THE ANZISHA FORUM WORKSHOP SERIES

Policymakers

November 2019
INTRODUCTION

The Anzisha Prize’s Scenarios for Young African Entrepreneurs explores what the future might hold for very young entrepreneurs (VYEs) in Africa, how entrepreneurship can offer exciting alternatives to drive employment and economic growth in Africa, and what the required inputs from each of the major stakeholder groups should be to facilitate employment growth. Since its inception, the project has explored what it calls the ‘Anzisha Scenario’, which proposes accelerating youth employment in Africa through economic growth, higher levels of education, and investment in entrepreneurs of all ages, but with a focus on VYEs.

The Anzisha Prize Forum, a one-day event that Anzisha hosted on 22 October 2019, focuses on VYEs as agents of change in their societies. The Forum brings together key stakeholders to engage with the work that Anzisha is doing to promote youth entrepreneurship as a means of facilitating employment growth. The Forum culminates in an awards ceremony where over USD $100,000 in funding is awarded to the top 20 of Africa’s very youngest and brightest entrepreneurs.

As part of the Forum’s activities, Anzisha hosted a series of stakeholder-driven workshops that sought to explore the Anzisha Scenarios from different perspectives, as well as offer concrete suggestions for design and implementation. The workshops focused on the following stakeholder groups:

• Educators;
• Investors;
• Policymakers;
• Parents;
• VYEs; and
• Incubators.

This report summarizes discussion points and lessons emerging from the Policymaker workshop. A list of the workshop participants is appended to this report (Appendix One). The aim of the workshop was to build on the preceding work that Anzisha had undertaken in exploring the Anzisha Scenario. The objectives were that, by the end of the workshop, participants would:

• understand the Anzisha Scenario from the perspective of policymakers
• establish connections and problem solve with other policymakers
• explore how policymakers can better support VYEs.

The following discussion prompts were provided to the workshop facilitator:

• How do we effectively lobby for policy change for VYEs? How can we better advocate for this demographic?
• What existing policies and governance instruments contain desirable elements that support VYEs? What policies and governance instruments would need to be amended?
• How does the regulatory environment protect VYEs? What additional regulations are desirable to support VYEs’ success?

HOW DO WE EFFECTIVELY LOBBY FOR POLICY CHANGE FOR VYEs? HOW CAN WE BETTER ADVOCATE FOR THIS DEMOGRAPHIC?

In discussing how policymakers can effectively advocate and lobby for policy change for VYEs, the group came up with several useful suggestions. To begin, they raised some of the most pertinent challenges that the demographic faces with regard to policies.
The first challenge that the group raised was that people seldom regard the youth as having worthwhile ideas. They added that because of their young age, older people view the inexperience of VYE s as a hindrance to them becoming successful entrepreneurs.

The second challenge that the group noted was that there are not enough youth involved in lobbying. They asked: how can we encourage more youth to be a part of the lobbying process? One participant responded that the main issue is that there are not enough youth in local structures, and they are more involved in structures such as the United Nations (UN).

In offering solutions for the challenges that they highlighted, the group suggested starting by understanding the current policy environments in different African countries and how they pertain to VYE s. They noted that policymakers need to ask questions about what policies currently target VYE s and whether we are satisfied with them as they are. Stakeholders also need to ask whether there are specific policies that can open up opportunities for youth. For example, in South Africa there is an employee tax incentive for companies that employ workers between the ages of 18-27, while in Australia, there is specific labour legislation for young entrepreneurs.

Second, the group suggested that people should advocate for tax exemption, simpler registration processes, and business subsidies for VYE s. One participant used South Korea as a case in point, where, about two years ago, government wanted to encourage the proliferation of young entrepreneurs, so it formalized a policy for office sharing and rent subsidies.

Next, the group suggested that governments create think tanks or steering committees that have youth at the centre. These think tanks can aid in informing policy drafts, as well as theorizing about how to ensure that VYE s understand the policies that are available.

