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Entrepreneurial Ecosystem Mapping Darfur El Fasher, El Geneina & Nyala / March – June 2019

Employment Promotion Darfur for Refugees, Internally Displaced Persons and Host Communities |
YES - Youth, Employment, Skills | 05 August 2020

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Registered offices

Bonn and Eschborn, Germany

Address

Friedrich-Ebert-Allee 32 + 36

53113 Bonn, Deutschland

T +49 228 44 60-0

F +49 228 44 60-17 66

E info@giz.de

I www.giz.de/en

Author/ Responsible/ Editor:

Employment Promotion Darfur for Refugees, IDPs and Host Communities | Youth, Employment, Skills - YES, Khartoum

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Khartoum, Sudan 2021

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Made by Darfuris for Darfuris

This guide offers a snapshot of the entrepreneurial ecosystem in the capital cities of North-, West- and South Darfur. It sheds lights on the **institutions, actors and prevailing culture** that enable businesses to thrive and that encourage young people to embark on their own business journey.

For GIZ' Employment Promotion Darfur Project to **create employment opportunities for young women and men** in El Fasher, El Geneina and Nyala, a solid understanding of this ecosystem is critical.

After training, connecting and working with a group of committed youth leaders from Darfur, GIZ presents **Darfur's first Entrepreneurial Ecosystem Map**, made by Darfuris for Darfuris, to guide interventions that aim at boosting youth entrepreneurship across Darfur.

Let them guide you through their ecosystem!

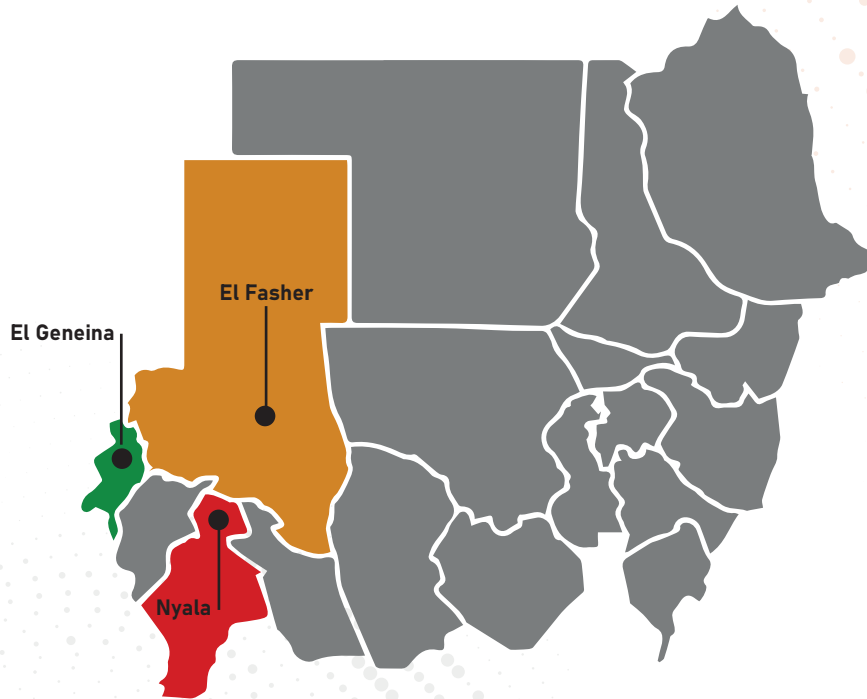
Khartoum 2020



The team of Ecosystem Mappers at a training in Khartoum, April 2019

The Importance of Entrepreneurial Ecosystem Mapping

- Provides an **overview** over what the entrepreneurial ecosystem of a city, region or country looks like
- Identifies **gaps and constraints / threats and weaknesses** in the entrepreneurial ecosystem
- Identifies **supportive structures / opportunities and strengths**, which promote entrepreneurial activities effectively
- Offers a **basis for designing efficient and impactful interventions** that stimulate entrepreneurship



Economic opportunities in a nutshell

El Fasher, capital of North Darfur

- Agriculture
- Cross-border trade
- Grazing

El Geneina, capital of West Darfur

- Agriculture
- Cross-border trade
- Grazing

Nyala, capital of South Darfur

- Textiles
- Processed food
- Leather goods

Research Design

The research design is the operational framework of the mapping process

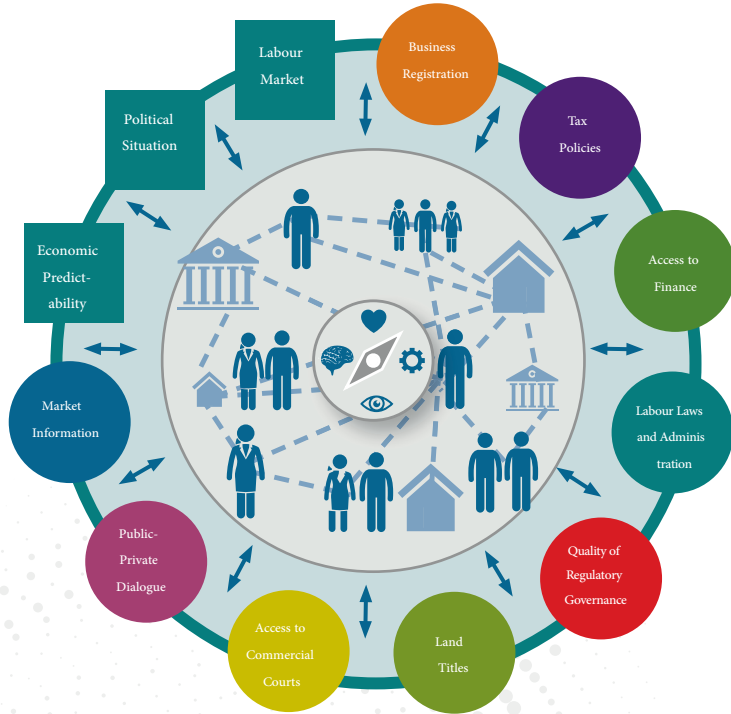
Research Design Introduction

The following chapter ...

