

Briefing Paper 2/2016



Strengthening Women's **BUSINESS ASSOCIATIONS** in Somalia

Najma Ismail and Amina Ahmed



International
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#Somali**Women**Matter

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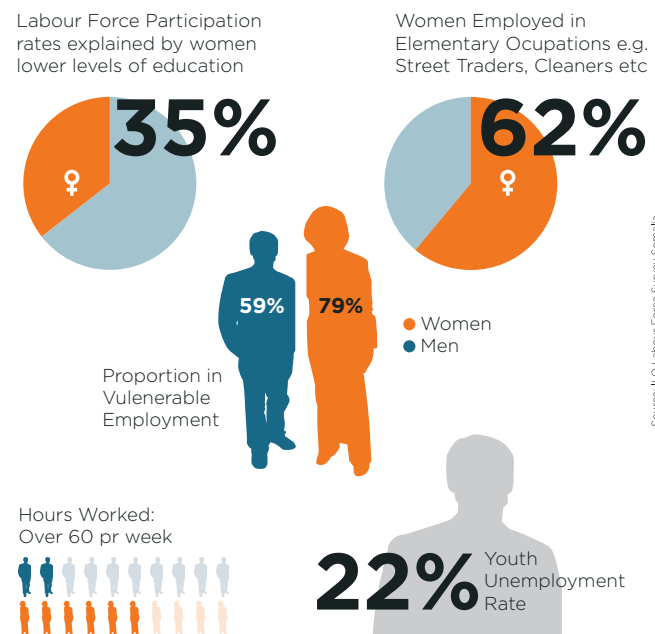
INTRODUCTION

Despite the years of conflict and fragility in Somalia, which have significantly impacted the lives of Somali people, especially women, Somalia has a remarkably strong private sector. Women play a particular role in it. Since the majority of women lack formal education and do not have significant marketable skills, they are largely unable to obtain jobs in the formal sector. The majority of women in employment therefore works in the informal sector, or, if they are represented in the formal sector, they are in the low paid jobs. Women are therefore forming an increasingly significant portion of the Small and Medium Enterprises sector.

The Labour Force Survey (LFS) data collected in 2012 for Somaliland and 2014 for southern Somalia on employment shows a lower ratio of employment to population ratio among the youth. Furthermore, high levels of underemployment affect nearly half of the female population.² The latest LFS data depicts some startling results for women³:

Though women remain to be key drivers of the private sector in Somalia, Somali women face limitations to ownership of productive resources, largely due to cultural practices, evasion of both Islamic and constitutional laws, poverty, legacies of the past wars and illiteracy.⁴ Furthermore, a UNDP report from 2014 on the role of women in the private sector in Somalia found

LABOUR STATISTICS: WOMEN ECONOMIC DISADVANTAGE WOMEN FACE IN THE LABOUR MARKET IN SOMALIA



¹ The authors wish to thank the teams from ILO and UN Women for their comments on an earlier version of the Briefing Paper.

² ILO, Labour Force Survey for Somaliland (2012) & ILO, Labour Force Survey for Somalia (2014).

³ ILO, Labour Force Survey for Somalia (2014).

⁴ Nagaad Network, Women's Human Rights in Somaliland (2010).

time constraints, lack of mobility and an intimidating environment for economic participation to be some of the main challenges facing women entrepreneurs⁵. It is telling that over 95 percent of the female entrepreneurs surveyed in Mogadishu and Hargeisa were not affiliated to any business membership and/or women's organizations⁶. Yet, being a member of business organizations would provide an excellent platform to advocate for reforms and an enabling environment to advance women's economic empowerment.

During the first London Conference on Somalia, in February 2012, participants agreed that "Somalia's long-term reconstruction and economic development depended on a vibrant private sector"⁷. Throughout the years of conflict, the private sector has been remarkably strong and played an important role in Somalia's economy. With the country at the time making positive steps towards peace and stability, the private sector was able to make important strides, including the creation of support organizations that represent the interests of the business community.

Even some Somali women proved to be ambitious and willing to take risks, and made their way into an arena previously reserved for men: they founded business associations. These associations at first only brought together successful business leaders to share their experiences and interests and hold discussions related to political participation initiatives. The majority of these organizations had no employed staff, and functioned basically through the dedication of volunteers or operated purely through donor funding. Based on the support offered by ILO, these associations expanded their activities to be able to address broader social economic issues, and developed into more professional associations.