The group also proposed hosting workshops and creating scholarships, as well as having youth representation in parliament, including a youth advisory panel. They added that one can change the policy for youth by finding ways to make VYE s a part of the lobbying and policy-formulation processes. Having youth involved in governance means that their interests will be better represented when policies are formulated. In suggesting how people could lobby for VYE s in countries such as South Africa, the group noted that one might start at the municipal level, then move up to the provincial level, and eventually reach the National Economic Development and Labour Council (NEDLAC). One participant went on to explain the following:

_In Ghana, it is about connections – that is how you lobby. The formal route does not have much success. For instance, at a meeting with ministers, one of the ministers said to the young entrepreneurs that were attending, ‘we (the ministers) don’t know you (young entrepreneurs), so no one knows.’ So even if he followed all the formal steps, but did not get approval from the ministers’ office, the ministers would not consider the entrepreneur. Thus, you need connections in order to lobby. Power is at the top._

The group also suggested creating an international or continental youth indicator watchdog that is separate from the UN and the African Union (AU). This watchdog could hold governments accountable for the youth policies that they implement. It could also develop a rating scale and rate countries according to their policies. Leaders within this institution, both old and young, could play a role in advocating for VYE-friendly policies, and could hold governments accountable.
The group pointed out that the balance between regulation and compliance remains one of the main issues that businesses face. They explained that policymakers need to find a way to get young entrepreneurs past regulations that hinder them, while still ensuring that they remain compliant. In order to rectify this, they suggested that it might be effective to target specific sectors with different policies and legislation that need to be added or amended.

WHAT EXISTING POLICIES AND GOVERNANCE INSTRUMENTS CONTAIN DESIRABLE ELEMENTS THAT SUPPORT VYES? WHAT POLICIES AND GOVERNANCE INSTRUMENTS WOULD NEED TO BE AMENDED?

The Policymaker group were also asked to think about what existing policies and government structures contain desirable characteristics that support VYEs, as well as what policies need to be amended. Their responses are summarized below:

At the macro-level, they highlighted the African Free Trade Agreement, which is currently going through the ratification process in different countries. The group felt that it is a good indicator from an African perspective, which makes it simpler to trade, and takes away unnecessary cross-border regulatory requirements. This enables a better environment for VYEs to trade. However, they added, because it has not yet been implemented, there might be elements of the Agreement that we are unaware of that need to be adjusted. However, this provides an opportunity to reflect on the Agreement going forward and adjust it accordingly.

An example from Rwanda demonstrated how regulations can remove bottlenecks for entrepreneurs. Rwanda has a particularly easy visa process that attracts entrepreneurs to the country. The group explained that the country provides a visa on arrival. Upon arriving in the country, you can state that you are intending on starting a business. Within an hour, you can have business papers and be ready to start your business. The group felt that removing the bottlenecks around starting a business itself, is a good instrument to support young entrepreneurs.

A third example came from Uganda, where the Ugandan government runs an incubator that offers support for entrepreneurs. There is a similar example in South Africa, although it has not been as effective as in Uganda. South Africa has the Youth Development Agency, but the Agency only provides funding without controlling how or where the money is spent. On the other hand, in Uganda, the government takes entrepreneurs through a process. They also follow up by ensuring that the money is being spent as stipulated. In addition, they provide support by finding how they can help you to shape your business direction going forward. In addition, the group noted that funding policies needed to be revised. With this in mind, they called for specialized concessions for young businesses.

One of the challenges related to the above, however, is that access to capital has become politicized in many countries. This affects both start-ups and established businesses. Enhancing access to capital should therefore come from policies and regulation, and there should also be a significant focus on implementation.
The group also explained that countries need to change the systems thinking in their approach to policy, especially from an education and business perspective. They added that they want to see integration between the two, where the education system feeds into the economy by creating better-equipped entrepreneurs. Educational policy is central to this. From primary to tertiary education, the group said that business and policy should work together. Because we know that not everyone is meant to be studying all the way to matric and university, the education system should be able to provide youth with entrepreneurship opportunities at a younger age so that they can choose that path if they wish.

Ghana, Uganda, Kenya and Rwanda are all positive examples of countries with policies that deal with entrepreneurs. In Ghana, there are tax exemption policies and startups. Uganda has a youth fund. In Kenya, it takes thirty minutes to register a business, and the country has systems technicians dedicated to SMEs. Rwanda is open to foreign entry and has a solution-based approach to addressing unemployment.