... defines the entrepreneurial ecosystem as the product of the surrounding environment (business and investment climate), its interacting actors as well as the evolving culture & attitudes.

... briefly highlights all crucial considerations needed for conducting an ecosystem mapping.

Definitions: GIZ Model of an Entrepreneurial Ecosystem

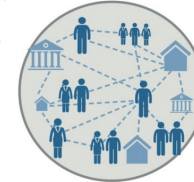


Business and Investment Climate



Element 1

Interacting actors



Element 2

Culture and Attitudes



Element 3

Scope of Mapping

- Geographic focus on capital cities of North, West and South Darfur, namely
- El Fasher, El Geneina and Nyala.
- Enterprises at Startup, business and scale up phase



Research Questions

- How does the entrepreneurial ecosystem look like in city x?
- What are supportive structures and constraints for entrepreneurs in city x?
- How does women entrepreneurship look like in city x?



Target Group

Entrepreneurs, small and growing businesses



Research Design Summary

Comparative Values

Capital city of Sudan; Khartoum



Methods of Data Collection

Quantitative: benchmark reports (secondary data)
Qualitative: surveys, interviews (primary data)



Expected Results

- Overview of the status quo and support structure of entrepreneurial ecosystem in city x
- Economic sectors with high entrepreneurial potential.
- Indication of where additional efforts are needed and how future project activities should be designed



Business Environment and Investment Climate

This term refers to a complex of policy, legal, institutional & regulatory conditions that govern business activity.



Business Environment and Investment Climate – Introduction

The following chapter...

- ... highlights the challenges when registering a business results of the business environment survey.
- ... shows the respondents profile.
- ... gives overview of constraints in doing business.
- ... shows results of the survey with regards to the business environment.



Results: Business Environment

Business registration

- Business / companies law in Sudan is a federal law, it therefore applies to all states in the country including North-, West- and South Darfur. In Sudan, companies are registered under the Companies Act of 1925 which has undergone amendments over time.

Challenges / obstacles for entrepreneurs to register a business

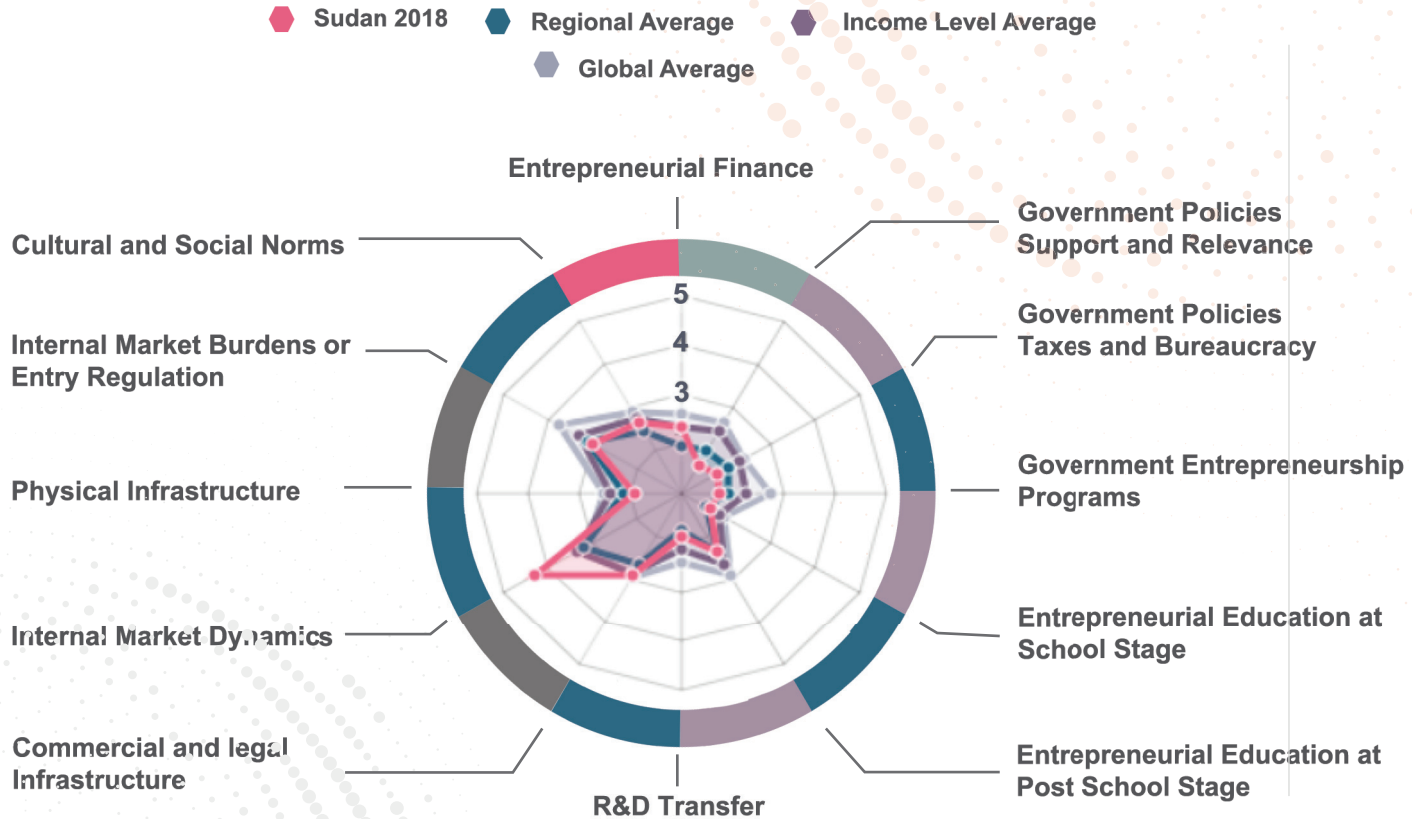
- Ten procedures are required to legally start and operate a company in Sudan; each procedure is costly
- There is a commercial register office in El Fasher, but none in Nyala nor El Geneina
- The company must have a physical location
- No policy framework in place for start-ups registration