In the context of Somalia, women business associations and networks have great potential to become sustainable institutions that support and strengthen an enabling environment for the economic advancement of women. ILO's current work on Women Economic Empowerment therefore focuses on building the capacity of women's business associations and promoting pro-poor growth and job creation.



Ubah Mohamud Nur from the Somali National Women Organization (centre) and Nafisa Yusuf Mohamed from Nagaad Network (right) discuss strategies to create self-sustaining organizations and reduce reliance on donor with Kenyan representatives of business associations.

⁵ UNDP Somalia, The Role of Somali Women in the Private Sector, Nairobi (2014).

⁶ ILO, Institutional and Policy Assessment of Factors Affecting Women Entrepreneurs in Micro and Small Enterprises in Hargeisa and Mogadishu (2013).

⁷ <https://www.gov.uk/government/news/london-conference-on-somalia-communique--2>



Workshop participant Asma-han Abdelsalam Hassan of the Nagaad Network defines “advocacy” to the group



Trainers Selima Ahmad and Grace Nzou assist participant Nafiso Samatar of the Somali Business Women Association

LESSONS LEARNT FROM PREVIOUS PROGRAMMES

The private sector holds the keys to lasting reforms that will truly address Somalia’s economic needs. Somalia’s business women – owners of enterprises large and small, across sectors and regions – are among the principal stakeholders with direct, in-depth and technical understanding and experience of the obstacles hindering business and job creation. Since 2010, the Women Entrepreneurship Development (ILO-WED) Programme in Somalia has worked with partners to build the capacity of business associations, including to better support women entrepreneurs to start and grow their businesses and facilitate access to gender-sensitive financial services for women.

The Programme was built on some distinct lessons learnt from previous economic empowerment programming, which had focused more on ‘mainstreaming’ gender into general programmes and had mainly supported individual business women:⁸

⁸ ESMARCH Company Ltd, Independent End-Term Evaluation Report for the European Union funded project on ‘The Promotion of Gender Equality and Women’s Economic Empowerment in Somalia 2012-2014’ (2014).

- With general employment programmes, it proved easy to forget that women have unique needs and face distinct gender-specific cultural challenges that make it difficult for them to fully participate and benefit from general economic empowerment programming; programming could be more targeted if it looked at the broader economic and social constraints faced particularly by Somali women;
- Although somewhat successful in supporting individual women entrepreneurship, programme results were a “drop in the ocean” and larger scale programmes were needed to increase the scope and reach of ongoing efforts:
- Without addressing the broader institutional challenges facing women entrepreneurs, programmes were not comprehensive enough to lead to policy changes that can support women in the private sector;
- Business associations as well as the Chamber of Commerce lacked capacity, especially financially, to effectively train members and provide services;
- Mentoring and capacity building for women entrepreneurship associations and the Chamber helped in the development of strategic plans, in strengthening them in the allocation of available resources, and in their communication of priorities with partners, communities, stakeholders and the public. However, there was no continuation of tie-investment in enhancing management and service delivery skills. Associations and Chambers were not able to offer substantial assistance to their members – even after Training of Trainer (TOT) initiatives of individuals.

Suggested approaches for a more women-focused programme included:⁹

- Supporting women business associations that are already involved in supporting businesswomen to enable women to voice their needs and advocate for change, while providing services to its members;
- Promoting business associations (including chambers of commerce and trade associations) to contribute to economic growth, development, peace, and prosperity and to be able to tackle the challenges women face in the private sector;
- Building governance structures, providing continuous mentoring and technical assistance to help women business associations to be independent, sustainable, provide membership services, and effectively represent their members’ interests in public policy processes;¹⁰
- Increasing advocacy efforts for policy/regulatory changes favouring women in business to further enable associations to navigate their environment;
- Concentrating support programmes on women (that start or expand their enterprises), to bring forth better results for women, as gender-specific perspectives can be built into the programme design.

⁹ ESMARCH Company Ltd, Independent End-Term Evaluation Report for the European Union funded project on ‘The Promotion of Gender Equality and Women’s Economic Empowerment in Somalia 2012-2014’ (2014).

¹⁰ Centre for International Private Enterprise, Governance Principles for Business Associations and Chamber of Commerce (2011).

- In order to aim for stronger results in empowering women in Somalia, ILO decided to develop a project specifically targeting women business associations and Chamber of Commerce while continuing to provide individual support to women entrepreneurs, including access to finance. It set out to work with existing women business associations to achieve more conducive policies and regulations for women entrepreneurs and to help them turn into self-sustainable entities. ILO selected the Center for Private Enterprise (CIPE) as a partner in offering its gender-sensitive business training and financial education training to strengthen the capacity of business associations and the Chamber of Commerce.