One participant noted that it is not policies that need to change first, but attitudes towards young people. The participant added:

*When you asked whether there were any existing policies which surprisingly favour the youth, we are countries which elect seventy, eighty and even ninety-year olds. And if you are forty and want to run, they say you are too young. So, as a fourteen, sixteen, eighteen-year-old, where is the space to elect such young people?*

**HOW DOES THE REGULATORY ENVIRONMENT PROTECT VYES? WHAT ADDITIONAL REGULATIONS ARE DESIRABLE TO SUPPORT VYES’ SUCCESS?**

Having looked at lobbying for VYEs and existing policies and government instruments that support VYEs, the group turned their attention to how current regulatory environments protect VYEs, as well as what kinds of regulations would support their success.

With regard to additional regulations that are desirable to support VYEs’ success, the group began by highlighting some of the regulatory challenges that VYEs face in terms of their protection, including the fact that the regulatory environment discourages VYEs, and bureaucratic protocols expose them.

In response to these challenges, the group noted that for entrepreneurial startups, the first five years of business should have a ‘tax holiday’. There should also be regulations that make it easier for young entrepreneurs to access funding, as well as institutions that provide a direct source of information on the taxes and costs that VYEs need to cover before they start a business.

In addition, the group indicated that it is necessary to stop thinking about Africa’s regulatory environment as divided. We should start thinking more in terms of a borderless Africa. One participant added:

*Every person from their respective countries must be familiar with a common framework. Because now we have a common thing that everyone is working towards...*

The same participant noted that most people on the ground who work with the youth are not aware of existing frameworks that facilitate a borderless Africa.
The group also indicated that governments should increase social media and digital presence to keep abreast of opportunities for young people, as well as subsidize costs of data.

One of the ways in which young people can advance in business is to ensure that regulations stipulate that young people are part of the supply chain of governments. So, for every company that wins a tender with government, a certain percentage of that money should go towards supporting VYE's businesses. The group explained that this is happening in Alexandra township in South Africa – whatever contract is awarded in Alexandra, they use small businesses from the area to provide some of the services. However, they noted that there are gaps in the sense that bigger companies continue to control the contracts.

KEY TAKEAWAYS AND CONCLUSION

The Policymaker group’s discussions demonstrated that the current regulatory environments in many African countries are making important strides in supporting VYE. However, the discussions also pointed to some critical areas for improvement in this regard. With the above in mind, the following key takeaways are offered:

Some of the most effective ways of lobbying for VYE is by advocating for tax exemption, simpler registration processes, and business subsidies for them. These could go a long way towards ensuring that the beginning phases of starting their businesses are easier. It might also serve to incentive youth to start businesses.

Governments could create think tanks and steering committees that can aid in informing policy drafts. Having youth representation in parliament and other governance bodies, including a youth advisory panel, will bring youth into the policy formulation process, meaning that their interests will be better represented in those policies.

The group highlighted several countries that had made valuable inroads into supporting entrepreneurs in different ways, including Ghana, Uganda, Kenya and Rwanda. In Ghana, there are tax exemption policies and startups. In Kenya, it takes thirty minutes to register a business, and the country has systems technicians dedicated to SMEs. Rwanda is open to foreign entry and has a solution-based approach to encourage job creation. With these mechanisms that support VYE, it is also necessary to maintain a delicate balance between regulations and those who are subject to them – regulations should protect VYE's interests and make starting and running a business easier, but they should not be too restrictive so as to stifle innovation.

Regulations can also serve VYE by enhancing their access to capital, but what is equally important is to ensure that there is a significant focus on implementing these regulations.

Calls for a more holistic approach when it comes to policy permeated many of the conversations. In order for policies and regulations to support entrepreneurs, the entire system should work towards the same goal. This means that educational policies, trading regulations, and business mandates should create an ecosystem where it is easier for VYE to start and run business. The idea of having a watchdog that operates across the whole continent presents an interesting suggestion for ensuring that countries create and implement regulations and policies that support VYE.

Policies such as the African Free Trade Agreement can also contribute to creating the ‘borderless Africa’ that the group spoke about. These kinds of policies promote openness and collaboration between countries – an ideal environment in which VYE can thrive.

Support for VYE needs to come from all directions, but the policy space has a specific role to play by ensuring that policies that protect and nurture VYE are formulated and implemented.
APPENDIX ONE
LIST OF CONTRIBUTORS

The Anzisha Prize Team would like to thank the following people who have generously given their time and knowledge, which has made an invaluable contribution to this project.

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