Participants of Nyala Hackathon 2019, organized by Employment Promotion Darfur / YES



Constraints in Doing Business



Result: Business Environment

Challenges / Obstacles for entrepreneurs to register a business

- For young firms, **tax administration** is a severe obstacle
- The regulatory framework is subject to constant and not well communicated changes
- No **formal public-private dialogue** mechanism in place
- No **regulatory framework** for crowdfunding / investing

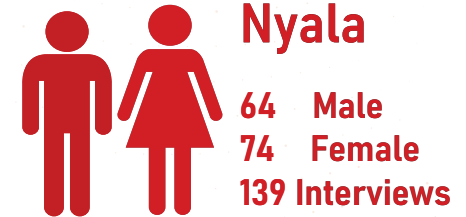
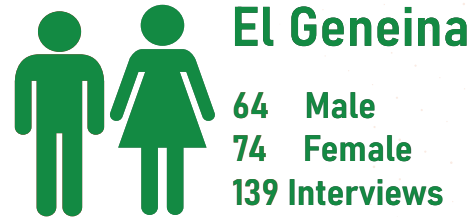
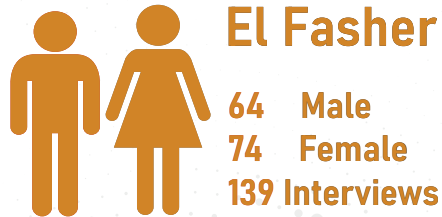


On 11 April 2019, Sudan's ecosystem collapsed. Months of youth-led protests put an end to thirty years of dictatorship. Taking place in that historical week for Sudan, the GIZ training was all about how to understand, map, but also SHAPE the ecosystem for entrepreneurship to thrive!



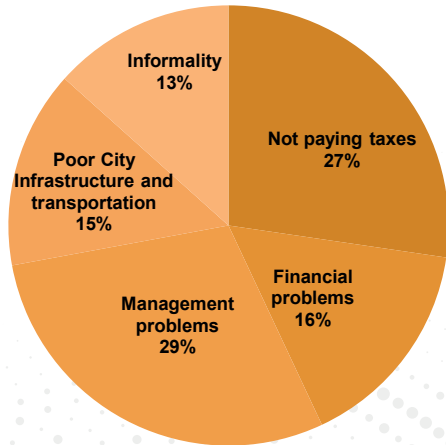
Business Environment Survey and Respondents Profile

- In order to study the business environment in El Fasher, El Geneina and Nyala three surveys were conducted
- The surveys addressed different aspects of the business environment in the respective states
- Questions were aimed at identifying challenges faced when operating businesses in the three states

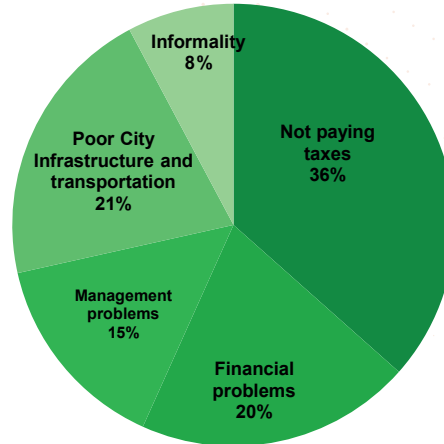


Which of the following obstacles has your company faced?

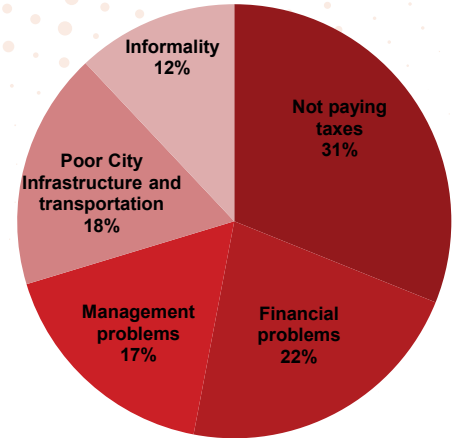
El Fasher



El Geneina



Nyala



Main constraints in a nutshell

- According to the results of the three surveys the main obstacles when starting a new business are the lack of capital investment (El Geneina) and the lack of available company registration options (Nyala)
- Access to funding for business remains another major constraint
- Family and friends are the Angel Investors for many businesses*
- Access to commercial courts is cumbersome according to many enterprises in Nyala

*An Angel Investor is an individual who funds start-ups at the early stages usually with their own money