PROJECT ACTIVITIES AND RESULTS

The overall objective of the project funded by UN Women Somalia and the Swedish International Development Cooperation Agency (SIDA) was to support women's economic empowerment by strengthening women's associations to create an enabling environment for women in business. The project has made impressive strides over the course of 18 months in building the strength of women associations and testing innovative access to finance initiatives.

The project offered technical expertise on association management and sustainable non-profit management for business associations in improving governance structures and ensuring financial independence beyond donor support. Mentoring and technical support was offered to the 6 Somali women business associations and the Somalia Chamber of Commerce and Industry. The programme also targeted women in business in Garowe and Hargeisa by training them in business management skills to improve the viability of their existing enterprises. In Mogadishu, ILO worked with the International Bank of Somalia to offer loans tailored to women in business. As the model proved successful, it was replicated in Garowe in partnership with Amal Bank.

Of the beneficiary organizations, two have taken important and transformative steps, which pave the way for better representation of women in business and ensuring women voices are heard:

Somaliland Women Chamber of Commerce (SLWCC)

Since 1997, NAGAAD network in Somaliland, which comprises 46 women organizations, has aimed to serve as an organized, collective voice of women to promote their socio-economic and political rights as equal citizens. This umbrella organizations represents groups from social, political and economic spheres and has been a well-known advocate for women's right in the region. After attending the Association Management training in January 2016, in which members discussed the problems women face in Somaliland with the head of Bangladesh Women Chamber of Commerce and Industry, NAGAAD embarked on the process of creating a Somaliland Women Chamber of Commerce (SLWCC). With technical support from ILO, the Centre for International Private Enterprise (CIPE) and the Bangladesh Women Chamber of Commerce and Industry, NAGAAD analysed best practices, developed advocacy arguments for the necessity of a women's chamber, and successfully held several meetings with the Somaliland National Chamber of Commerce to create a positive path for the registration of the SLWCC. Nagaad has signed an MoU with the Ministry of Trade and Investment and with CIPE in May 2016, which outlines strategic and technical support arrange-

ments needed to advocate for a Women's Chamber of Commerce. This formal agreement means greater collaboration between stakeholders in lobbying for a better enabling environment for women in business.

NAGAAD has further conducted a survey of women entrepreneurs in six regions of Somaliland. The overall aim of the survey was to assess and identify potential members of the Women Chamber of Commerce. The research also focused on the mobilization of potential women entrepreneurs who are not members of any associations. The results of the analysis provided the basis for an advocacy strategy to help justify the demands for a Women Chamber of Commerce among women entrepreneurs in Somaliland.¹¹

The motivation behind the creation of a Women's Chamber was to create a community for women in business that responds to their needs, including business skills and registration of businesses, but also to make policy-makers aware of the barriers women face in business¹². It is envisioned that the SLWCC can act as the representative for business women in Somaliland and provides all the services a woman entrepreneur requires to start and grow, as well as advocate for all women in business.

The Association of Women in Business (AWB)

After attending the trainings provided by the Programme, participating associations were required to complete a "to-do" checklist based on the gaps identified during the training. The checklist ranged from the creation of social media accounts, training staff in management, the introduction of a fee for services, to the development of strategic plans and budgetary planning. Through this checklist, the National Association of Women Business Owners (NAWBO) realized that it required significant changes in order to be relevant. These changes included the creation of a new business association with a simpler name (the Association of Women in Business – AWB), and the establishment of improved and clearer governance structures. Over the course of 6 months, AWB created a Facebook account, a twitter account, registered the organization, revised organizational structures, reviewed their governing documents, appointed board members and conducted board meetings. To date, AWB has over 150 members who regularly pay membership fees (which was previously one of the biggest challenges facing the association).

AWB further improved its visibility during the Somaliland Investment Forum in September 2016 in Hargeisa, where the President of AWB joined a panel on the roles of Chambers and associations. Here the President had the opportunity to discuss the challenges facing women associations in Somaliland and the mandates of her own association. During the session, AWB identified business registration, licensing and taxation as the most difficult challenges, and is now advocating for more favourable policies to encourage women to register their business and reap the benefits associated with formalizing informal enterprises.¹³

¹¹ NAGAAD, Survey on Women Entrepreneurs in Somaliland, forthcoming 2016.

¹² <http://cipe.org/publications/detail/establishment-women%E2%80%99s-chambers-commerce-around-world>

¹³ In Somalia, most employment is in the informal sector where challenges to growth stem from the difficult processes associated with registration, licensing, fees and occupational safety and health regulations.

