/](http://thegiin.org/)

<sup>31</sup> GIIN. 2016. The landscape for impact investing in Southern Africa: Malawi. Available from: [thegiin.org/](http://thegiin.org/)

<sup>32</sup> World Bank. Enabling innovative entrepreneurship through business incubation. Available from: <https://siteresources.worldbank.org/>

eco-inclusive enterprises have been shown to be highly effective in increasing the capacity of these enterprises for social impact<sup>33</sup>. Key support areas for eco-inclusive enterprises specifically include: capacity building, networking, direct resource provision, and advocacy or research to improve the ecosystem.

#### Start-up nation, Kenya

Kenya has been successful in creating a favourable ecosystem for entrepreneurship, which has been accelerated by good partnerships between the private and public sector. The country has excelled in the support of incubator hubs, which are sustained by government programmes as well as international development initiatives. The government's dedication to improving the ecosystem for entrepreneurship, as well as the involvement of development partners and the private sector has resulted in Kenya rising as an attractive destination for innovative entrepreneurs. ↗ Further reading: NewAfrican

#### Box 4: Examples from around the world, Kenya

To increase the number of incubators, business development service providers, and, most importantly for eco-inclusive enterprises, impact accelerators, these organisations require support in the form of improved access to land, infrastructure (internet access and electricity access), talent, and financing<sup>34</sup>. Furthermore, these organisations require partner organisations and government to step in and provide greater visibility for entrepreneurs through networking and promotion events as well as improving information dissemination about policies, incentives, funders, and administration procedures.

#### iv. Expand the domestic market for eco-inclusive enterprises

There is scope for increased focus on public and private-sector procurement directed at target business categories such as small businesses, eco-inclusive enterprises, and/or women-owned businesses<sup>35</sup>.

Stimulating entrepreneurship can be achieved by removing barriers inhibiting small businesses from applying for larger contracts (by providing necessary information, reducing the administrative burden) as well as by strategically aligning policy to encourage corporations to procure from small businesses<sup>36</sup>. Policymakers may consider targeted assistance strategies, establishing mandatory targets, subcontracting plans, preferences and/or reservations<sup>37</sup>.

#### Preferential procurement, EU and Africa

Public procurement has been used in the European Union (EU) as a powerful tool to unlock inclusive growth and improve the efficiency of public spending. Preference is given in accordance with certain social considerations such as youth employment, diversity in the workplace, and employing disabled or disadvantaged individuals. African countries such as Kenya, Namibia, South Africa and Zambia, also incorporate preferential procurement policies to provide opportunities for target groups and enterprises. ↗ Further reading: ITC

#### Box 5: Examples from around the world, EU and Africa

<sup>33</sup> Rockefeller foundation. 2015. Accelerating impact: exploring best practices, challenges and innovations in impact enterprise acceleration. Available from: [www.rockefellerfoundation.org/](http://www.rockefellerfoundation.org/)

<sup>34</sup> From discussions with senior staff at the two incubators in Malawi

<sup>35</sup> ITC. 2014. Empowering women through public procurement. Available from: [www.intracen.org/](http://www.intracen.org/)

<sup>36</sup> ActAlliance.2016. Supporting small business in developing countries: which programmes work and why? Available from: [www.actalliance.eu/](http://www.actalliance.eu/)

<sup>37</sup> ITC. 2014. Empowering women through public procurement. Available from: [www.intracen.org/](http://www.intracen.org/)

Alongside such policies, there is a need for support to prepare small businesses so that they are prepared for larger contracts<sup>38</sup>. Two key areas need to be addressed: to reform and improve the operations of the Bureau of Standards so that small businesses can easily attain the necessary certifications; and to provide assistance for small businesses in negotiating contracts in order to prevent exploitation.

#### v. Incorporate entrepreneurship education into the education system at all levels

Economic development promotion needs to incorporate entrepreneurial education throughout all levels of the education system in order to build skills, talent and entrepreneurial mind-sets to feed into the next generation and equip the growing youth population with the skills to become job-creators rather than merely job-seekers<sup>39</sup>.

#### Educate! Uganda

The Educate! programme equips school learners with practical skills they will require in the labour market. This is achieved through:

- Directly training secondary school learners on entrepreneurship and leadership
- Training educators to provide entrepreneurship education
- Advocating for curriculum reforms

The Ugandan education system has been reformed at a national level as a result of this programme. Randomised control trials have shown that programme graduates earn double the income of their peers and are 64% more likely to own their own business and 123% more likely to lead community projects. Internal evaluations have shown that 94% of graduates run a business, hold a job, or attend university after completion. ↗ Further reading: Brookings

#### Box 6: Examples from around the world, Uganda

The integration of such reforms to the education system should begin at a pre-school level<sup>40</sup>, be continued throughout a child's school-going career, and be designed to align with the four pillars of successful entrepreneurial education: on-going reflection, active participation, meaningful learning, and an atmosphere of tolerance<sup>41</sup>. The outcome of such reforms is an entrepreneurial culture, innovative thinking, and business skills development.

<sup>38</sup> ActAlliance.2016. Supporting small business in developing countries: which programmes work and why? Available from: [www.actalliance.eu/](http://www.actalliance.eu/)

<sup>39</sup> World Bank.2014. Entrepreneurship education and training: insights from Ghana, Kenya and Mozambique

<sup>40</sup> Axelsson, K., Hagglund, S. and Sandberg, A. 2015. Entrepreneurial learning in education: preschool as a take-off for the entrepreneurial self. Available from: <http://www.macrothink.org/>

<sup>41</sup> Axelsson, K., Hagglund, S. and Sandberg, A. 2015. Entrepreneurial learning in education: preschool as a take-off for the entrepreneurial self. Available from: <http://www.macrothink.org/>

**POPULATION:** 27 980 000<sup>1</sup>

**GDP:** \$ 14.69 billion

**POVERTY HEADCOUNT:** 54.7 %



#### **COUNTRY PROFILE**

Mozambique's agricultural sector remains the largest employer, generating the majority of employment (>70 %) but accounts for only a third of gross domestic product. While many enterprises are active in the agricultural sector environmental entrepreneurship, and indeed social entrepreneurship, are still in their infancy in Mozambique. With the recently discovered coal and natural gas reserves and a growing climate change challenge, social and environmental enterprises will have an increasingly important role to play in the country's economy.



**TAX POLICY<sup>4</sup>**



The corporate tax rate is 32 %



The sales tax rate is 17 %



**LABOUR FORCE<sup>2</sup>**

Unemployment rate (22.5 %)<sup>2</sup>

Informal employment as a % of total employment (over 90 %)

Youth unemployment rate (39,3 %)

5%

Gross enrollment in tertiary education (% of individuals within 5 years of leaving secondary school)<sup>3</sup>

**OVERALL EASE OF DOING BUSINESS<sup>9</sup>**



**137<sup>th</sup>**

Up from previous period ranking

Out of 189 countries

**STARTING A BUSINESS<sup>10</sup>**



**134<sup>th</sup>**

Up from previous period ranking

Out of 189 countries



**MACROECONOMIC INDICATORS**

**Democracy Index (1 = low; 10 = high)<sup>5</sup>**

Mozambique **4.6**  
SSA **4.38**

← 109<sup>th</sup> in world ranking

Lending interest rate: 23.25 %<sup>5</sup>

'Functioning of Government' and 'Political Participation' being the elements of the state that bring the index down

**CPIA transparency, accountability, and corruption in the public sector rating (1 = low; 6 = high)<sup>8</sup>**

Mozambique **2.5**  
SSA **2.711**

Inflation rate: 24.9 %<sup>7</sup>

**ENTREPRENEURIAL MINDSETS<sup>11</sup>**

Where 0 = poor and 1 = perfect

- Cultural support **0.04**
- Internationalisation **0.15**
- Networking **0.12**
- Opportunity perception **0**
- Risk acceptance **0.05**

**123<sup>rd</sup>**

Out of 132 countries

**GLOBAL ENTREPRENEURSHIP<sup>12</sup> RANKING**

The Global Entrepreneurship Index provides a detailed look at the health of nations' entrepreneurial ecosystems

**AI**

**ALUMINIUM IS THE<sup>13</sup> COUNTRY'S MAIN EXPORT PRODUCT ACCOUNTING FOR 33.6 % OF EXPORTS**



**THE ENDURING EFFECTS OF A PAST SOCIALIST GOVERNMENT HAS PLAYED A ROLE IN IMPEDING THE DEVELOPMENT OF A CULTURE OF INDIVIDUAL ENTREPRENEURSHIP IN MOZAMBIQUE.**

Sources: 1] World Bank Data, 2016; 2] UNDP, 2016; 3] World Bank Data, 2016; 4] PwC Tax Summaries 5] Economist Investigative Unit, 2015; 6] Banco de Mocambique, 2016; 7] Instituto Nacional De Estatistica, Mozambique, 2016; 8] World Bank Data 2016 1; 9] World Bank Doing Business Report Mozambique, 2017; 10] World Bank Doing Business Report Mozambique, 2017; 11] Global Entrepreneurship and Development Institute, 2017; 12] Global Entrepreneurship and Development Institute, 2017; 13] <http://www.worldstopexports.com>

# MOZAMBIQUE

## 4.1 Landscape of eco-inclusive entrepreneurship

Generally Mozambicans tend to understand a business to have the sole purpose of generating a profit, while non-profit and development partners have the purpose of creating positive social impact. Eco-inclusive entrepreneurship is generally not well understood by the government and general population, and is still in its early stages. There is, however, a growing number of youth, many of whom have studied outside the country, who understand eco-inclusive entrepreneurship and have innovative ideas.