Women Entrepreneurship in Darfur

- The survey finds that it is difficult for women to get training in the field of their interest. The two main reasons are **lack of qualified trainers** and **absence of training opportunities**
- Half of the interviewed women consider it easy to find information related to their business
- The top obstacles facing working women are **society, family, household responsibilities and limited opportunities**
- According to the survey women mostly work in the agriculture sector, followed by the food industry and the **henna/beauty sector**
- Most women find it difficult to get access to equipment and tools, primarily due to **high capital costs**



Who builds the highest tower?
Entrepreneurial Ecosystem mappers
during the training in Khartoum,
7 April 2019



Results: Business environment

Strengths

Thriving markets connecting Sudan to neighbouring Chad (El Fasher & El Geneina)

Thriving market connected to three neighbouring countries (Nyala)

Solid transport infrastructure (Nyala)

Weaknesses

No public-private dialogue mechanisms

No policy framework for entrepreneurship development

Lack of available skilled workers and insufficient matchmaking between the work supply and the work demand

Results: Business environment

Threats

Business registration process is perceived as a corrupted process with high price tags

Economic unpredictability poses many risks

Political situation in El Fasher & Nyala is somewhat stable, contrary to El Geneina, where a higher risk of violent conflict prevails

Lack of skilled workers and matching between labour supply and demand



20 |

Actors

An EEM provides a stage for a variety of actors that either constrain or foster entrepreneurship.

Actors can be individuals, organizations and institutions collaborating on various factors including benefits, transaction costs & synergies.



Actors - Introduction

The following chapter...

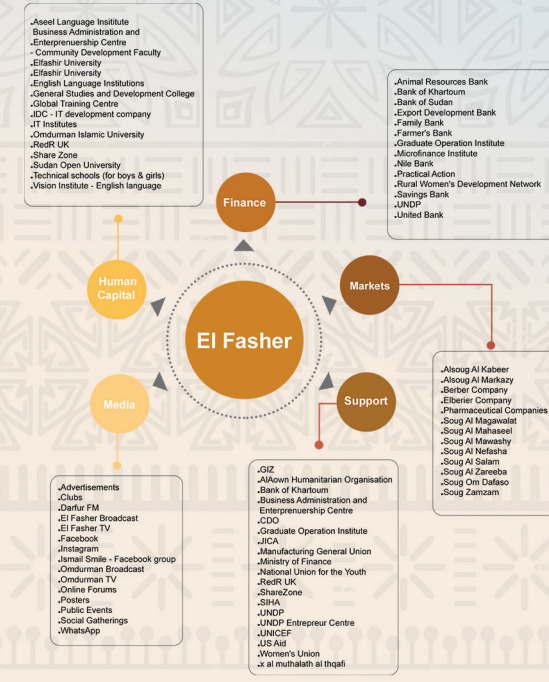
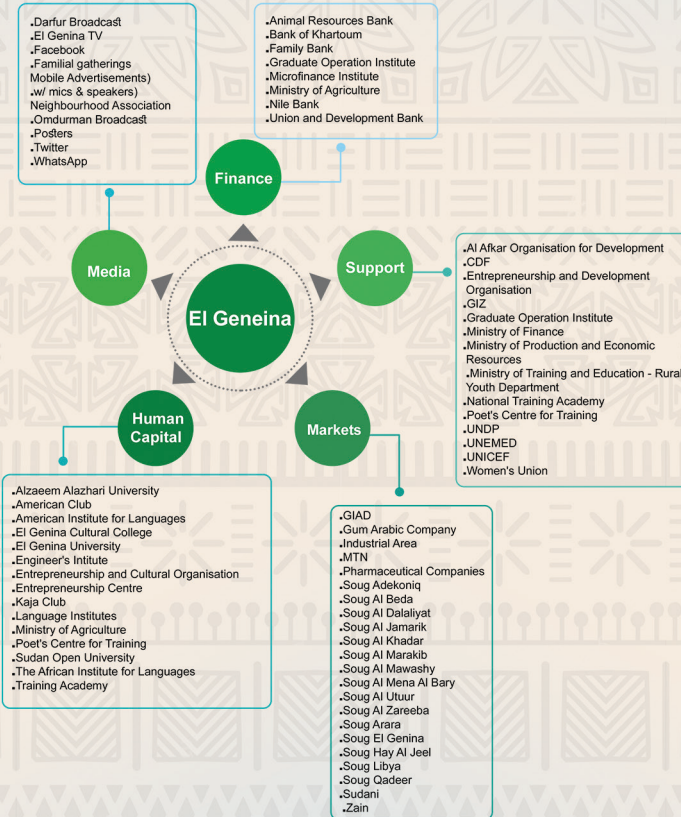
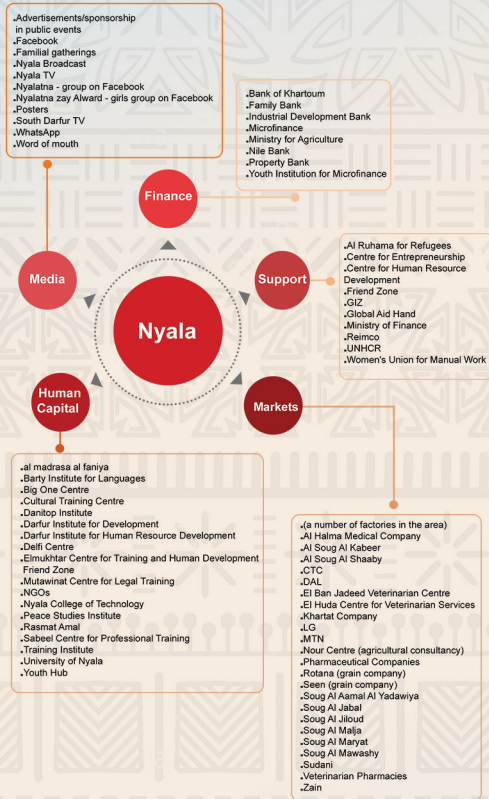
... displays the manifold Darfuri Entrepreneurship Ecosystem actors.

