A LANDSCAPE STUDY:
Youth Enterprise in Africa’s Agri-Food Sector
GENERATION AFRICA 2019

What do you see in the faces of young people across Africa today? Do you see hardship hollowing their cheeks and worry sketching lines onto their foreheads? Or do you see ambition in their posture, possibility in the glimmer of their eyes, and creativity in the slopes of their smiles?

Africa is at an inflection point. Down one road, youth unemployment and poverty loom alongside intensified conflict, increased migration and anaemic growth and trade. Down another path lies a brighter future. Entrepreneurs across Africa have launched startups, cultivated growing businesses, and scaled breakthrough ventures. They have recognised untapped opportunities—especially in sectors like agri-food—and have harnessedoed productivity and innovation through private sector investment, diversification and competition.

The choices at these crossroads are up to all of us. What happens with the next two generations will have a decisive impact, not only on the well-being of two billion Africans, but on the rest of humanity. If we can unleash a youthful entrepreneurial spirit, matching it with technical support and investment, Africa can lead the world in technology-enabled, inclusive growth.

Much of this potential lies at the intersection of the agri-food sector and our current technology revolution—a space ripe for entrepreneurship and investment. All across the agri-food chain, there are innovations to be found in how we grow, harvest, process, transport, sell and consume food. And with tools like mobile phones, sensors, drones and solar panels, technologies from renewable energy to artificial intelligence can reshape agri-food business models. There has never been a more powerful moment in history—not a more digitally-capable generation—to leapfrog Africa’s agri-food sector. And while these opportunities and technologies will look different across Africa’s 54 countries, one thing is for certain: the moment for agri-food entrepreneurship is now.

To seize this opportunity, we need to re-imagine the future. We need to cultivate an entrepreneurial mindset, inspire new attitudes about the agri-food sector, and crowd patent and investment into innovative Small and Growing Businesses (SGBs). We need to celebrate the diverse contexts and capabilities across the continent, recognising the vast potential of rural business innovations while also spurring enterprise in towns and cities.

That’s why we have partnered to create a new initiative, Generation Africa. We believe that young entrepreneurs in Africa’s agri-food sector can define progress and possibility for the continent in the decades to come. But those brave path-breakers will need an ecosystem to support their journeys. This will take a coalition of players who embody ambition and curiosity, collaboration and accountability, working alongside the pioneers of the next generation.

Grow Entrepreneurs.
Transform Food.

This is just the beginning. Let’s be the change we believe in.
Let’s re-imagine the future together.

Strive Masiyiwa
Group Chairman, Econet

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Executive summary: the agri-food stars of tomorrow

This is Africa’s generation.

A dynamic cadre of young entrepreneurs is poised to create and scale companies that catalyse inclusive growth in Africa’s agri-food sector. Intrepid path-breakers are planting the seeds for a transformative movement to unleash innovation, creativity and entrepreneurship across the continent.

What if, a decade from now, Africa becomes the agri-food innovation powerhouse of the world? What if its cities and villages are dotted with thriving Small and Growing Businesses (SGBs) all along the value chain, including those driven by smallholder farmers in rural environments?

What if the next wave of disruptive, high-growth “gazelle” companies – and even a few superstar “unicorns” – are dreamed up and driven by African youth? 1

Every generation needs heroes – those who inspire the rest, who envision the possible beyond today’s limits, who build the businesses and institutions of the future. Young pioneers are already emerging in today’s agri-food movement, building and adapting innovative businesses across the continent. What might it take to better support these entrepreneurs and innovators, and millions like them?

What can we do today to cultivate this movement – to inspire and propel the “agri-food stars” of tomorrow?

This landscape study seeks to answer that question. It draws on insights, interviews and research, integrating lessons from the numerous inspiring efforts already underway. The study reveals a window of opportunity to strengthen the ecosystem of support around young entrepreneurs, helping them to build successful enterprises, including high-growth businesses, spurring job creation and a vibrant agri-food economy.

We recognise that it takes more than a village to transform such a system. In the spirit of collaboration, this study recommends a joint action agenda with five priorities:

1. Create a new narrative that inspires talented African youth to imagine opportunities across the value chain and to pursue entrepreneurship in the agri-food sector.
2. Curate the entrepreneur’s journey to help youth access the education, technology, support and capital needed to move successfully from idea to scale.
3. Highlight opportunities for innovation and disruption to address unmet needs through commercial activity in the agri-food sector.
4. Facilitate Small and Growing Businesses’ (SGBs’) access to finance in stage-appropriate blends, including by bridging to venture capital.
5. Champion a new agenda that connects leadership, learning and resources.

