

Is social entrepreneurship the magic bullet for African development?



Social entrepreneurship is a buzzword in the international development and business arena, but is it really the magic bullet to some of the world's severest social and environmental problems? Donnas Ojok, a Development Management student at LSE, gives his perspective on how social entrepreneurship may provide hope for Africa.

Social entrepreneurship now takes centre stage at global forums, like at the recent meeting of the **World Economic Forum**. From big European cities to small African villages, social enterprises are springing up and daring to address some of the most daunting challenges of our time. Indeed, "It is now becoming cool to make a difference," noted **Tim O'Reilly**.

Its proponents argue that social entrepreneurship presents a plethora of opportunities which, when exploited, will lift millions of people out of the so-called poverty trap. Critics, however, point out that the unavailability of appropriate market incentives, which is a common characteristic of most social enterprises, might actually limit their potential to sustainably solve development challenges.

Regardless of which side one takes, these debates provide insights into the social enterprise concept in general, as well the search for solutions to Africa's poverty challenge in particular.

Are social enterprises a viable solution?

Despite the immense development interventions in Africa, there is still a myriad of challenges that continue to render the continent one of the less favorable places for human habitation and survival. Oxford economist **Paul Collier insists that most countries in Africa, while existing in the twenty-first century, live in realities of the fourteenth century**, where civil war, plague, ignorance and poor infrastructures are common characteristics. While Collier's argument cannot be discarded, the numerous milestones Africa has achieved in the fight against poverty ought not to be underestimated.

Some of these milestones can be pointed out: more Africans are going to school and accessing better infrastructures. The economic growth rate is promising and some elements of democratic governance are being practiced in more countries.

However, considering where Africa is coming from and where it ought to go, this progress remains too limited to create a significant impact. Creating a meaningful change in Africa requires an accelerated pace characterized by determination, innovation and creativity. This is where social entrepreneurs potentially come in.

Social entrepreneurship has the potential to defy the odds and fuel longer term sustainable growth and development in Africa. Using an innovative platform to create value-driven initiatives has the capability to solve social problems, generate financial returns and protect the environment. The unique ability of social entrepreneurship to mix social and economic objectives



Donnas Ojok at one of the businesses in northern Uganda that his social enterprise supports.

makes it better suited to respond to the multidimensional nature of poverty. This leads to organic local economic development and job creation, including opportunities for the poor to earn from their labour, which in many cases is the only asset they possess. These businesses have the potential to transform the welfare system, while reducing vulnerability too.

In my view, social enterprises provide a more appealing, systematic and integrated anti-poverty opportunity. The charity model, which has dominated the antipoverty agenda for decades, has often failed to bring about radical reforms in the economic system – it does not create enough jobs and traps the poor in a vicious dependency cycle. This is where social enterprises positively differ – by empowering people to be productive and creating channels for the poor to take charge of their own destinies. On the other hand, purely capitalistic-oriented approaches can be problematic. Their prioritization of profit maximization over social good tends to isolate those who can't afford to pay for the services given. Indeed some of the world's most critical social and environmental challenges, like pollution and low wages, can be attributed to this.

The opportunities presented by social entrepreneurship

The new breed of social entrepreneurs are highly interconnected and that is what Africa needs. This interconnectedness will undoubtedly lead to a flow of knowledge and skills, as well as support the generation of new ideas to solve complex challenges. Moreover, this interconnectedness is being facilitated by the skyrocketing of mobile technology in many parts of the continent. Even if this is very basic technology, it's making a big difference. **Africa's young and growing population** can be harnessed to spur increasing innovation in the social sector. This, however, needs continuous nurturing, mentoring and education to ensure that it produces a demographic dividend.

The increasing number of talented young Africans in the diaspora interested not only in pro-profit investment but also social impact creation is a big bonus. Pan-African social impact investments like **Asheshi University** in Ghana and **Harambe Entrepreneurship Alliance** can be attributed to this diaspora network. Similarly, some of the world's greatest academic and research institutions are investing in breeding a new generation of African leaders to address the continent's challenges. **LSE Programme for African Leadership**, **Cambridge Africa Business Network** and **Harvard Africa Business Conference** are some of the few examples of these programmes.

There is also a renewed commitment by the governments in Africa to invest in social innovations. **Some government projects** have helped to set up social incubation hubs, providing a platform for social entrepreneurs to ideate, refine, test and market their innovations. There has also been an increasing rise in the number of social investment funds, which are playing a great role in bridging the financial access gap that previously hindered many businesses in Africa in getting started. **Village Capital**, **KATI**, **Mango Fund**, and **Acumen Fund** are some the initiatives providing hundreds of entrepreneurs with not just the finances but also ideas for business development, mentoring and networking opportunities to make their dreams of making money while doing good come true.

The magic bullet?

Lots of business opportunities exist in Africa. Of course there are still risks, but the old adage "the higher the risk, the higher the profits" perhaps sums it up. After all, taking a leap to solve a social and environmental problem is already a risk in itself.

Even if this emerging field provides an opportunity for Africa, there is still a need to invent an incentive structure that will induce actors to not only embrace this sector, but to actively and productively engage in it. This is an uphill and extremely difficult task, but one I believe can be achieved.

Development challenges in Africa are too complex and need a multidimensional approach. There is a possibility that social entrepreneurship could fire the magic bullet, but it needs the collaboration the private and public sectors and support of the local people and the international community.

Donnas is currently a M.Sc. candidate in Development Management at LSE. He has been at the forefront of development initiatives in Northern Uganda as a development professional and social entrepreneur for five years. One of the projects he coordinated recently won a Youth Employment Network (YEN) Marketplace Award from the International Labour Organisation.

Visit his own blog: www.donnasojok.com for more about his work

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