... highlights the results of the primary data survey.



Darfur Actors

July 2019



Results: Actors

Strengths

Many financial institutions offer micro loans

Weaknesses

Lack of accounting firms leads to many companies facing severe problems related to financial management

Lack of trained professionals in entrepreneurship

Micro loans come with high interest rate and short repayment duration



Results: Actors

Gaps

No specific entrepreneurship curriculum taught in school or university

No innovation centers

No entrepreneurship network

No formal communication channels between stakeholders



Entrepreneurial Culture and Attitudes

The role of human beings is a strong determinant of economic performance.

The culture of a society affects the individuals' likelihood of becoming an entrepreneur.



Entrepreneurial Culture and Attitudes - Introduction

The following chapter...

... shows the culture survey respondents' profile.

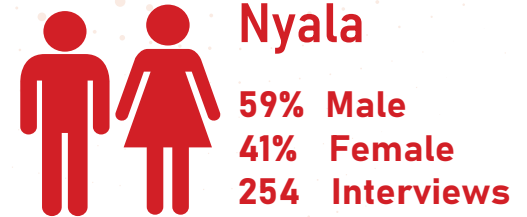
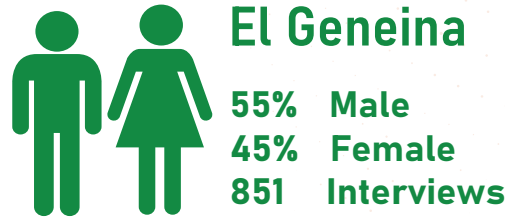
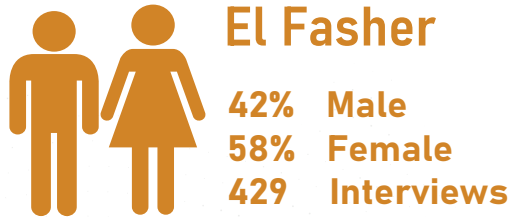
... display entrepreneurs' role in society, acceptance of female entrepreneurs and other results on the culture and attitudes survey.



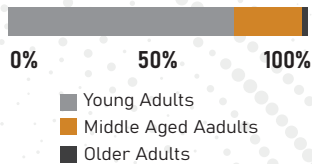
Entrepreneurial Ecosystem mappers performing an exercise during the training in Khartoum, 7th April 2019.

Culture Survey and Respondents Profile

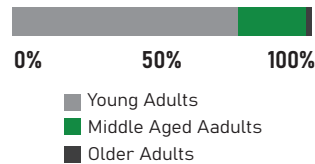
- In order to study the public perception towards entrepreneurship, a survey was conducted
- The survey addressed different aspects of the entrepreneurial culture in the three cities
- Some questions aimed to study the general understanding of entrepreneurship as a concept