Let’s join together. This is the moment. This Is Generation Africa.

Introduction: a vision for Africa

You can feel it in the bustling streets of Lagos, the lush fields of rural Ethiopia and the townships of Cape Town. A youthful energy is brewing across the African continent.

This dynamism is fuelled by talent and imagination, unprecedented opportunities and connectivity, and the ambition of the next generation. It is also stoked by iniquitous access to quality education, the restlessness of unemployment, the violence of poverty and the drain of urban and international migration.

We envision a future in which this energy is poured into inclusive enterprises and where under-explored opportunities, such as in the agri-food sector, are seized by innovators and disruptors. We envision a continent with young women and men at the helm of flourishing SGBs that are creating new jobs, expanding perceptions of possibility, and accelerating inclusive economic growth.

What might it take to unleash Africa’s dynamic young talent to create, grow and successfully scale such enterprises?

This study seeks to inform efforts to galvanise a new generation of youth entrepreneurs in Africa’s agri-food sector. It takes a systems approach for collective, adaptive transformation. 2 It is informed by a human-centred research methodology, with emphasis on the experiences of young Africans who aspire toward or engage in business creation. 3 The research is inspired and guided by the many initiatives already underway in this space, even as it notes opportunities to complement and connect them.

The paper is offered by Yara International, a global crop nutrition firm, in collaboration with Econet Group, a pan-African telecommunications, media and technology group, focused on digitally connecting customers across Sub-Saharan Africa. We have joined together in commitment to this agenda. We welcome collaborators to join us to propel a new generation of agri-food entrepreneurs across the continent.
The opportunity: youth enterprise in Africa's agri-food sector

A powerful mix: youth, agri-food and Africa's future

10 million young Africans join the labour force each year — but over 40 per cent are unemployed.

By 2035, Africa's annual food import bill will be $35 billion, projected to reach $110 billion by 2025.

Africa needs a new generation of entrepreneurs

A new set of innovative, high-growth companies can energize the sector and create jobs. SGBs contribute significantly to the economic vitality of emerging and frontier markets. Among these, the companies referred to as “gazelles” — those that have increased revenues by at least 20 per cent annually for four years or more, starting from a revenue base of at least $100,000 — are particularly critical to creating economic opportunity and demonstrating pathways for enterprise. They are the lifeblood of frontier markets, creating substantial jobs and growth, and poised for continued scale.

Urbanisation is accelerating as rural economies stagnate, accentuating wealth and technology divisions. More than half of the global population now lives in urban areas, projected to increase to 75 per cent by 2050, with Sub-Saharan Africa the world’s fastest urbanising region. Rural areas need to modernise their economies if they are to slow the tide of urban migration, including through public sector infrastructure investments such as roads and electrification. Rural stagnation also accentuates divisions in access to technology. The contributions of such technology to human progress and growth in emerging economies are well known; yet, on average, less than half of all Africans are mobile subscribers, and less than 5 per cent of people have access to mobile internet in countries like Niger, Burundi and South Sudan, illustrating a stark digital divide.

Innovative, high-growth companies will emerge from a pipeline of SGBs. The size and formality of SGBs is highly varied: the Collaborative for Frontier Finance has distinguished between four types:

- High-growth ventures — with disruptive business models and significant growth and scale potential, led by ambitious entrepreneurs with high risk tolerance.
- Niche ventures — creating innovative products and services that target particular markets and segments, and incorporating goals other than profit and scale.
- Dynamic enterprises — operating in more basic industries, deploying existing products through proven business models, seeking incremental growth.
- Livelihood sustaining enterprises — opportunity-driven, highly-local businesses designed to maintain a source of income for an individual family.

Our research suggests that high-growth and niche ventures have the greatest potential to transform Africa’s agri-food sector in the near term. Such companies are promising by virtue of their market share, innovative models, and potential for growth and job creation. Especially in the agri-food sector, focusing on the needs of gazelles can propel the entire sector, as their successes will inspire imitators, attract investment to the sector, and demonstrate pathways to viable enterprise at scale. In complement to those creating businesses from scratch, “intrapreneurship” — ideation and enterprise creation from within an existing company or institution — represents a similarly powerful force for change.

Over the longer term, dynamic enterprises and livelihood sustaining enterprises can re-imagine and re-develop their rural environment. Smallholder farmers and small-scale rural entrepreneurs can have substantive aggregate impact through their own enterprises. They can also link to larger firms, creating value across the chain. As an example, a growing number of crowdfunding investment platforms for farming are founded and managed from capital cities, but their approach intertwines the success of such high-growth companies with that of rural farms.