International Bank of Somalia-ILO Micro-Credit Loan Programme in Mogadishu

Previous programmes provided direct grants to individual women entrepreneurs due to the lack of strong micro-finance and banking institutions to partner with. It was difficult, however, to ensure that vulnerable women utilized the grants to improve their businesses and not for personal consumption and supporting the household. For this project, ILO decided to take advantage of the development of financial institutions in Somalia and partnered with the International Bank of Somalia (IBS) to design financial services and banking products for women entrepreneurs. An IBS survey of women entrepreneurs in Mogadishu showed that most women lacked capital and the necessary skills to run business.

ILO and IBS provided loans instead of grants, each worth \$500 dollars to 270 women in business in Mogadishu to pilot what was named a “women-fund”. As an additional contribution, IBS supported 40 women directly, bringing the total number of beneficiaries to 310. To date, the repayment rate has been 100% with zero default. This has been an impressive achievement showing that women in Somalia are determined to grow their businesses and contribute to the well-being of their households and communities. The “culture of repayment” among women in Somalia is encouraging and confirmed initial assumptions that women are not only more likely to repay loans, but are also more likely to invest in their families and children.¹⁴ The demand for loans is still high in Mogadishu and IBS plans to reach at least 10,000 people in the next three years with its financial products. Women will continue to be key clients for IBS and efforts should concentrate on reaching more women in Mogadishu and beyond, and offering larger loans based on different needs of different groups.

CONCLUSION

Women’s Economic Empowerment programmes are essential for more inclusive growth. While it is highly recommended to mainstream gender into programmes, the specific needs of women are often ignored when focusing on many different groups of people. This necessitates projects that focus exclusively on women in order to bring forth tangible positive results.

Furthermore, rather than supporting individual women, support to structures such as women’s business associations and Chambers of Commerce allow business women to express their voices in a stronger way and have a greater impact on change. Strengthening women associations and its members’ capacity in business management has more impact than reaching out to individual beneficiaries who are not members of associations. The experience with NAGAAD and AWB proved that when women come together they have stronger bargaining power and ability to influence policy-makers and private sector development initiatives.

The project also showed that partnering with the right institutions in the private sector, like IBS and CIPE, can yield positive results. In the case of IBS, its expertise and willingness to invest in the project ensured sustainability beyond the project lifecycle. For example, the women’s fund is a revolving fund which will reach more women entrepreneurs in the coming years. The collaboration with CIPE, as experts on business association development and legal and regulatory reforms was key for the success of the project.

¹⁴ See http://www.ilo.org/addisababa/countries-covered/somalia/WCMS_501539/lang-en/index.htm

The Programme has laid the foundations for longer-term programmes working with women business associations to advance women's economic empowerment. Women leaders of associations have proven capable and willing to work for the rights of women in business and have the legitimacy to act as the voice of the business community.

Though the programme has offered initial support towards strengthening women business associations it will take many years to develop institutions to the level of the Bangladesh Women Chamber of Commerce and Industry and the Kenyan women business association. To achieve this, ILO will continue to technically support Somali women associations. More specifically, over the next three years, ILO will work towards the establishment of a self-sustaining Start and Improve Your Business (SIYB)¹⁵ Association comprising a pool of business trainers from women business organizations, the Chambers of Commerce in various regions and leaders from private sector organizations. This Association is expected to provide marketable entrepreneurship training to different organizations, which currently does not exist in Somalia. The creation of the association will ensure that various organizations, particularly women business organizations, can provide business training as a service to their members.

ILO will further continue to work with CIPE on strengthening existing women business associations, but will also expand the scope of technical assistance to women civil society organizations. Next steps will focus on identifying women leaders from civil society and support the formation of coalitions of women advocates to identify necessary reform measures leading to concrete policies favouring women in business. To do this, ILO will also link with organizations already supporting private sector development in the country, like Shuraako¹⁶, and build on existing business networks and ongoing initiatives on access to finance.

¹⁵ The Start & Improve Your Business (SIYB) programme is a management-training programme with a focus on starting and improving small businesses as a strategy for creating more and better employment in developing economies and economies in transition.

¹⁶ Shuraako is a non-profit implementation project of the One Earth Future Foundation (OEF), operating throughout Somalia. Shuraako, which means "partnership" in Somali, brokers economically beneficial relationships that connect micro, small and medium-sized enterprises (MSMEs) to impact investors to catalyse job creation.