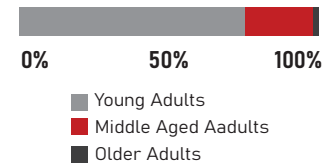
Respondents Age Group



Respondents Age Group

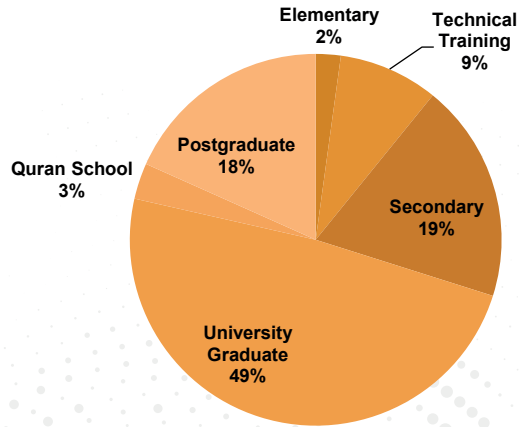


Respondents Age Group

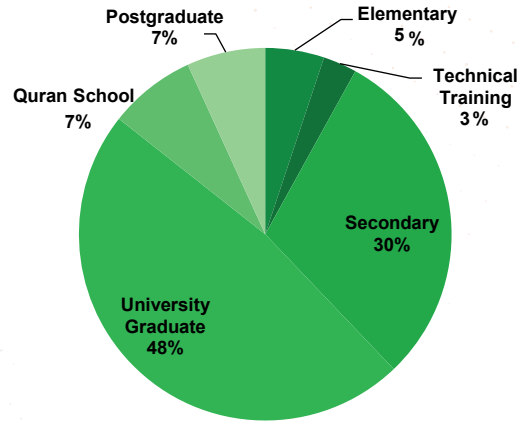


Respondents Profile continued Respondents Highest Education Level

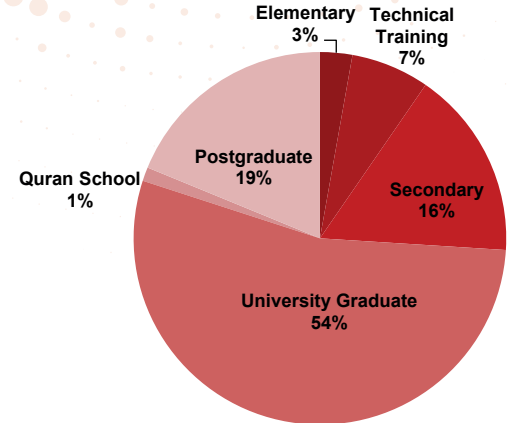
El Fasher



El Geneina

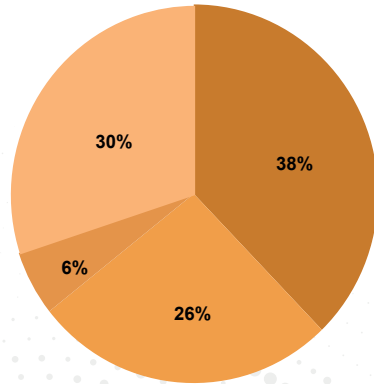


Nyala



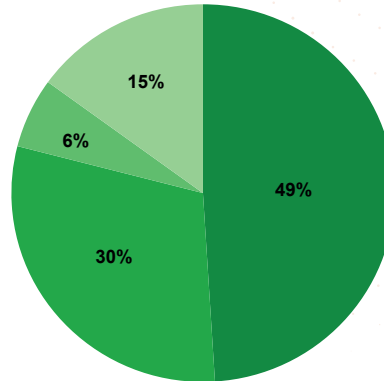
How do you define entrepreneurs?

El Fasher



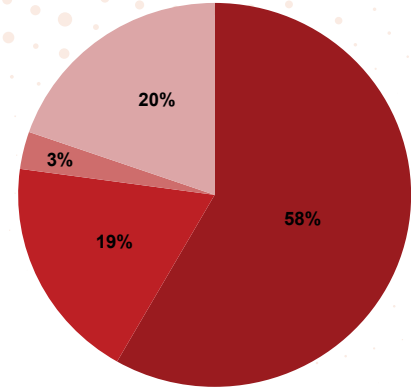
- People who start a company
- People who Trades
- Unemployed People
- People with no Specific Career

El Geneina



- People who start a company
- People who Trades
- Unemployed People
- People with no Specific Career

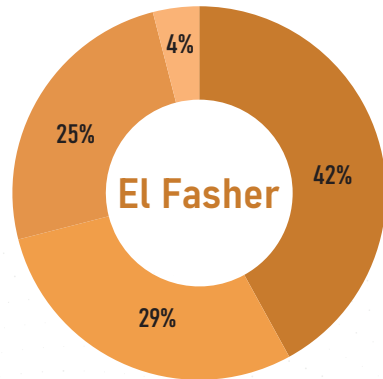
Nyala



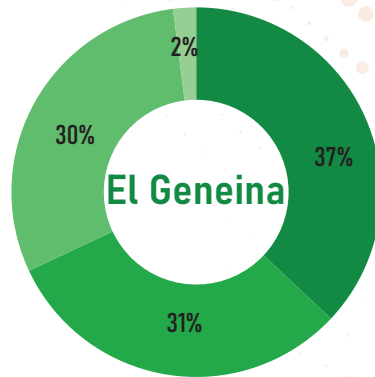
- People who start a company
- People who Trades
- Unemployed People
- People with no Specific Career



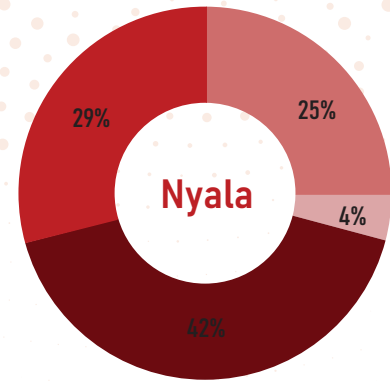
What is the entrepreneurs' role in Darfur's communities?



- Creating new job opportunities
- Innovation and bringing new technology
- Creating new market
- Have no role



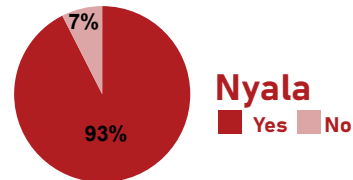
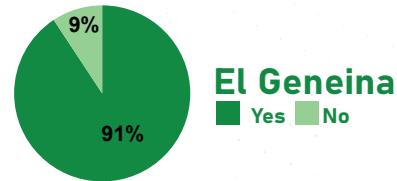
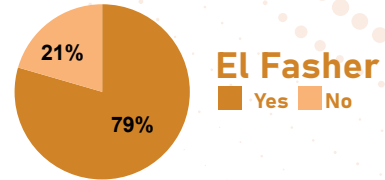
- Creating new job opportunities
- Innovation and bringing new technology
- Creating new market
- Have no role



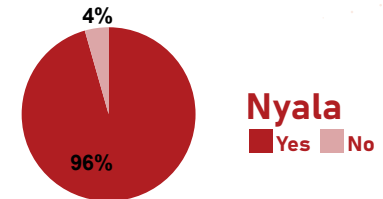
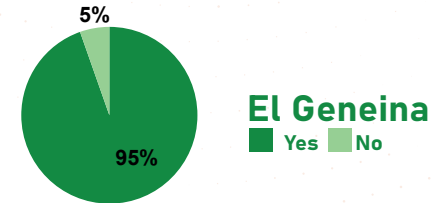
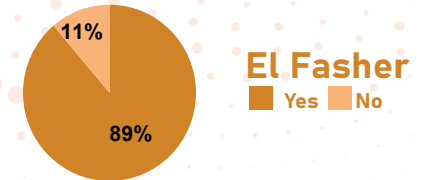
- Creating new job opportunities
- Innovation and bringing new technology
- Creating new market
- Have no role



Do you think entrepreneurship is an acceptable career choice?



In your opinion, does entrepreneurship play a role in your community's development?