Creating a robust pipeline requires more entrepreneurs to undertake and persist on the risky journey of business creation. The vast majority of entrepreneurs, worldwide, pursue a non-linear journey along a path, beginning with developing talent and skills, to incubating ideas in response to an unmet market need, to forming a startup, to advancing growth, to achieving scale and maturity. Youth have a particular role to play in catalyzing new agri-food business creation. Putting attention on the next generation has four distinct benefits:

- Young people’s mindset and skills in technology is a unique asset of the next generation. Especially among the digitally connected, the current technological revolution has already fundamentally transformed how youth think, communicate and act. This opens new opportunities for innovation and scale, both in reaching youth, and in the tech-enabled products, services and business models that can enable unprecedented speed and scale of growth for their businesses.
- Engaging youth builds their experience. The average age of a successful startup founder in the US is 45. That’s largely because of experience trying — and failing — at business creation earlier on in life. Even three years’ experience in a narrow industry suggests an 85 per cent increase in the success potential for a startup in that area. While supporting older entrepreneurs should not be a neglected opportunity — as they are engines for more immediate growth and job creation — investing in youth can be a game-changer for the long term.
- While youth-run businesses may fail, this can foster an entrepreneurial culture and mindset. Most startups fail in their first years. This can deepen experience and resiliency in individuals while building an ecosystem that accepts failure as a necessary component of learning and invention — thus encouraging the risk-taking that drives innovation and impact.
- Youth bring the type of new thinking that is needed for future markets. This regeneration is constantly evolving, leading to a continual renewal of ideas and energy to address unmet commercial needs.
THE ENTREPRENEUR’S OPPORTUNITY: A TECH-ENABLED AGRI-FOOD MARKET

Africa’s agri-food sector offers an estimated US$ 1 trillion opportunity for entrepreneurs. As 70 per cent of employment in Africa comes from agriculture, experts have observed that you cannot modernise the economy in Africa without starting with agriculture. For centuries, the primary activity in Africa’s agriculture has been on-farm production. Now this focus is beginning to expand. Entrepreneurs, established businesses, investors and others are expanding their focus from farming toward the vast uncaptured potential across the value chain that could skyrocket Africans’ gains from the sector. Key to this is a shift from “agriculture” to “agri-food innovation” – unlocking possibilities from insect protein for fish feed, to artificial intelligence, to bio-digester, to tractor leasing models.

Illuminating unmet needs in the agri-food innovation landscape can attract new business. A more recognisable set of market opportunities in the agri-food sector can stimulate creativity and energy among Africa’s youth, and position the agri-food value chain as a set of opportunities to be seized. An illustrative list, including examples of young businesses, includes:

- **Financing**: Investments in farmers can be de-risked and increased, such as through crowd-sourcing platforms hosted by Thrive Agro, Farmcrowdy and You Farm.

- **Inputs**: New types of inputs could be marketed, such as Bold Nutrition’s use of insect proteins for animal feed, or Soil Organics’ conversion of agriculture waste into biochar fertiliser.

- **Production**: Agriculture-related risks could be reduced, such as through Mobixsurance’s NASA-linked and mobile-enabled crop insurance, or Cowtribe Africa’s cloud-based animal vaccine delivery management platform. Farming itself could also be re-conceptualised, such as with Fresh Direct Nigeria’s hydroponics production in shipping containers.

- **Harvesting**: New business models for mechanisation can bring affordable efficiencies to the continent, such as Hello Tractor’s “Uber for tractors” model.

- **Value addition**: Processing and product creation can capture much of the value currently exported, demonstrated by businesses like the cashew juice maker Sweet Benin.

- **Transportation and storage**: Transportation efficiencies and storage could be enhanced through off-grid products, such as Cold Hubs’ solar-powered, modular storage units.

- **Retail**: Platforms such as Babban Gona and Twiga Foods offer new aggregation models, and innovations such the Coating+ edible food protectant can extend the shelf life of fresh food.

- **Consumption**: Platforms focused on averting waste can expand access to nutrition, such as through Chowberry’s app-based platform for buying low-priced packaged food near its expiration date.