With the development challenges Mozambicans face, there is a need for eco-inclusive entrepreneurship, but the business environment is not favourable to entrepreneurship. Key factors that are currently hindering a thriving entrepreneurial ecosystem in Mozambique are: access to finance, lack of specialised skills, corruption, access to markets, and limited access to information regarding business opportunities and compliance. While these challenges are general SME challenges, they affect eco-inclusive entrepreneurs, hindering the running and growth of their businesses. Without first addressing these general SME challenges, eco-inclusive entrepreneurship cannot flourish in the country.

### 4.1.1 Value of eco-inclusive enterprises

Some of the key challenges in Mozambique are poverty, unemployment, food security, deforestation and access to basic services. The Mozambican government struggles with adequately providing key basic services to the population. More and more state companies are closing down, and the current macroeconomic environment is not conducive.

While eco-inclusive entrepreneurship represents a small segment of entrepreneurship in Mozambique, these enterprises contribute towards addressing the above-mentioned socio-economic challenges. Moreover, eco-inclusive entrepreneurship plays an important role in demonstrating innovation and coming up with flexible business models. Most of the stakeholders agreed that eco-inclusive enterprises have the potential to add significant value to the country's economy.

### 4.1.2 Opportunities for youth and women

While all SMEs in Mozambique face significant barriers in general, women entrepreneurs (particularly in rural areas) are more acutely affected by these challenges. There are programmes and organisations, such as UN Women in Mozambique, which target women to participate in a range of interventions ultimately designed to empower, provide opportunities, and address inequalities. However, Mozambique lacks a policy framework that is designed to respond to constraints faced by women entrepreneurs<sup>42</sup>. One of the key challenges women in Mozambique face is land ownership rights. In 1997 Mozambique passed a progressive law allowing women to secure access to land and property, however cultural bias and traditional courts have rendered the law futile in practice<sup>43, 44</sup>.

<sup>42</sup> International Labour Organisation. 2011. Selected perspectives on the Enabling Environment for Women entrepreneurs in Mozambique. Available from: <http://www.ilo.org/>

<sup>43</sup> United Nations African Renewal Magazine. 2008. Women Struggle Secure Land Rights Available from: <http://www.un.org>

<sup>44</sup> 87.3% of the labour force in agriculture are women however only 25% are land owners with official user rights. Available from [http://africa.unwomen.org/?/](http://africa.unwomen.org?/)

The government introduced the National Youth Plan (NYP) in 2013, which focuses on “economic opportunities for youth through employment and entrepreneurship as well as mainstreaming youth issues into government plans and policies”<sup>45</sup>. Additionally, there are currently no more than 30 programmes with the objective of creating economic opportunities specifically for the youth<sup>46</sup>. More programmes and swift interventions are needed in order to encourage income generation and youth entrepreneurship in Mozambique.

## 4.2 Engagement with SEED Winners

### 4.2.1 Adding value in a local context

SMEs in Mozambique play a key role in creating employment opportunities, and as the primary employers in Mozambique, they contribute to improved livelihoods and reducing the vulnerability of Mozambicans to socio-economic challenges. While there is a growing labour force, it is largely concentrated in the informal economy and characterised by low education and skills levels.

The participating SEED Winners employ on average 14 people, predominantly young adults. They train youth and women, providing them with vocational skills and basic business skills, which they can use to start their own businesses. Furthermore, one of the SEED Winners specifically trains and employs underprivileged youth.



Mozambique has significant infrastructure challenges – in particular, the country is infamous for poor roads. Transportation, especially in rural Mozambique, is a serious challenge due to lack of transportation services. Owning a bicycle in Mozambique can consequently mean saving a life, easier access to education, and creating sustainable livelihoods for citizens.

Mozambikes is an eco-inclusive enterprise with the goal of using bicycles to empower and improve the quality of life of Mozambicans by assembling and selling quality bikes at affordable prices. This eco-inclusive enterprise provides full-time employment to 16 Mozambicans and the bikes that they produce and sell enable people get to clinics sooner and to schools quicker. Mozambikes also trains community members in their factories to assemble and repair bikes to enable them to use these skills to start their own bicycle repair businesses in their communities.

Mozambikes is a prime example of the innovative nature and significant impact eco-inclusive enterprises can have in disadvantaged communities who need it the most.

### Box 7: Stories from local SEED Winners Mozambikes

<sup>45</sup> Office of the UN Secretary-General's Envoy on Youth. 2015. YouthStart: Youth Economic Opportunity Ecosystem Analysis Mozambique Country Report. Available from: <http://www.un.org/>

<sup>46</sup> Office of the UN Secretary-General's Envoy on Youth. 2015. YouthStart: Youth Economic Opportunity Ecosystem Analysis Mozambique Country Report. Available from: <http://www.un.org/>

### 4.2.2 Enablers and challenges experienced

The analysis below presents and prioritises the framework pillars for Mozambique based on reported enabling and challenging factors according to the participating SEED Winners and stakeholders respectively.

The interviewed SEED Winners represent a sample of tertiary educated entrepreneurs with an average of 15 years previous work experience in operating inclusive business models to solve social challenges. Currently, these SEED Winners are accessing funding through debt and grants, the most common source of these being international aid agencies and foundations. Interestingly, the strongest area of the ecosystem they identified was business support services, designating this as a key enabler.

Accessing entry level employees was cited as being relatively easy, but sourcing local employees with managerial skills is a challenge. SEED Win-

ners also highlighted that there is a lack of trust between them and their employees as theft is a big problem.

The most important challenges that Mozambican entrepreneurs need to have addressed are: access to finance, policy environment, and markets and inputs. Access to finance is the biggest gap reported with limited local funding. The numerous licenses/permits businesses legally require is as also a burden. Furthermore, a landlord may terminate a lease or change contract agreements at their pleasure. Due to a fragile legal system, SMEs are virtually powerless. Corruption is a serious issue as state officials often conduct ‘random’ inspections and police offer ‘security’ for a fee. Interviewed SEED Winners also struggle to access markets. Customers with buying power are predominantly in Maputo where renting is expensive. Sourcing inputs for their value chains is an issue as inputs typically need to be imported, which is costly.

### SEED Winners' Perspective



**Note:** Three segments indicate that the pillar is an enabler. Two segments indicate average performance with room to improve. One segment indicates that the pillar is hindered by challenges and demands significant improvement.

**Figure 4:** Prioritisation of entrepreneurship ecosystem pillars – SEED Winners perspective



### 4.3 Engagement with key industry stakeholders

The industry players interviewed consisted of government, development partners, consultants, investors, and a bank. Overall there was general consensus among the stakeholders regarding challenges and enablers in Mozambique and their perspectives are similar to that of the SEED Winners. Access to finance was highlighted as a key gap but stakeholders link this to the underlying challenge of investment-readiness of local SMEs. Related to this, stakeholders also emphasised the need for business development services in order to strengthen the pipeline and investment-readiness of local businesses. This was the key distinction from the SEED Winners perspective.

SEED Winners and stakeholders were also acutely aware of the shortcomings in policy and its implementation but through a slightly different lens. The entrepreneurs acknowledged policy hindrances, which affect their day-to-day operations, and explained that current policies are poorly implemented and lack direct focus on supporting small business.

Administrative burden and corruption were highlighted by both groups as a further hindrance to entrepreneurship.

### SEED Stakeholders' Perspective



**Note:** Three segments indicate that the pillar is an enabler. Two segments indicate average performance with room to improve. One segment indicates that the pillar is hindered by challenges and demands significant improvement.

**Figure 5:** Prioritisation of entrepreneurship ecosystem pillars – industry stakeholder perspective

Within each pillar, the specific enablers and challenges outlined below were commonly reported by interviewed stakeholders:

### Key enablers and challenges – Mozambique Winners

	Enablers	Challenges
 Finance	<ul style="list-style-type: none"> <li>• International donors have many programmes that provide funding</li> <li>• The government runs a fund for SMEs, including a fund specifically for agricultural businesses</li> <li>• The Mozambique Angel Investment Association was recently established</li> </ul>	<ul style="list-style-type: none"> <li>• High interest rates from commercial banks is above 20 %</li> <li>• Commercial banks are risk adverse and require collateral to lend to SMEs</li> <li>• Difficult for agricultural businesses to access bank loans because they're unable to begin loan repayment in a short period</li> <li>• Major financial institutions don't understand SME needs</li> <li>• Limited local funds available to invest into entrepreneurship</li> <li>• The investment environment is not favourable for foreign investment</li> </ul>
 Skills and talent	<ul style="list-style-type: none"> <li>• Abundance of labour available<sup>47</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Low level of education attainment and poor quality education</li> <li>• Lack of specialist/technical skills</li> <li>• Skilled professionals are expensive and SMEs are unable to afford them</li> <li>• Lack of entrepreneurial/business management skills</li> </ul>
 Technology and infrastructure	<ul style="list-style-type: none"> <li>• There is widespread internet access, particularly in urban areas<sup>48</sup></li> <li>• Alliance for Affordable Internet (A4AI) recently established a Mozambique Multi-stakeholder Coalition with the objective of contributing towards the government policy to bring about affordable internet access</li> </ul>	<ul style="list-style-type: none"> <li>• High costs and poor quality of internet</li> <li>• Machinery, equipment, and parts must be imported, which results in them being expensive</li> <li>• Poor road quality, which results in high transport and logistics costs</li> <li>• Limited access to electricity outside of Maputo</li> </ul>