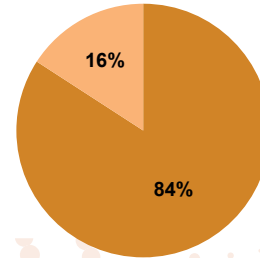
Can you be an entrepreneur?



Street art flourished during the December uprising during which entrepreneurship mappers underwent training in Khartoum.

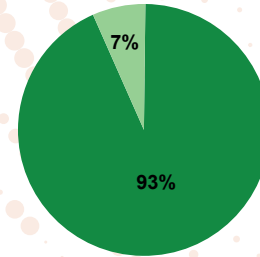
El Fasher

■ Yes ■ No



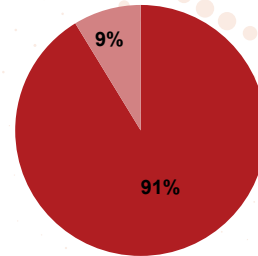
El Geneina

■ Yes ■ No



Nyala

■ Yes ■ No



Is women entrepreneurship accepted by society?



Fatima Abdallah Saad:
Successful entrepreneur in
home-appliances in El Geneina.



El Fasher



69% Yes
31% No

El Geneina



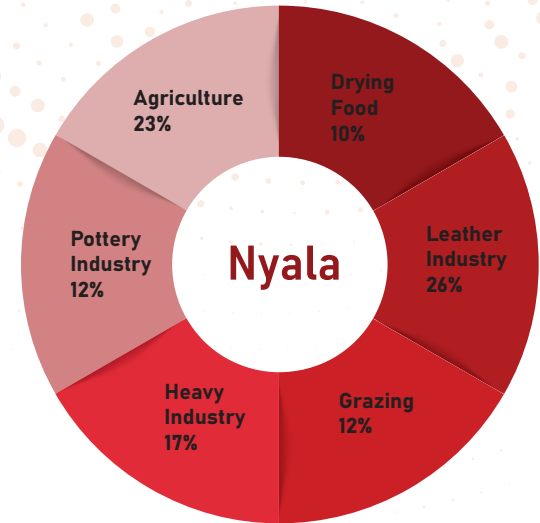
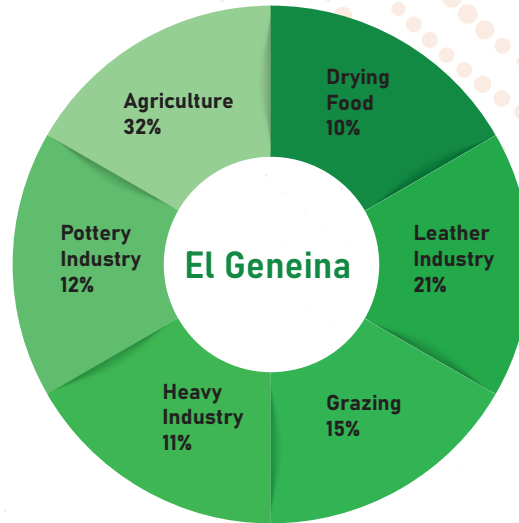
81% Yes
19% No

Nyala



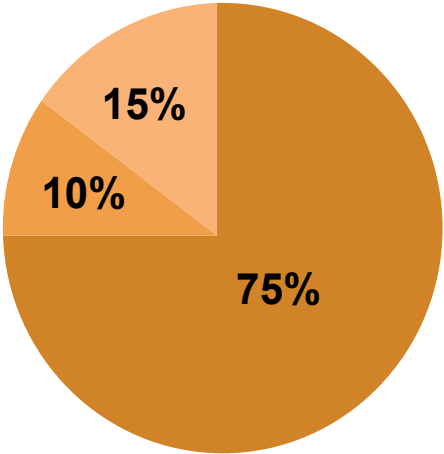
82% Yes
18% No

Which of the following sectors have a future in Darfur?



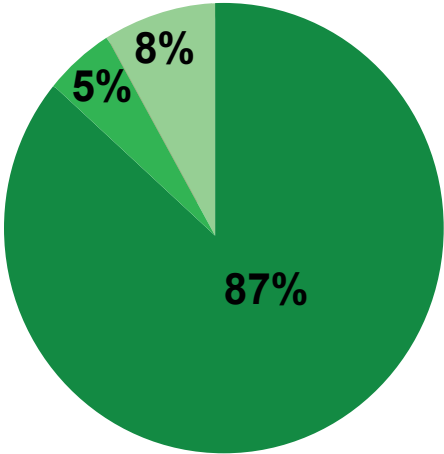
Are you interested in success stories of entrepreneurs?

El Fasher



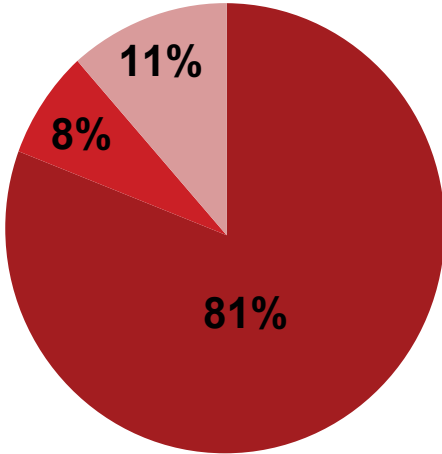
■ Yes ■ No ■ I don't care

El Geneina



■ Yes ■ No ■ I don't care

Nyala



■ Yes ■ No ■ I don't care



Results: Culture

Strengths

General positive perception of entrepreneurship in Nyala and El Geneina, slightly less so in El Fasher