Existing and emerging technologies can be harnessed to accelerate the agri-food sector. Today’s technological revolution is profoundly reshaping the opportunity set in Africa’s food systems. Digital technologies will be particularly impactful for revolutionising Africa’s agri-food sector:

- **Digital tools are transforming on-farm activities**: Products like hand-held devices for measuring soil health or leaf nitrogen, sensors for tracking moisture, mobile-enabled aggregation and trading platforms, and many more are changing the tools in farmers’ hands. These also have powerful potential to address social disparities, such as women’s disproportionately low access to assets and financing options. Frontier technologies like the blockchain may also hold keys to structural concerns like land tenure, when combined with proactive policy.

- **Technology bridges communication and coordination gaps**: Among the features of Africa’s current agriculture sector is its relative disconnectivity, especially across smallholder farmers in rural environments. Now, platforms like WhatsApp are being used as virtual marketplaces, and a surge of mobile fintech services now enable financial transactions for individuals and businesses. Such tools can inspire new entrepreneurs to build on top of them.

- **Tech-based business opportunities attract new entrepreneurs**: Increasingly, youth trained in data science or biotech can recognise the application of those skills to a promising business in the agri-food sector. Bridging this gap between industries will crowd in talent to the agri-food sector and insert unconventional and creative ideas to spur innovation in the sector.

- **Emerging technologies enable disruption and scale**: Many of the most exciting businesses poised to transform the industry are built on emerging technologies. Among the frontier technologies most promising to Africa’s agri-food sector are big data and advanced analytics, blockchain-enabled traceability, financial technology (fintech), precision agriculture and the internet of things, microbiome and biotechnology, and renewable energy production and storage. Many of these, especially in the digital realm, can enable a young company to catapult growth.

There is enormous potential in bridging a pipeline of entrepreneurs with these untapped market opportunities.
Gaps: how to better support the entrepreneur’s journey?

The Ecosystem for Entrepreneurship

The entrepreneur’s journey

Talent ➔ Ideas ➔ Start-up ➔ Growth ➔ Scale

Intervention points

Three overlapping phases of intervention support the entrepreneur’s journey:

- Inspiration and education are needed to propel aspiring entrepreneurs into market-based activities in the agri-food sector.
- Support is critical to entrepreneurs along their journeys, ranging from innovation hubs to business development services, market and distribution links, mentorship to peer networks.
- Growth capital is necessary to scale promising businesses with disruptive and/or transformative potential for the agri-food sector.

An ideal ecosystem would see more entrepreneurs progress faster and more successfully. More talented, well-prepared young people would embark on the entrepreneur’s journey. They would access the support to generate viable ideas, establish a sustainable business model, and access the capital they need to take their business to scale. And their efforts would be enabled by strong physical infrastructure – such as roads, telecommunications, dams and technology hardware – alongside stable, transparent and enabling policies.

MULTIPLE INITIATIVES EXIST, BUT GAPS REMAIN, AND THE SECTOR IS FRAGMENTED

Hundreds of initiatives, local and international, are serving the youth entrepreneurship and job creation agenda throughout Africa. These are complemented by an expanding network of tech and co-creation hubs, which has increased by 50 per cent since 2016 to over 450 hubs across the continent. Universities are putting increasing focus on the business opportunities in agriculture. These activities and spaces have been fundamental in encouraging, training, linking and financing entrepreneurs in many sectors and geographies. Where they are effective, these initiatives should be celebrated and sustained.

Yet, despite laudable efforts across these areas, significant gaps persist. At each stage, there are bottlenecks and challenges that limit the emergence of sustainable new businesses of all sizes, including gazelles, into the agri-food sector. We asked 46 interviewees – from young entrepreneurs to the people who support them – to shed light on current gaps and provide guidance on addressing them. Here is what we heard.

WHAT WE HEARD: INSPIRING A NEW GENERATION OF AGRI-FOOD ENTREPRENEURS

We asked: How might we inspire a new generation of agri-food entrepreneurs in Africa?

The key recommendation was to create a new narrative, linked to highlighted agri-food opportunities. This could be achieved through:

- Publicising ideas and unmet needs to attract agri-food and tech innovators. They’re hungry... but they don’t know what’s possible,” one interviewee said of aspiring entrepreneurs. Entrepreneurship challenges, research, and support for startups’ market testing can help uncover context-specific market opportunities and prompt youth to recognise the business opportunities in the sector. Further, a deliberate appeal to technology entrepreneurs, who may be agnostic to the sectoral application of their tools, will open untapped opportunities for value creation.

What we heard: supporting agri-food entrepreneurs’ journey

We asked, How might we better support African agri-food entrepreneurs on their journey?