<sup>47</sup> While there is a large labour force available, much of it is unskilled labour

<sup>48</sup> Affordability remains an issue

	Enablers	Challenges
 Markets and inputs	<ul style="list-style-type: none"> <li>• Good market potential because of limited competition</li> </ul>	<ul style="list-style-type: none"> <li>• Limited access to local markets due to transport infrastructure and international markets</li> <li>• Reliance on imports for input increases the cost of production for local business</li> </ul>
 Business support services	<ul style="list-style-type: none"> <li>• The Instituto para a Promoção das Pequenas e Médias Empresas (IPEME<sup>49</sup>) – government institution which provides free business support services to SMEs and establishes business development centres</li> <li>• Business incubators are emerging</li> <li>• International donors and embassies' programmes almost always have a business development and capacity building aspect</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of organisations providing support services</li> <li>• Quality of some of the existing ones is questionable</li> <li>• There is a lack of important info surrounding company registration, business legislation, and opportunities for entrepreneurs</li> <li>• Lack of market research and intelligence</li> </ul>
 Policy	<ul style="list-style-type: none"> <li>• Government recently simplified regulations making business registration process and paying of tax easier</li> <li>• In 2013 Mozambique adopted road map and action plan for green economy drafted by UNDP</li> <li>• Government has instituted the National Development Policy, which places emphasis on developing the agriculture, fisheries, industrial diversification, infrastructure, extractive industry, and tourism sectors</li> <li>• Entrepreneurship is high on the government agenda and the government is constantly encouraging citizens to start businesses</li> </ul>	<ul style="list-style-type: none"> <li>• Policy and legislation do not consider the needs and challenges of SMEs</li> <li>• Punitive and aggressive towards SMEs</li> <li>• Drafted with big business in mind and lack direct focus on supporting small business</li> <li>• Not foreign investor-friendly</li> <li>• Poorly implemented</li> <li>• Donor-dependent policy and legislation is significantly influenced by donors</li> </ul>

**Table 2:** Key enablers and challenges faced by eco-inclusive enterprises in Mozambique Winners perspective

<sup>49</sup> One of its core function is to develop, propose, and implement SME policies in Mozambique

	Enablers	Challenges
 <p>Administration</p>	<ul style="list-style-type: none"> <li>• One-stop-shop for businesses registration – businesses registration time decreased<sup>50</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Excessively complicated administrative processes – especially for obtaining business licenses</li> <li>• Costly and lengthy processes – it takes anything between one and six months to register a business</li> <li>• Many entrepreneurs avoid formalising their businesses</li> <li>• Mostly paper-based system so it's common for state officials to lose applications or documentations</li> <li>• Corruption is a serious problem – state officials often ask for a bribe in order to speed up processes</li> </ul>
 <p>Mind-set</p>	<ul style="list-style-type: none"> <li>• Younger generation are willing to partake in entrepreneurial activities and have a good understanding of eco-inclusive entrepreneurship</li> </ul>	<ul style="list-style-type: none"> <li>• There is a lingering perception that entrepreneurship is not a legitimate career</li> <li>• Mozambique is a primarily donor-led country and people have a state/aide-dependency mind-set</li> <li>• Most are necessity entrepreneurs and are not concerned about an environmental/social impact</li> <li>• Entrepreneurship and private business promotion is fairly new in the country</li> <li>• Most people do not understand the concept of eco-inclusive entrepreneurship</li> </ul>

<sup>50</sup> While the process of registering a business has been made easier and the time has been cut down from on average six months to a month or two, a month is still a long time to register a business.

#### 4.4 Recommendations to encourage eco-inclusive entrepreneurship

A series of four recommendations were developed based on the commonly mentioned challenges by both SEED Winners and stakeholders. The recommendations focus on practical solutions and case study examples from around the world. Other important factors taken into consideration are that 1) classic entrepreneurship is high on the government agenda, however eco-inclusive entrepreneurship is not well understood by key policymakers; and 2) some stakeholders and SEED Winners explained that the Mozambican government is not as progressive and open to innovation as desired. The recommendations are also aligned to IPEME's 2016 – 2026 strategy.

##### i. Improving knowledge and understanding of eco-inclusive entrepreneurship in Mozambique

It is recommended that the government, through IPEME and international development partners, design programmes and campaigns and encourage media to produce content which publicises and promotes eco-inclusive entrepreneurship in order to raise awareness about its potential impact and value.

In addition, it would be beneficial to promote networking platforms for eco-inclusive enterprises through annual events and competitions where winners would serve as role models for promoting eco-inclusive entrepreneurship in the country. It is also key to publically celebrate successful local eco-inclusive enterprises and publicise their success stories to begin to shift the population's mind-set and attitude towards entrepreneurship broadly, and eco-inclusive entrepreneurship specifically.

#### The Singapore Centre for Social Enterprise

The Singapore Centre for Social Enterprise, *raiSE*, works with social enterprises from seed to mature stages. It was established to raise awareness about social entrepreneurship (SE) and increase support for social enterprises in the country. Further, it aims to strengthen the SE sector in Singapore and promote the growth of social enterprises as a sustainable way to address social needs by implementing initiatives, hosting events and providing a range of services.

Launched in 2015 by the president of Singapore, *raiSE* is the result of the concerted effort of the National Council of Social Service (NCSS), Ministry of Social and Family Development, Tote Board and the Social Enterprise Association in Singapore. ↗ Further reading: *raiSE*

**Box 7:** Examples from around the world, Singapore

##### ii. Raise funds locally and introduce credit guarantee system

Currently the foreign investment environment in Mozambique is not investor-friendly, there are limited local funds, and traditional financial institutions are reported to lack understanding of SME needs. It is recommended that a fund, specifically for eco-inclusive enterprises, be created leveraging funds from development partners that work with inclusive businesses. This fund should be held by a reputable INGO or development partner. A prerequisite of access to the fund should be the completion of a business skills and financial management programme.

### The Jordan Loan Guarantee Facility

An international non-profit called Global Communities, Overseas Investment Private Corporation (OPIC) and USAID established the Jordan Loan Guarantee Facility (JLGF). JLGF provides partial loan guarantees (60–75 %) to support investment-ready SMEs. The average range of loan sizes is JD17 700 to JD530 000 with repayment terms of up to seven years. The JLGF also partners with Jordanian banks and contributes to the partner banks through their understanding of SME needs by sharing information, skills and knowledge on best practices in SME credit and assisting them in institutionalising these best practices. The JLGF also provides capacity building to bank loan officers to adequately implement best practice. The JLGF has

- issued over 214 loan guarantees
- enabled over \$50 million in bank financing for SMEs
- supported and continues to support more than 5900 jobs

#### Box 8: Examples from around the world, Jordan

It is also recommended that a credit guarantee system be introduced to reduce risk for traditional financial institutions. The implementers of the credit guarantee system should also leverage the relationships to negotiate amendments to credit requirements and the application of preferential interest rates for eco-inclusive enterprises.

In addition, the development of micro-credit institutions, particularly in rural areas, is recommended. This model is typically more suited to rural areas where populations are typically underserved and local economies can only support micro-enterprises. Large traditional financial institutions could be incentivised to invest in such micro-lending institutions and assist them in institutional capacity building.

### iii. Design SME policy and legislation with incentives for SMEs

There is a lack of specific policy and legislative frameworks to support SMEs so it is recommended that current policies and legislation be revised to consider and address the particular challenges of SMEs. The existing tax incentive that effectively only targets micro-enterprises should be broadened to reduce the tax burden on the full range of SMEs. This can significantly free up cashflow for enterprises in their early, more vulnerable stages.

The Mozambican government has reduced some barriers with the introduction of simplified business registration and processes to pay taxes. However, interviewed stakeholders still described processes as overly complicated, costly, and lengthy, and highlighted the difficulty of complying with regulations. The government is encouraged to find further innovative solutions to reduce the administrative burden and introduce policies that give priority to SMEs applying for licenses and permits.

### Cutting Red Tape programme

The UK already has the lowest burden of regulation and over the past number of years the UK government has been working hard to streamline regulation and reduce red tape. Building on previous programmes (Red Tape Challenge and Business/Focus on Enforcement) the Cutting Red Tape programme was launched in July 2015.

Similar to the previous programmes, through consultative processes the UK government asks businesses and the general public how they can further cut red tape and reduce bureaucratic barriers to growth. Furthermore, the Cutting Red Tape programme intends to understand how red tape can be cut further within each specific sector.

➤ Further reading: [cutting-red-tape.cabinetoffice.gov.uk](http://cutting-red-tape.cabinetoffice.gov.uk)

#### Box 9: Examples from around the world, United Kingdom

The government is also encouraged to initiate efforts to provide SMEs with extensive information on all regulations that SMEs must comply with. Furthermore, fines for businesses that have not complied with regulations should be in proportion to the size of the business in terms of their annual income.

