

2014 LSE Africa Summit: Key trends influencing African Entrepreneurship today

LSE's Sakina Badamasuy discusses how the **2014 LSE Africa Summit** will play a key role in maximising awareness of key trends in African entrepreneurship.

It is the new buzzword. The media is grappling to define what it stands for. Richard Branson has declared this year **all about it**. Profiles of young record-breaking leaders in different fields grace the covers of Forbes regularly. *Entrepreneurship*, its various trends and permutations has been exhorted as the world's biggest driver that is certain to power us through an increasingly transformative decade. We continue to grapple with new technologies, scarce resources and a burgeoning globalised young population, and thus the search for distinguished thought leaders – entrepreneurs – has never been more pertinent.



The creation of the tablet Way-C is one piece of evidence in a new boom in African entrepreneurship

Yet, we stand at the risk of glamourising an essentially *broad* term, ignoring critical debates on what entrepreneurship means. Indeed, one of the most important discussions to be had is distinguishing the characteristics of one group from the other – demographically, geographically, or via their impact. One of those groups will undoubtedly be Africans. In a continent that has been heralded as “rising” despite underutilised resources, increasing inequality and precarious democracies, African entrepreneurs are seen as especially resilient and innovative. It is therefore more important that we must ask in what ways the debate around African entrepreneurship must be held.

No doubt each African entrepreneur is different and will follow her/his own business path depending on their context and resources. Yet, certain trends within the continent will determine those directions and some have been outlined below.

1. Demographics.

By 2030, 1 in 5 people globally will be African.

The bulk of African countries have a very young population. According to a recent **report** by the African Development Bank, over 40 per cent of young adults are already in the **working-age** population. Coupled with a rapidly growing school age population, there could be high **rates** of

workforce growth. These dynamics in turn are associated with high levels of unemployment and political instability/backlash unless of course, businesses flourish. If countries manage the demographic transition wisely, a window of opportunity opens up especially for entrepreneurs and businesses.

Indeed, many of Africa's entrepreneurs *are* young. Ashish Thakkar, the continent's youngest billionaire is just over 30. Among one of the most innovative minds, Verone Mankou, who is only 28, built the **Way-C**, Africa's answer to the iPad all in the Republic of Congo. His is one of the many such stories that continue to emerge.

2. Technology

A recent **McKinsey report** explains that at present, Africa's "iGDP" (GDP measurement based on contributions from the internet) is only 1.1% but by 2025, it should grow to at least 5 to 6 per cent, equalling that of leading economies such as Sweden, Taiwan, and the United Kingdom. What this could mean for entrepreneurs is that a focus on the technology sector as well as its potential gains is all the more crucial. No doubt, if the internet achieves the same kind of scale and impact as the spread of mobile phones in Africa, iGDP could account for as much as 10 per cent, or \$300 billion, of total GDP while producing a leap forward in economic and social development.

Already, young technologists from **tech hubs** in Africa are bringing fresh, ideas to the globe. In Uganda alone, Kampalans have won Apps for Africa contest with a mobile app that measures foetal heart rates. They have established robotics workshops for school students, and set up Python coding lessons for girls. An understanding of how such models can be replicated in other countries is essential for Africa's progress.

3. Africapitalism

Can Africapitalism save the continent? What does it even mean? A phrase coined by the Nigerian billionaire, Tony O. Elumelu, "Africapitalism is the philosophy that the African private sector has the power to transform the continent through long-term investments, creating both economic prosperity and social wealth," he said in 2010 in his capacity as CEO of Heirs Holdings. No doubt, Elumelu is showing he's more than just talk – in 2012 he announced a \$2.5 billion investment in US President Barack Obama's Power Africa initiative. He also plans to open an Africapitalism institute with the ultimate goal of helping 1,000 emerging African entrepreneurs build pan-African companies like Heirs Holdings.

Beyond investing, Africapitalism "is also a call to action for us Africans to take responsibility for our own development – and for non-Africans to evolve their thinking about how best to channel their efforts and investments in the region."

Elumelu is only one of a growing number of African entrepreneurs and philanthropists using their personal wealth and business expansion to generate jobs and, they say, widespread economic benefits for African countries. These people also include Ozwald Boateng and his *Made in Africa* Foundation, increasingly taking the stage and emphasising building an Africa for Africans. As a strategy for inspiring, funding, and leading younger entrepreneurs to build models for themselves and find innovative home-grown solutions, Africapitalism is worth seriously discussing.

4. Urbanisation

Urbanisation is also revolutionising the African continent. More than 30% of Africa's 1 billion residents currently live in urban areas, but according to the **Economist**, by 2030 that proportion will have risen to a half. In the context of urbanisation, entrepreneurship is vital. African urbanisation is increasing productivity – which rises as workers move from agricultural work into urban jobs – as well as demand and investment. Young startups can scale up easily by first finding their niche and then attaining greater economies of scale by distributing their fixed costs over a large, rapidly growing customer base. Most significantly, urbanisation is driving the construction of more roads,

buildings, water systems, and similar projects – there's potential for African entrepreneurs to find sustainable ways to leverage the continent's infrastructural boom.

5. Women

Women are increasingly taking the stage. A look at the rank and file of Africa's female entrepreneurs reiterates this.

There has been a rise in the number of women-led businesses in Africa. In fact, Nigeria has a higher percentage of female entrepreneurs when compared to the US and the UK **with a rate of 41%** for Nigeria against 10% and 5.7% for the US and UK respectively. Indeed, what this means is that women have been and are increasingly very important stakeholders in the entrepreneurship ecosystem. African women and girls have an important role to play in Africa's transformative growth.

Among those are **Saran Kaba Jones**, Founder of FACE Africa – providing access to clean and safe drinking water for rural communities in Liberia, using an innovative social enterprise model to fund water projects. There is also the CEO of Yeigo Communications and ReKindle Learning in South Africa, **Rapelang Rabana** who has once stated that, “to improve and support innovation in Africa, the single most powerful thing to do is to deliver quality broadband internet to the majority of Africans. Rabana's company, Yeigo is credited with creating ground-breaking applications and services that take advantage of the internet, mobile and cloud computing technologies to reduce communication costs in South Africa. Rising intellectuals like Amaka Okechukwu a World Economic Forum Global Shaper and Founder of **afrimind**, an online platform for African ideas, simply add credence to the fact that, really women plus enterprise in the continent can only be an incredibly potent and enduring mix.

Having stated all of the above, how should we leverage our awareness of these key trends for maximum impact on the continent?

First, we must begin by building a solid knowledge base. Second, we must have meaningful conversations by sharing real, pertinent stories of Africa's reality. Finally, we must act and collectively make lasting, positive impact in the continent.

In April, LSE will lead by taking the first two steps and play host to over 800 world-class innovative thinkers at the **2014 LSE Africa Summit**, sharing knowledge and understanding Africa's context. With the likes of Founders such as Verone Mankou, Jim Ovia, Saran Kaba Jones as well as a Head of State among others, we can truly begin making sense of the trends coming from Africa.

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