The key recommendation was to better connect the ecosystem of support around entrepreneurs. This would involve:

- Developing and publicising a central access point for information and investment opportunities. The presence of community-driven, well-publicised places could support the entire spectrum of the entrepreneurship journey and facilitate access to peers and collaborator networks; competitions and programmes; investors; learning materials such as for agrotechnology, agronomy, and business planning; and other forms of inspiration and support.
- Strengthening and broadening support on pro bono.
- Access to mentorship. “Your network is more valuable than money; money cannot speak to you,” one interviewee said. The vast majority of entrepreneur interviewees referenced this need. The few individuals and organisations who serve as informal clearinghouses are overwhelmed by demand. It can be difficult to aspiring and current entrepreneurs to identify where and how to find mentors, yet this is among the key success factors for building a successful business.
- Access to businesses for market testing and linkages. Many interviewees pointed out the difficulties in market assessment and testing, along with the gap between small-scale funding available for early-stage ventures, and the more difficult leap to securing investment or corporate acquisition. This can be addressed by designing longer-term engagements – such as incubation programmes that embed entrepreneurs within a larger company – to build trusted relationships. Notable examples of such approaches are already working: expanding or complementing them would extend opportunity to other entrepreneurs.
THE NEED FOR A NEW LEVEL OF COMMITMENT AND COORDINATION

These insights demonstrate that, despite ongoing initiatives, entrepreneurs experience significant gaps and challenges in pursuing their journeys. This is due to four factors:

• Current initiatives put limited focus on entrepreneurship in the agri-food sector. While youth vocational and entrepreneurship programmes abound, few focus on business opportunities pertaining to agriculture and food in particular. This perpetuates the mindset that the agri-food sector is uncool and unprofitable, diverting talent and investment to other sectors.

• Support programmes and services are largely small and have highly variable quality. Without common frameworks and standards, the selection of initiatives can be “hit or miss” in creating true value for entrepreneurs. Some services engage an entrepreneur on one part of their journey, but do not continue that support across her stages of growth.

• There are gaps in support to entrepreneurs’ journeys. Entrepreneurs describe significant gaps in the support they can access along their journey. Existing programmes are leaving needs unaddressed, such as quality mentorship, linkages to venture capital, and business development services. These needs will be compounded with an increased number of aspiring entrepreneurs.

• Efforts in the sector are weakly coordinated. Where efforts do exist, they are rarely designed to complement each other. While some players are contributing to coordinating efforts, no current initiatives have the authority, reach and resources to provide cohesion and leadership across the sector.

No single actor can transform this agenda alone. It will take vision and sustained collaboration to cultivate this movement.

WHAT WE HEARD: ATTRACTING INVESTMENT TO PROPEL TRANSFORMATIVE BUSINESSES TO SCALE

We asked: How can we ensure SGBs access the capital they need to fulfill their growth potential?

The key recommendation was to develop and promote a blended finance continuum for agri-food entrepreneur support, including:

• Supporting young businesses to cross the threshold to venture capital. SGBs often emerge informally. Smaller-scale farmers and more formalised young businesses rarely have carefully-considered business plans, clear budgets and accounting systems, and governance policies. Such ventures also carry complex risks such as price, weather, policy, stability, infrastructure and finance that deter venture capitalists. Formulating these businesses is expensive and lengthy, but such efforts — underpinned by skills ranging from financial literacy to investment pitches — are key to attracting the investment vital for scale. One of the key gaps felt by entrepreneurs with high-potential businesses was the difficulty in crossing this threshold to venture capital. This entices both the readiness of such businesses and their leaders, but also a pull of interest and investment instruments toward such young enterprises poised for disruptive growth with the right investment.

• Creating a platform that elevates high-potential entrepreneurs and connects investors. A platform recognised and trusted by investors, which elevates promising businesses poised for growth, could streamline access and efficiency for market-based investment in niche and high-growth ventures. It could incorporate a trusted, shared framework — built upon from excellent existing examples — that illustrates actions for blending financial support to SGBs, from pre-seed through to Series A investment.12 Such a continuum should recognise, at inspiration and ideation stages, the value of grants for offsetting opportunity costs for prototyping ideas and achieving proof of concept. It would then incorporate financial instruments that shift away from grants and concessional funding toward equity or convertible debt, eventually enabling high-potential businesses to secure venture capital funding at scale.

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Cultivating a movement: a change agenda

The energy of this moment can become a movement. But to do so, it will need a collective effort built of passion and pragmatism, driven by youth and curated by their supporters, at once urgent and opportunistic.