#### **iv. Improve education system and incorporate entrepreneurship education**

It is recommended that the government firstly strengthens the national education system, and secondly ensures that the Mozambican education system systematically integrates entrepreneurship into curricula. Innovative, low-cost solutions are yielding positive results in other developing economies and provide a significant opportunity for the government to explore in partnership with relevant stakeholders in the private and development sectors to improve the quality of education in Mozambique.

The Mozambican education system should also systematically integrate entrepreneurship into curricula to adequately prepare learners for meaningful participation in the economy. This will result in improved technical skills and entrepreneurial skills of the population and produce graduates who are able to participate meaningfully in the economy.

#### **Innovative solutions to providing quality basic education**

The Ugandan government, in partnership with international social enterprise organisations, Promoting Equality in African Schools (PEAS) and Absolute Return for Kids (ARK), took great measures in enabling more children to gain an affordable, quality education. PEAS and ARK operate a network of secondary schools, which are subsidised by the government. This public-private partnership has yielded 24 ARK-PEAS schools in Uganda, which are educating over 11 000 children.

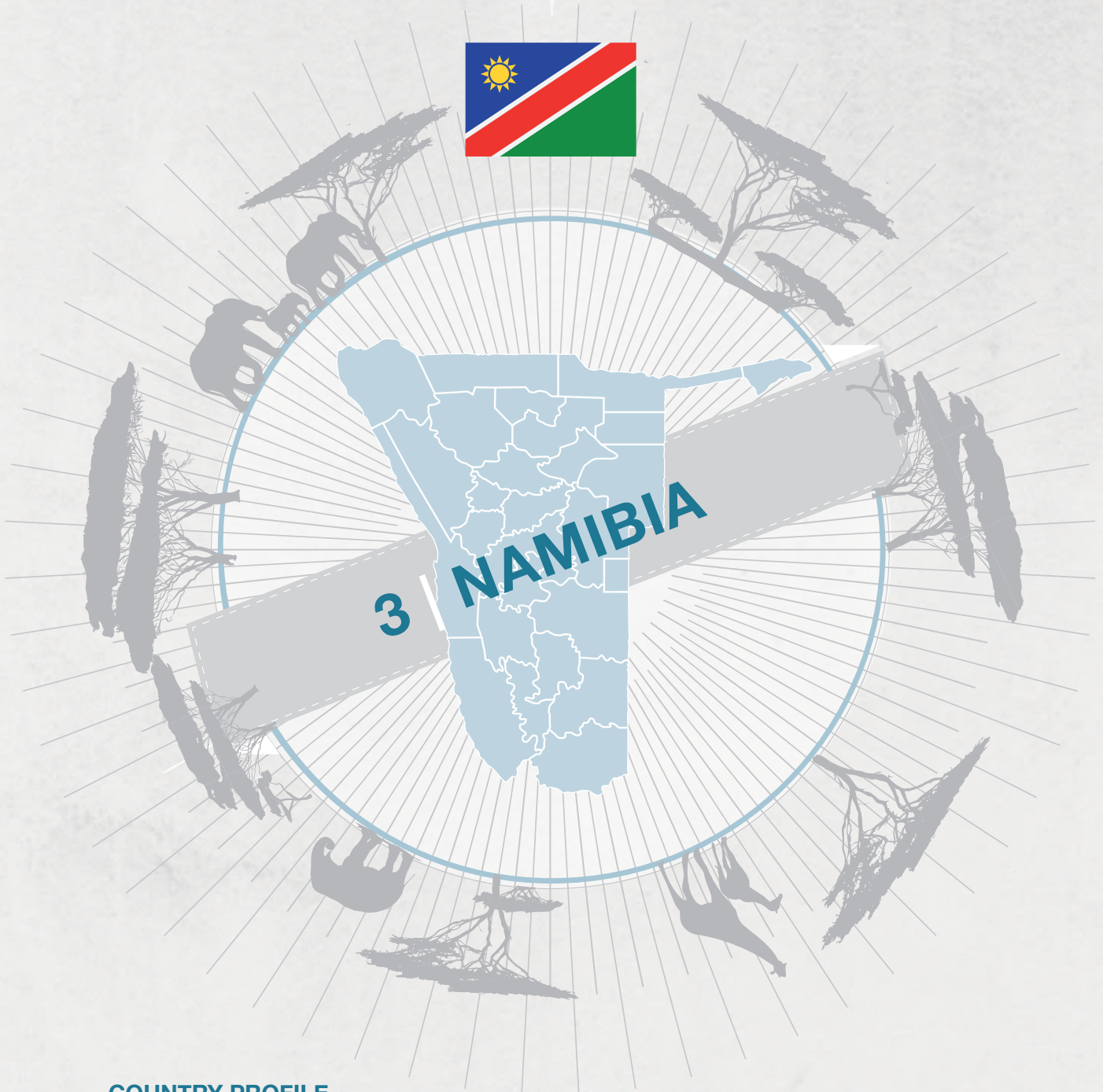
➤ Further reading: Ark

**Box 10:** Examples from around the world, Uganda

**POPULATION:** 2 458 830<sup>4</sup>

**GDP:** \$ 11.546 billion

**POVERTY HEADCOUNT:** 22.6 %



### **COUNTRY PROFILE**

The Namibian economy is heavily dependent on the extraction and processing of minerals and export. Mining accounts for 11 % of GDP, but provides more than 50 % of foreign exchange earnings. Other major industries are tourism, livestock and meat production, and fisheries – which are vulnerable to external economic and ecological shocks. Foreign demand in each industry is cyclical and seasonal. All face risks from climate change. Namibian policy makers have been proactive in developing policies to address its economic challenges.





**TAX POLICY<sup>1</sup>**



The corporate tax rate is 32%



The sales tax rate is 15%



**LABOUR FORCE<sup>4</sup>**

Unemployment rate (28,1 %)

Informal employment as a % of total employment (over 47.1%)

Youth unemployment rate (39.3 %)

Gross enrollment in tertiary education (% of individuals within 5 years of leaving secondary school)

6.6%

**OVERALL EASE OF DOING BUSINESS<sup>2</sup>**



108<sup>th</sup>

Up from previous period ranking

Out of 189 countries

**STARTING A BUSINESS**



170<sup>th</sup>

Up from previous period ranking

Out of 189 countries



**MACROECONOMIC INDICATORS**

**Democracy Index (1 = low; 10 = high)<sup>5</sup>**

Namibia 6.31  
SSA 4.38

72<sup>nd</sup> in world ranking

'Functioning of Government' and 'Political Participation' being the elements of the state that bring the index down

Lending interest rate: 10.75 %

Inflation rate: 6.9 %

**Transparency international score out of 100<sup>6</sup>**

Namibia 53  
SSA 33

**ENTREPRENEURIAL MINDSETS<sup>3</sup>**

Where 0 = poor and 1 = perfect

Cultural support 0.5  
Internationalisation 0.41  
Networking 0.5  
Opportunity perception 0.41  
Risk acceptance 0.38



Out of 132 countries

**TOTAL ENTREPRENEURIAL<sup>7</sup> ACTIVITY (TEA)**

The Global Entrepreneurship Index provides a detailed look at the health of nations' entrepreneurial ecosystems



**DIAMONDS ARE THE<sup>8</sup> COUNTRY'S MAIN EXPORT PRODUCT ACCOUNTING FOR 25 % OF EXPORTS**



**SME'S CONTRIBUTE TO<sup>9</sup> APPROXIMATELY 12 % OF GDP**

Sources: 1] Bank of Namibia, 2016; 2] World Bank, 2016; 3] Global Entrepreneurship Monitor, 2016; 4] World Bank, 2016; 5] Economist Investigative Unit, 2016; 6] Transparency International, 2016; 7] Global Entrepreneurship Index, 2016; 8] <http://www.tradingeconomics.com/namibia/exports> 9] [www.tradingeconomics.com/namibia/exports](http://www.tradingeconomics.com/namibia/exports)

\* CPIA score not available for Namibia

# NAMIBIA

## 5.1 Landscape of eco-inclusive entrepreneurship

The International Finance Corporation (IFC) country report for Namibia lists access to finance as a critical obstacle to SME development growth with approximately 55 % of small business (1 - 19 employees) and 30 % of medium enterprises (20–99 employees) identifying this as a key hindrance. Access to land was also identified as a challenge by approximately 20 % of the businesses surveyed. Other key challenges listed for the Namibian business sector included corruption; access to electricity; permits and licenses; and crime, theft, and disorder<sup>51</sup>.

In 2004, entrepreneurial education was first piloted and introduced into the school curricula of seven junior secondary schools (grade 8 to 10) in Namibia. By 2013, the majority of junior secondary schools offered entrepreneurship as a subject<sup>52</sup>. By 2015, entrepreneurial education was introduced in the grade 11 and 12 curricula. Currently, entrepreneurship education is included in the curricula of high school pupils from grade 8 to 12<sup>53</sup>. This introduction of entrepreneurial education has set the stage for a significant increase in the overall entrepreneurial mind-set, skills and capacity within Namibia. However, the impact and full effect is yet to be seen given the long-term nature of the intervention.

There are a growing number of eco-inclusive enterprises in Namibia. Eco-inclusive entrepreneurship is gaining traction mainly because of the multiple environmental challenges currently facing the country, including climate change, drought, and deforestation.