Positive attitudes towards women entrepreneurship in all three cities

Entrepreneurship as a desirable career choice ranks relatively high

In Nyala, the leather industry is considered the most promising sector; In El Geneina it is agriculture

Weaknesses

Very low entrepreneurial activities in all three cities

Despite that, there are quite a few role model entrepreneurs to be found in society

The fear of failure prevents many from starting their own business

There is limited space for innovation as outdated but hardly questioned work methods are the only ones being used



Meet the Mappers



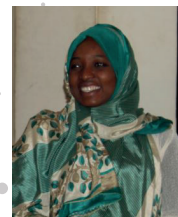
Ibrahim Musa
Hussin Ali,
El Geneina



Naji Mohammed
Adam Habeeb,
El Fasher



Nusayba Adam
Musa Daoud,
Nyala



Faiza Bukhari
Ibrahim Ali,
El Geneina



Taqwa Mohamed
Osman Idreis,
El Geneina



Mahmoud Adam
Hjam Hassan,
Nyala



Manasik Adam
Ali Adam,
El Fasher



Ahmed Mohamed
El Murtada,
Khartoum



Salma Elsheikh,
Khartoum

Meet the Mappers



Abdallah Idris,
Nyala



Ahmed Osman
Ahmed,
Nyala



Fatima Ahmed
Ejtahir Eissa,
Nyala



Yousif Mohamed Jumaa,
Nyala



Khansa Sayed Alhag,
Khartoum



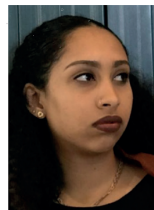
Hozaifa Abdalla
Abubaker,
El Fasher



Mohammed Ben Omer
Idriss Mohamed,
El Fasher



Emadeldeen Ahmed
Mohamed Zakaria,
El Fasher

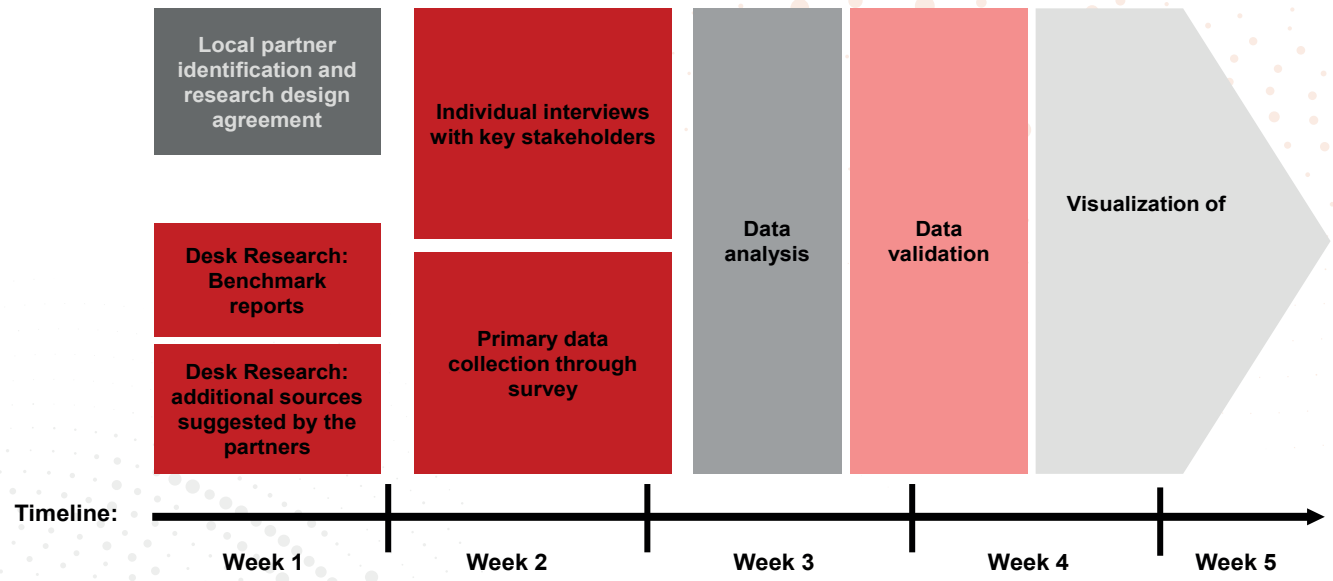


Basma Gubara,
Khartoum



Annex 1: Research design

Annex 1: Research design – Process of Mapping: participatory and incremental





Business Environment and Investment Climate



Actors



Culture and Attitudes

Secondary Sources:

Doing Business Report Sudan 2018

HG.org Legal resources

Global Entrepreneurship Monitor 2018

Primary Sources:

Business Environment Men Survey

Business Environment Women Survey

Business Environment Lawyer Survey

Secondary Sources:

Sudanese University Daleel 2018

Sudan – Agency Directory

Directory of Development Organization Sudan

Primary Sources:

Implementing partners of GIZ project

Business Environment Men Survey

Business Environment Women Survey

Observations from data collectors

Secondary Sources:

Global Entrepreneurship Monitor 2018

Primary Sources:

Culture and attitude survey

Observations from data collectors

Annex 1: Research design – Limitations

- Available data from the benchmark reports only covers Sudan as a whole as well as its capital city Khartoum; no specific data on Darfur
- No data publicly available monitoring entrepreneurship development in El Fasher, El Geneina or Nyala
- No research or database tracking entrepreneurship programs / activities and their effectiveness in El Fasher, El Geneina or Nyala

Entrepreneurial Ecosystem Mapping Darfur El Fasher, El Geneina & Nyala / March – June 2019

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YES - Youth, Employment, Skills | 05 August 2020



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