### 5.1.1 Value of eco-inclusive enterprises

Namibia's policies show that the country is prioritising growing the economy in an environmentally and socially sustainable manner. The Vision 2030 plan identifies sustainable environmental management as one of the main focus areas for economic growth and transformation. The Fourth National Development Plan for 2012/13–2016/17 puts emphasis on environmental management as a driver of economic development.

Namibia's 2012 industrial development policy highlights the importance of "greening the economy" through sustainable manufacturing and development practices<sup>54</sup>.

The most documented form of eco-inclusive entrepreneurship in Namibia is Bio Trade, which, according to a 2013 UNEP report, contributed to 4.5 % of Namibia's GDP. The report goes on to explain that the sector has the potential to grow by 50 % in the next 10 years (2013–2023) to approximately 7 % of GDP<sup>55</sup>. This indicates that eco-inclusive entrepreneurship has huge potential to deliver socio-economic transformation in Namibia as it ploughs significant financial resources into the conservancies where marginalised rural communities reside.

<sup>51</sup> The International Finance Corporation. 2015. Enterprise surveys: Namibia Country Profile 2014. Available from: [www.enterprisesurveys.org](http://www.enterprisesurveys.org)

<sup>52</sup> Nagel, AKLT. 2013. Entrepreneurship education in Namibia, An Evaluation of the Implementation of Entrepreneurship Education and the Role of Namas. Available from: <http://namibia.custompublish.com/>

<sup>53</sup> The Open University of Hong Kong. 2015. Entrepreneurship Education and Training. Available from: <http://www.opentextbooks.org.hk/>

<sup>54</sup> AfDP, OECD, UNDP, 2016, "African outlook: Namibia" available at: [www.africaneconomicoutlook.org/](http://www.africaneconomicoutlook.org/)

<sup>55</sup> UNEP.2012. BioTrade: A Catalyst for transitioning to a green economy in Namibia, Green Economy Sectoral study. Available from: <http://web.unep.org/>

### 5.1.2 Opportunities for youth and women

The Namibian government supports youth and women enterprises through various initiatives run by the Youth Commission and the Department for Women. Youth enterprises receive business support from the commission and have access to low interest loans. The Ministry for Women provides small seed capital grants to help women establish their businesses.

The University of Namibia and the Namibian University of Technology have various programmes and semi-independent institutions that provide support to entrepreneurs. While these are generally open to the public, it is young people or students from the institutions that typically benefit from these initiatives.

## 5.2 Engagement with SEED Winners

### 5.2.1 Value of eco-inclusive enterprises

SEED has three Winners in Namibia. All of them are tertiary educated women with a keen interest in working with people in rural areas. Each of them has designed projects that are aimed at diversifying the livelihoods of the rural poor through programmes that address skills development, product development, and market access.



Namibia's rural electrification is 16%, while urban electrification is 70%. Namibia is a sparsely populated country and it follows that the solution to rural electrification lies in low cost renewable energy solutions.

**Lighting up women's lives** is an initiative to distribute solar lamps to rural communities through Shakara Crafts, which is an established network of 150 entrepreneurial women who weave and sell their baskets for the tourist market in Namibia and abroad. This initiative enables these rural women to diversify their income sources for improved financial security. The women involved in the project are trained to market these products through education, highlighting the importance of clean energy. Each light sold results not only in additional income for the entrepreneur, but it also reduces carbon emissions by 100 kg per light per year.

The women involved in this project have been able to improve their livelihoods while mitigating climate risks. This collaborative initiative is a good example of how inclusive businesses can be leveraged to deliver multiple benefits to their beneficiaries and the communities they serve.

**Box 11:** Stories from local SEED Winners:  
Lighting up women's lives

### 5.2.2 Enablers and challenges experienced

The analysis below presents and prioritises the framework pillars based on reported enabling and challenging factors according to the SEED Winners and stakeholders respectively.

Government policies promoting entrepreneurship and development were cited as a key strength in the entrepreneurial ecosystem. The government provides various free or subsidised support services through SPVs, NGOs, and university affiliated institutions. Access to a skilled and motivated workforce was also cited as a key strength for businesses operating in the main business hubs. In general, support services, technology and infrastructure, and skills and talent are better developed and available in Windhoek. Areas outside of Windhoek are characterised by low levels of infrastructure, service delivery and education.

The key challenge highlighted by the SEED Winners is limited access to finance due to sustainability concerns. The SEED Winners in Namibia are not registered as businesses, but as Trusts or NGOs. Many have not explored options to become self-sustainable because of their focus on their social mission. One SEED Winner noted that they had been denied debt finance because the financial service providers are not familiar with eco-inclusive enterprises, and, at the same time, grant-making organisations have refused them grants because they are ultimately a business. They suggested that investors (such as impact investors) and social finance specifically geared to support eco-inclusive enterprises are needed in the market.

Another challenge highlighted by the SEED Winners was that they tend to prioritise their social and environmental mission over their financial mission,

### SEED Winners' Perspective



**Note:** Three segments indicate that the pillar is an enabler. Two segments indicate average performance with room to improve. One segment indicates that the pillar is hindered by challenges and demands significant improvement.

**Figure 6:** Prioritisation of entrepreneurship ecosystem pillars – SEED Winners perspective

which means they may continue to remain unattractive to funders that seek a financial return.

Another key challenge highlighted is the reluctance of skilled talent to accept lower salaries. The SEED Winners who run these organisations run them because they are passionate about the people they work with, but, in the long run, they cannot operate these organisations alone or without skilled talent. The salaries they are able to offer employees (and the ones they pay themselves) are often well below the market rate.

### 5.3 Engagement with key industry stakeholders

The industry players interviewed consisted of government, implementing agencies, networks, development partners, consultants, and investors.

The stakeholders interviewed highlighted slightly different enablers and challenges to the entrepreneurial ecosystem in Namibia. Almost every stakeholder highlighted that there are many sources of funding available through government agencies and through private providers. They felt that many businesses, especially eco-inclusive enterprises, are not investment ready. Investors in Namibia generally want to make investments of at least \$50 000, an amount which eco-inclusive enterprises do not currently have the capacity to absorb. Furthermore, stakeholders mentioned that eco-inclusive enterprises in the country fail to articulate their objectives and strategies clearly in their business plans and consequently their applications for debt finance are usually rejected. It follows that the stakeholders also felt that entrepreneurs need more business training and coaching in order to bridge the gap.

### SEED Stakeholders' Perspective



**Note:** Three segments indicate that the pillar is an enabler. Two segments indicate average performance with room to improve. One segment indicates that the pillar is hindered by challenges and demands significant improvement.

**Figure 7:** Prioritisation of entrepreneurship ecosystem pillars – industry stakeholder perspective

Another key challenge to business growth is related to markets and inputs. Namibia has a small population, thus the size of the market for goods produced in Namibia is small. Moreover, inputs are imported from outside Namibia – predominantly from South Africa – which is costly.



In line with the SEED Winners' comments on support services, stakeholders felt that there are many business development service providers available to entrepreneurs provided through government agencies, NGOs and private stakeholders. They highlighted, however, that the quality and depth of service varies, and regulation of the (support) sector is needed. Stakeholders also felt that the organisations that provide support to eco-inclusive enterprises need to be better networked to avoid duplication as various efforts to promote the

establishment of sustainable eco-inclusive enterprises have been undertaken, but there is limited information sharing. This leads to duplication and repetition of the same mistakes by the different stakeholders – mainly international development partners and university affiliated institutions.

The stakeholders emphasised that the policy environment is generally conducive for business, especially medium to larger businesses that operate in a manner that respects the environment. Co-ordination and implementation of policy, however, has room for improvement.

Within each pillar, the specific enablers and challenges outlined below were commonly reported by interviewed stakeholders:

### Key enablers and challenges – Namibia Winners

	Enablers	Challenges
 Finance	<ul style="list-style-type: none"> <li>• Government provides start-up capital and capacity development support for entrepreneurs. This support specifically targets women, youth, and eco-inclusive enterprises</li> <li>• Private sector provides some funding to entrepreneurs</li> <li>• Impact investors exist, but limited</li> </ul>	<ul style="list-style-type: none"> <li>• Entrepreneurs lack the capacity to source and absorb funds</li> <li>• Banks and private lenders have strict collateral requirements</li> <li>• Limited start-up capital and micro-finance</li> <li>• Lack of understanding around the financial needs of eco-inclusive enterprises</li> </ul>
 Skills and talent	<ul style="list-style-type: none"> <li>• Unemployed youth are starting to see entrepreneurship as a viable option</li> <li>• Young entrepreneurs are innovative, active, risk-taking, energetic, and trainable</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of business/entrepreneurship skills</li> <li>• Low education levels in rural areas where most of the eco-entrepreneurship opportunity lies</li> <li>• Involvement in entrepreneurship out of necessity is associated with limited innovation and value-addition</li> </ul>

	Enablers	Challenges
 <p>Technology and infrastructure</p>	<ul style="list-style-type: none"> <li>• R&amp;D support is in its infancy, but available - though more support and investment is needed</li> <li>• Widespread cellular net work coverage</li> <li>• Access to free internet in public libraries</li> <li>• Good transport infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of access to serviced land</li> <li>• Lack of water</li> </ul>
 <p>Markets and inputs</p>	<ul style="list-style-type: none"> <li>• Access to neighbouring markets due to geographic location</li> <li>• Public procurement opportunities are open to small businesses</li> <li>• Limited competition</li> <li>• Successful private campaigns have opened up retailers to local product sourcing</li> <li>• Tourism sector holds a lot of potential</li> </ul>	<ul style="list-style-type: none"> <li>• Dependence on imports increases cost of production</li> <li>• High input and production costs result in a final product that is not competitive with imports</li> <li>• Quality control is a challenge for innovators and people bringing new products to markets, especially community rural businesses</li> <li>• Limited domestic market size that is dominated by medium and large firms</li> <li>• High compliance costs for exporting</li> <li>• Variation in product quality limits the ability to export</li> </ul>
 <p>Business support services</p>	<ul style="list-style-type: none"> <li>• Various business support services provided by private sector and government, some of which are free or subsidised</li> <li>• Development partners are encouraging eco-inclusive entrepreneurship</li> <li>• Entrepreneurship competitions exist to support entrepreneurship</li> <li>• Finance providers often provide technical assistance</li> <li>• Functioning collaborations exist between development partners, government, industry bodies and university affiliated institutions to assist entrepreneurs</li> </ul>	<ul style="list-style-type: none"> <li>• NGOs and other stakeholders run short-term training for entrepreneurs; the impact of these programmes is not being measured</li> <li>• The quality of service provision varies, with some being reported as being exploitative of the SMEs they serve</li> <li>• Some entrepreneurs do not understand and appreciate the value of business mentoring</li> <li>• Access to information and support for those that are far from Windhoek is limited</li> <li>• Fear of idea-stealing by officials prevents some from seeking assistance</li> </ul>

**Table 3:** Key enablers and challenges faced by eco-inclusive enterprises in Namibia Winners perspective

	Enablers	Challenges
 Policy	<ul style="list-style-type: none"> <li>• Government promotes SME development through supportive policies</li> <li>• Government policies address environmental considerations</li> <li>• Progressive policies on conservancies and resource ownership that promote community entrepreneurship and attract involvement from local and international NGOs</li> <li>• The policy draft for SMEs is being finalised</li> </ul>	<ul style="list-style-type: none"> <li>• Renewable/green policy is targeted at medium to large businesses</li> <li>• Corruption and nepotism limit the reach of government interventions</li> <li>• Implementation of policy is poor</li> <li>• Policy is fragmented as there is a lack of coordination across departments</li> <li>• Finance and policy ignore enterprises at ideation phase</li> <li>• Government incentives focus on the short term and ignore the need for long-run interventions</li> </ul>
 Administration	<ul style="list-style-type: none"> <li>• Low cost of business registration but long waiting period. This is expected to be addressed through an online registration portal that will be available from next year</li> <li>• Various industry bodies established to support entrepreneurship in designated sectors</li> </ul>	<ul style="list-style-type: none"> <li>• Data on SMEs in Namibia is outdated</li> <li>• Long waiting times when registering a business</li> </ul>
 Mind-set	<ul style="list-style-type: none"> <li>• People are increasingly dissatisfied with formal employment and looking for other opportunities</li> <li>• People are generally socially conscious</li> <li>• Entrepreneurship is taught from primary school and is igniting entrepreneurship among the youth</li> <li>• Entrepreneurship is seen as a legitimate career option among the youth</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of understanding about how to use eco-inclusive entrepreneurship as a sustainable business model</li> </ul>



## 5.4 Recommendations to encourage eco-inclusive entrepreneurship

A series of four recommendations were developed based on the commonly mentioned challenges with consideration to other influences at play within the ecosystem.

### i. Appoint a sector coordinator for the development of eco-inclusive entrepreneurship

There are multiple initiatives being undertaken by various ecosystem actors in support of eco-inclusive entrepreneurship in Namibia, however stakeholders tend to work in silos. It is recommended that decision-makers appoint and establish a sector coordinating body to coordinate industry engagements including networking sessions, knowledge sharing sessions, and platforms and to coordinate collaborative efforts to support the sector. This type of arrangement would enable the documentation and monitoring of the sector's growth and development in Namibia.

#### The CCDI, South Africa

The Cape Craft and Design Institute (CCDI) is a sector body set up to empower entrepreneurs in the craft and design sector with relevant skills to trade within local and international markets. The CCDI provides training, product development support, and facilitates market access through various interventions, including helping beneficiaries attend international trade shows, and setting up pop-up shops to promote locally produced crafts. The CCDI also runs networking sessions for entrepreneurs to share and exchange ideas and to keep them informed about developments and opportunities in the sector.

**Box 12:** Examples from around the world, South Africa

### ii. Foster rural entrepreneurship and sustainable livelihoods

It is recommended that the available social, physical, and financial assets of rural areas are identified and used to inform initiatives that can promote entrepreneurial activity and attract entrepreneurs to capitalise on the environmental opportunities in rural areas.

#### Social entrepreneurship for rural livelihoods, Bangladesh

Social entrepreneurship can be leveraged as a useful tool to provide services for those at the bottom of the pyramid (BoP). PRIDE, through their Social Entrepreneurship Leadership (SEL) programme, aims to promote social entrepreneurship among women in rural Bangladesh. Social enterprise leaders are selected into the programme and equipped with the necessary skills for earning income while providing essential services. The programme also equips participants with the ability to pass on such skills to their local communities.

➤ Further reading: Maas, Bunders and Zweekhorst (2013)

#### Box 13: Examples from around the world, Bangladesh

Decision-makers should consider further developing and leveraging the traction from the community-based natural resource management (CBNRM) activities to develop programmes and interventions that will further enhance community interest and support for eco-inclusive entrepreneurship.

These efforts could include the development of support services specifically tailored to the needs of rural entrepreneurs. Support services could include the provision of capital, infrastructure, technical assistance and training (including leadership development). In addition, rural entrepreneurs should be connected to regional, national, and external markets so they are not dependent exclusively on the local rural market.

### iii. Improve access to markets and inputs

Due to the high level of import dependence, and associated increase in the cost of production, initiatives are required to enhance the competitiveness of small businesses using inputs in their production processes. This can be done through investigating policy refinements that provide relief from import duties for businesses under a defined annual turnover. In developing such a strategic tariff scheme, careful understanding of the trade dynamics is required to ensure that it does not crowd-out local production and focuses on reducing the costs of inputs that are not locally available<sup>56</sup>.

SMEs also need improved access to international markets, in complement to local market access, due to the limited size of the local market. We recommend that an approach be taken to upgrade and integrate value chains to include SMEs, with a focus on the eco-inclusive entrepreneurship sector. Integrating SMEs in the value chains of large companies has the added benefits of improving business and management practices, adherence to standards, transfer of technology, knowledge and skills, and financial markets<sup>57</sup>. Therefore, such a reform would generate a multitude of opportunities for emerging entrepreneurs.

#### Agricultural value chain integration, Honduras

In Honduras, local producers in the agricultural sector have gained new skills and knowledge through interactions with local and international corporations involved later in the processes of the value chain (e.g. processors and retailers). A study of some of the producers involved in integrated value chains showed improvements to their products and internal processes through these interactions, thereby securing better positions in the value chain. ↗ Further reading: GIGA

#### Box 14: Examples from around the world, Honduras

### iv. Provide stage-appropriate funding

#### The Design Innovation Seed Fund

The Design Innovation Seed Fund is supported by funding from the Technology Innovation Agency and Western Cape Department of Economic Development and Tourism. The Fund supports pre-revenue innovative technologies and tech-enabled solutions with the potential to positively impact the agri-processing, health and bio-tech, and manufacturing sectors.

Through this funding, 45 beneficiaries of a project administered by a sector body and funded by National and Provincial – where National Government finances the investment, and Provincial Government finances the management fees – created 464 permanent jobs over three years.

This illustrates the importance of collaboration in addressing the challenges confronted by startups.

#### Box 15: Examples from around the world, South Africa

There is currently a mismatch between eco-inclusive enterprise and investor needs. It is recommended that government decision-makers partner with financial institutions and consider instituting stage-appropriate finance options for eco-inclusive enterprises that are in need of early-stage loans. Additionally, these solutions should be cognisant of the key challenges SMEs face, such as the ability to provide collateral. Stage-appropriate funding will enable eco-inclusive enterprises to improve their capacity and track records and, in turn, progress to the \$50 000 ticket size. Ensuring that stage-appropriate funding is available at all stages of development will contribute to a broader pool of eco-inclusive enterprises at each stage, thereby growing the investment pipeline.

<sup>56</sup> ActAlliance.2016. Supporting small business in developing countries: which programmes work and why? Available from: [www.actalliance.eu/](http://www.actalliance.eu/)

<sup>57</sup> ActAlliance.2016. Supporting small business in developing countries: which programmes work and why? Available from: [www.actalliance.eu/](http://www.actalliance.eu/)

## 6 | CALL TO ACTION

In the light of the socio-economic challenges in the three countries studied, as well as the SDGs, it is clear that there is a growing need and opportunity to promote eco-inclusive businesses. However, these enterprises are faced with a challenging business operating environment, which stifles their potential to significantly contribute towards sustainable development. The key challenges that these enterprises face are shortcomings within the entrepreneurial ecosystems, which make starting and operating a business – of any nature – difficult. Through engagements with key industry stakeholders and existing eco-inclusive enterprises in the target countries, we have analysed the reported challenges and enablers so as to recommend potential solutions to leverage catalytic support for these enterprises to thrive.

### COMMON CHALLENGES

Access to finance and investment-readiness is a serious challenge for both Malawian and Mozambican entrepreneurs. While the donor community provides significant support and there is an abundance of micro-finance investors in Malawi, high interest rates make micro-finance cost-inhibitive. In Mozambique, banks are risk averse and require collateral, which SMEs cannot provide. Furthermore, in both countries, entrepreneurs have limited financial and management skills and are unable to manage significant cash injections. The situation is somewhat similar in Namibia. While there are many channels to access funding, SMEs currently do not have the capacity to absorb significant investment.

Another key challenge in all three countries is availability of skills and talent. While there is an abundance of unskilled labour available, there is a lack of entrepreneurial skills, business skills, and sector-specific technical skills.

In the case of Malawi and Mozambique, there are significant shortcomings in policy. It was acknowledged that the policies in place tend to focus on medium to large enterprises with limited support for small businesses. Furthermore, in both countries, poor implementation, corruption, and an administrative burden limit the effectiveness of supportive policies. In the case of Namibia, however, the country has progressive policies on conservancies and resource ownership that promote community entrepreneurship interventions. It should be noted, however, that corruption and nepotism currently limit the implementation of these policies.

Entrepreneurial training and development was a need highlighted in all three countries. In Malawi and Mozambique, there is a lack of organisations (such as incubators and accelerators) providing support services. There is also a lack of critical information available to businesses about opportunities, business registrations and policy. The case in Namibia is somewhat different. Entrepreneurial education is incorporated in the education system and there is an abundance of business development service providers, but the quality of the service provided is a persisting challenge. Namibian eco-inclusive enterprises also need quality business training and coaching, with reports of eco-inclusive entrepreneurs struggling to articulate their objectives and strategies in applications for potential funding.

In all three countries, there are high input costs for SMEs, which result in a final product that is not competitive with imports. In Mozambique and Namibia, inputs are imported mostly from South Africa, which is expensive, and exporting is particularly costly. Additionally, access to markets is a challenge in all three countries; Namibia has a small population, thus a small domestic market, Mozambique's transport infrastructure limits access to the local market, and Malawi has a limited domestic market size that is dominated by medium and large firms.

### RECOMMENDATIONS TO SUPPORT ECO-INCLUSIVE ENTREPRENEURSHIP<sup>58</sup>

A common challenge across all three countries is a lack of investment-readiness and availability of funding, which speaks to enterprise capacity and limited entrepreneurship skills. For that reason, we advocate improving education systems, specifically through the incorporation of entrepreneurial education in Mozambique and Malawi's education system, as well as escalating quality capacity development support across all three.

In addition, we recommend crowding-in private sector investors (including impact investors that are seeking social and environmental impact in addition to their financial returns) through the use of innovative financial mechanisms such as credit guarantee systems. This can be complimented by tax relief and tax incentive measures that will reduce the tax burden on qualifying enterprises and increase available working capital for enterprises in their early and most vulnerable stages. Such efforts will increase the pool of financial resources available to eco-inclusive enterprises, while improving their sustainability and resilience.

Another key common challenge discussed above is access to markets and inputs. As such, we recommend expanding the domestic market by appropriately addressing factors, such as policy, that hinder the access of SMEs to local and inter-

national markets, and introducing reforms that will enable economical importing of inputs.

An underlying theme in the three countries is the lack of awareness and coordination of the development of eco-inclusive entrepreneurship. We recommend raising awareness of eco-inclusive entrepreneurship within the countries, and the establishment of a sector body for the further cohesive development of eco-inclusive entrepreneurship. It is essential to facilitate conversation between entrepreneurs, policymakers, and other ecosystem players.

### ENABLE FOR TANGIBLE CHANGE

Solutions to overcome the above mentioned challenges demand for integrating all relevant actors within the entrepreneurs' eco-systems. Without proper ties between the financial sectors, the policy making bodies and the entrepreneurs themselves, attempts to change the situation remain isolated steps with merely transient successes. Hence a multi-stakeholder approach must be at the heart of concerted actions within the respective countries. With 15 years of experience, SEED is a key actor in facilitating tangible eco-system change. By providing a platform for all relevant stakeholders to address the challenges together, the SEED Symposia represent an excellent opportunity for the uptake of new policies and practices. It provides an ideal framework to leverage and share the knowledge, insights and experience of key ecosystem actors and to co-create game-changing solutions to help realise the potential and promise of eco-inclusive entrepreneurs. An ideal way to realize tangible changes is a cautious but determined step-by-step alteration of policies and practices leaving every participant with concrete tasks to move forward. Hence, the second pillar of the SEED Symposia is a rapid prototyping approach, which allows for adhoc testing and applying of new methodologies to bring the once distant actors closer together and strengthen the former weak ties.

<sup>58</sup> These recommendations have been distilled and presented in the table in Appendix A to provide practical suggestions for policymakers, development partners, investors and donors, and large corporations to engage in meaningful activities to support eco-inclusive entrepreneurship.

## 7 | APPENDIX A: RECOMMENDATIONS BY COUNTRY AND STAKEHOLDER TYPE

### MALAWI

	Policymakers	Development partners	Investors & donors	Large corporations
<b>i. Align tax policy to support eco-inclusive enterprises</b>	<p>Reform tax policy to include tax relief for SMEs and eco-inclusive enterprises.</p> <p>Tax information dissemination and compliance support.</p>	<p>Provide research and advice on best practice for a supportive tax policy.</p> <p>Tax information dissemination and compliance support.</p>	<p>Support research on tax policy.</p> <p>Compliance support.</p>	<p>Provide research and advice on best practice for a supportive tax policy.</p>
<b>ii. Crowd-in investment</b>	<p>Improve stability and certainty within the economy.</p> <p>Improve the “ease of doing business”.</p> <p>Develop policies to attract foreign direct investment.</p> <p>Provide financial instruments in collaboration with intermediaries (e.g. credit guarantees).</p>	<p>Develop supportive programmes to develop eco-inclusive business pipeline.</p> <p>Lobby policy-makers to improve the environment for foreign investment and local financial markets.</p> <p>Endorse and support research, measurement practice, and capacity development within the impact investment sector.</p> <p>Provide financial instruments in collaboration with intermediaries (e.g. credit guarantees).</p>	<p>Provide financial instruments in collaboration with intermediaries (e.g. credit guarantees).</p> <p>Commitment to best practice standards of impact investing.</p>	<p>Provide financial instruments in collaboration with intermediaries (e.g. credit guarantees).</p> <p>Support pipeline development through spin-offs and enterprise development support.</p>

	<b>Policymakers</b>	<b>Development partners</b>	<b>Investors &amp; donors</b>	<b>Large corporations</b>
<b>iii. Expand capacity development support</b>	<p>Develop the policy and infrastructure to promote private sector incubators<sup>59</sup>, accelerators etc.</p> <p>Support the development of academia &amp; research, science parks, technology centres.</p>	<p>Support and improve the absorptive capacity of eco-inclusive enterprises. Advise on best practice for incubators, accelerators, and other business development support services.</p> <p>Develop or support privately run incubators, accelerators and other business development support service providers specifically targeting eco-inclusive enterprises.</p>	<p>Provide support to privately run incubators, accelerators, and other businesses development support services.</p> <p>Include technical assistance within funding programmes.</p>	<p>Provide support to privately run incubators, accelerators, and other business development support services.</p> <p>Support pipeline development through spin-offs and enterprise development support.</p>
<b>iv. Expand domestic market</b>	<p>Reforming procurement policies to target SMEs, women-owned enterprises and eco-inclusive enterprises.</p> <p>Develop policies to incentivise large corporates to include SMEs and eco-inclusive enterprises into their supply chains.</p> <p>Improve the transparency of the public procurement process.</p>	<p>Provide research and advice on best practice for enabling procurement policies.</p> <p>Develop programmes to assist SMEs and eco-inclusive enterprises to understand the public procurement processes. Equip SMEs and eco-inclusive enterprises to fulfil the requirement of large contracts.</p>	<p>Support research and advice on best practice for enabling procurement policies.</p> <p>Financially support SMEs and eco-inclusive enterprises in fulfilling large contracts.</p>	<p>Align procurement strategy to include SMEs and eco-inclusive enterprises in their supply chain.</p>
<b>v. Incorporate entrepreneurial education and training into education system</b>	<p>Reform education system to include entrepreneurship training at all levels.</p>	<p>Develop and support programmes to provide entrepreneurship education at a school level.</p> <p>Develop and support programmes to equip educators to train learners on entrepreneurship</p> <p>Advocate for and support curriculum reform.</p>	<p>Support research into curriculum reform.</p> <p>Support programmes to provide entrepreneurship education at a school level.</p> <p>Target investors towards eco-inclusive enterprises creating a positive and measurable impact in the education sector.</p>	<p>Support entrepreneurial spirit through publicising success stories.</p> <p>Support entrepreneurial spirit by giving role models a platform to engage with learners.</p>

<sup>59</sup> Government and donors are generally best-placed to provide funding and policy-ecosystem support and advocacy. Private sector actors, since they operate under competitive market forces, are often more efficient in implementing business support services. For more on the roles of the various actors in the business support system, see: [www.enterprise-development.org/wp-content/uploads/BDS-Guiding-Principles-2001-English.pdf](http://www.enterprise-development.org/wp-content/uploads/BDS-Guiding-Principles-2001-English.pdf)

## MOZAMBIQUE

	<b>Policymakers</b>	<b>Development partners</b>	<b>Investors &amp; donors</b>	<b>Large corporations</b>
<b>i. Improve “ease of doing business”</b>	<p>Revise tax policy with challenges to SMEs and eco-inclusive enterprises in mind.</p> <p>Further simplify the process of registering for and paying taxes.</p> <p>Tax information dissemination and compliance support.</p> <p>Reduce administrative burden of obtaining required licenses and permits.</p> <p>Revise business penalty system with SME annual turnover in mind.</p>	<p>Provide research and advice on best practice for supportive tax policy and further incentives for eco-inclusive enterprises.</p> <p>Tax information dissemination and compliance support.</p> <p>Provide research and advice on cutting red tape.</p>	<p>Provide funding for research on tax policy.</p> <p>Compliance support.</p> <p>Provide funding for research on cutting red tape.</p>	<p>Provide research and advice on best practice for supportive tax policy.</p>
<b>ii. Improve education system</b>	<p>Leverage public-private partnerships to improve the quality of basic education.</p> <p>Reform curriculum to include entrepreneurship training and education.</p>	<p>Partner with policymakers to advise and support programmes to improve quality of education.</p> <p>Advocate for and support curriculum reform.</p> <p>Develop and support programmes to provide entrepreneurship education at a school level.</p> <p>Develop and support programmes to equip educators to train learners on entrepreneurship.</p>	<p>Support research into curriculum reform.</p> <p>Support programmes to provide entrepreneurship education at a school level.</p> <p>Target investments towards eco-inclusive enterprises creating a positive and measurable impact in the education sector.</p>	<p>Collaborate with researchers to identify skill gaps.</p> <p>Support entrepreneurial spirit by giving role models a platform to engage with learners.</p>

	<b>Policymakers</b>	<b>Development partners</b>	<b>Investors &amp; donors</b>	<b>Large corporations</b>
<b>iii. Increase funds and introduce credit guarantee system</b>	<p>Improve stability and certainty within the economy.</p> <p>Develop policies to attract foreign direct investment.</p> <p>Improve the “ease of doing business”.</p> <p>Provide financial instruments (e.g. credit guarantees) in collaboration with intermediaries.</p> <p>Develop micro-credit institutions targeting eco-inclusive enterprises, particularly in rural areas.</p>	<p>Develop supportive programmes to develop an eco-inclusive business pipeline.</p> <p>Lobby policymakers to improve the environment for foreign investment and local financial markets.</p> <p>Endorse and support research, measurement practice, and capacity development within the impact investment sector.</p> <p>Provide financial instruments (e.g. credit guarantees) in collaboration with intermediaries.</p> <p>Develop micro-credit institutions targeting eco-inclusive enterprises, particularly in rural areas.</p>	<p>Provide financial instruments (e.g. credit guarantees) in collaboration with intermediaries.</p> <p>Support micro-credit institutions targeting eco-inclusive enterprises, particularly in rural areas.</p> <p>Commitment to best practice standards of impact investing.</p>	<p>Provide financial instruments (e.g. credit guarantees) in collaboration with intermediaries.</p> <p>Support micro-credit institutions targeting eco-inclusive enterprises, particularly in rural areas.</p> <p>Support pipeline development through spin-offs and enterprise development support.</p>
<b>iv. Raise awareness of eco-inclusive enterprises</b>	<p>Identify appropriate channels to publicise and promote eco-inclusive entrepreneurship.</p> <p>Support entrepreneurial spirit by giving role models a platform to engage with the public.</p>	<p>Identify appropriate channels to publicise and promote eco-inclusive entrepreneurship.</p> <p>Support entrepreneurial spirit by giving role models a platform to engage with the public.</p>	<p>Support efforts of publicising and promoting eco-inclusive entrepreneurship.</p>	<p>Support entrepreneurial spirit through publicising success stories.</p> <p>Support entrepreneurial spirit by giving role models a platform to engage with the public.</p>



## NAMIBIA

	<b>Policymakers</b>	<b>Development partners</b>	<b>Investors &amp; donors</b>	<b>Large corporations</b>
<b>i. Appoint a sector coordinator for the development of eco-inclusive entrepreneurship</b>	Support and coordinate the establishment of a sector body for eco-inclusive entrepreneurship.	Support and incubate the establishment of a social and environmental sector body.	Contribute to the establishment of the eco-inclusive entrepreneurship sector body.	Include beneficiaries of the sector body supply chains.
<b>ii. Foster rural entrepreneurship and sustainable livelihoods</b>	Identify available social, physical, and financial assets of rural areas and use this insight to inform initiatives that can promote entrepreneurial activity.	Identify available social, physical, and financial assets of rural areas and use this insight to inform initiatives that can promote entrepreneurial activity.	Provide support to initiatives driving entrepreneurial rural livelihoods.	Provide support to initiatives driving entrepreneurial rural livelihoods.
<b>iii. Improve access to markets and inputs</b>	<p>Investigate strategic import tariff reforms that are enabling for SMEs and can be geared specifically towards eco-inclusive enterprises.</p> <p>Encourage large corporates to include SMEs, and specifically eco-inclusive enterprises, into their value chains.</p>	<p>Investigate and advocate for strategic import tariff reforms that are enabling for SMEs and can be geared specifically towards eco-inclusive enterprises.</p> <p>Encourage large corporates to include SMEs, and specifically eco-inclusive enterprises, into their value chains.</p> <p>Provide support for SMEs for working with larger clients (e.g. dealing with large contracts).</p>	Encourage large corporates to include SMEs, and specifically eco-inclusive enterprises, into their value chains.	<p>Investigate and advocate for strategic import tariff reforms that are enabling for SMEs and can be geared specifically towards eco-inclusive enterprises. Include SMEs in supply chains.</p> <p>Develop supplier development programmes.</p>
<b>iv. Provide stage-appropriate funding</b>	Partner with financial institutions and consider instituting stage-appropriate finance options for eco-inclusive enterprises that are in need of early-stage loans.	<p>Partner with financial institutions and consider instituting stage-appropriate finance options for eco-inclusive entrepreneurs that are in need of early-stage loans.</p> <p>Assist entrepreneurs in understanding and locating appropriate sources of funding according to their stage of development.</p>	Consider instituting stage-appropriate finance options for eco-inclusive entrepreneurs that are in need of early-stage loans.	<p>Consider instituting stage-appropriate finance options for eco-inclusive entrepreneurs that are in need of early-stage loans.</p> <p>Assist entrepreneurs in understanding and locating appropriate sources of funding according to their stage of development.</p>

## 8 | APPENDIX B: ECOSYSTEM FRAMEWORK OVERVIEW

 <p>Finance</p>	 <p>Skills and talent</p>	 <p>Technology and infrastructure</p>	 <p>Markets and inputs</p>
<ul style="list-style-type: none"> <li>• Supply of equity and debt</li> <li>• Micro-loans</li> <li>• Entrepreneurship/strategic capital</li> </ul>	<ul style="list-style-type: none"> <li>• Technical skills</li> <li>• Business skills</li> <li>• Leadership skills</li> <li>• Workforce</li> </ul>	<ul style="list-style-type: none"> <li>• Physical supporting infrastructure</li> <li>• R&amp;D facilities</li> <li>• Cost-effective technology</li> </ul>	<ul style="list-style-type: none"> <li>• Local market access</li> <li>• International market access</li> <li>• Land</li> <li>• Natural resources</li> <li>• Political risk/uncertainty</li> </ul>

 <p>Business support services</p>	 <p>Policy</p>	 <p>Administration</p>	 <p>Mind-set</p>
<ul style="list-style-type: none"> <li>• Networks</li> <li>• Mentorship</li> <li>• Support for impact measurement</li> <li>• Support for impact strategy</li> <li>• Platform for success stories</li> <li>• Commercialisation support</li> <li>• Support professions</li> </ul>	<ul style="list-style-type: none"> <li>• Incentives</li> <li>• Supportive tax policy</li> <li>• IP rights</li> <li>• Environmental laws</li> <li>• Corporate governance framework</li> <li>• Green economy strategy</li> <li>• Implementation performance</li> </ul>	<ul style="list-style-type: none"> <li>• Ease of registration</li> <li>• Easy access to permits</li> <li>• Reduced compliance burden</li> </ul>	<ul style="list-style-type: none"> <li>• Legitimacy of entrepreneurship as a career</li> <li>• Culture of risk-taking</li> <li>• Culture of ambition</li> <li>• Acceptance of failure</li> <li>• Eco-inclusive entrepreneurship awareness</li> </ul>

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Founding Partners



SEED is a global partnership for action on sustainable development and the green economy. Founded by the United Nations Environment Programme, the United Nations Development Programme and the International Union for Conservation of Nature at the 2002 World Summit on Sustainable Development in Johannesburg, SEED supports innovative small scale and locally driven enterprises around the globe which integrate social and environmental benefits into their business model. SEED is hosted by adelphi research gGmbH, based in Berlin, Germany. adelphi research is a leading think tank for policy analysis and strategy consulting. The institution offers creative solutions and services regarding global environment and development challenges for policy, business, and civil society communities.

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