FIVE PRIORITIES FOR JOINT ACTION

This landscape analysis reveals five priorities for a joint action agenda. Catalytic actions, joined together through collaboration structures, could enable Africa’s next generation to drive toward sustained, inclusive growth in the agri-food sector. These priorities are:

1. **Create a new narrative** that inspires talented African youth to imagine opportunities across the value chain and to pursue entrepreneurship in the agri-food sector.

2. **Curate the entrepreneur’s journey** to help youth access the education, technology, support and capital needed to move successfully from idea to scale.

3. **Highlight opportunities for innovation and disruption** to address unmet needs through commercial activity in the agri-food sector.

4. **Facilitate Small and Growing Businesses (SGBs’) access to finance** in stage-appropriate blends, including by bridging to venture capital.

5. **Champion a new agenda** that connects leadership, learning and resources.

Creating a new narrative will inspire the next generation of agri-food entrepreneurs. Consider the following three businesses: an online platform that crowdsources investment in farms; a modular cold storage hub powered by renewable energy; and an urban hydroponics business powered by artificial intelligence. The common thread is that each of these represents a new narrative about what business can look like in Africa’s agri-food sector. They are inspiring examples of the future of the sector and they speak to young and aspiring entrepreneurs.

This narrative is already being formed and can be accelerated. Using channels from traditional radio, to the increasingly pervasive communication platform WhatsApp, to social media channels like Facebook and Instagram, to televised media, to innovative mobile media apps, a concerted effort can be made to showcase “agri-food stars” across the continent. A sustained media campaign could tell relatable stories of rising entrepreneurs, advertise competitions and other opportunities, and create glamour and excitement around the industry. Over time, these efforts will crowd in new talent and ideas, bolstering creativity and opportunity.

Curating the entrepreneur’s journey will provide coherent support to growing businesses. The journey from inspiration to growing a sustainable business is full of blind curves and pitfalls. At present, a patchwork set of services and initiatives provide footholds for a few intrepid entrepreneurs; others are left without sufficient support, or knowledge to seek it out where it may exist.

By clustering resources to support the entrepreneur’s journey, organizations, governments and investors can provide a more coherent path for young businesses. Connecting existing hubs and initiatives in a broader network could provide a destination for entrepreneurs to be inspired, share ideas, learn, and connect. Such platforms could provide access to various forms of support, from mentors to business development curricula, to investment.

Highlighting unmet agri-food needs will drive innovation and disruption in the market. By expanding focus from “agriculture” to “agribusiness innovation” and bridging market research with business incubation, entrepreneurs can position to create new types of value in the sector. Investors, large businesses, competition hosts, governments, universities and others could highlight such needs via a common platform, providing focus and incentive for innovation.

Opportunities for sectoral disruption are also emerging. Consider an example from the transportation sector: a DARPA Grand Challenge for autonomous vehicles hosted in the US national transportation industry, leading to rapid development of self-driving cars, planes, boats and other vehicles. It remains to be seen what the African agri-food equivalent might be of such game-changing disruptions. Might they draw on the newest emerging technologies, such as blockchain, artificial intelligence and the latest learning, advances in biotechnology, or new business models for linking farmers to markets? It’s anyone’s guess what the future may hold – but we can create the conditions for innovative, sustainable and profitable businesses to grow and thrive.

Supporting SGBs’ access to stage-appropriate finance will enable more to grow and thrive. Micro, small and medium enterprises in low- and lower-middle-income countries face a $930 billion financing gap. There is clear need for strengthened and coordinated efforts to align different forms of capital, along with a continuum matching the pre-seed to Series A trajectory of a young business, to enable a more seamless journey for entrepreneurs. This would benefit financing organisations themselves by allowing them to focus on their niche, while linking to those supporting growth in the stages before and after them. New players may be more willing to step in if they know they are linking into a network of financial support to entrepreneurs, and if tapping into a growing, vibrant ecosystem of talented entrepreneurs with viable and scalable business models.

One priority for near-term focus is bridging the gap to venture capital for high-growth agri-businesses. A dual effort can be put on improving the business model, value proposition and team capacities of the enterprise team, while simultaneously encouraging investors’ attention and development of financing vehicles that can reach smaller, high-potential SGBs. Putting focus on these enterprises can be a lynchpin for sector transformation, as their success can inspire others, demonstrate proof of concept in the industry, and foster a culture of risk-taking and agility.

Championing a new collective effort will inform and propel this agenda. Strengthening the ecosystem for entrepreneurship across Africa’s agri-food sector will require a sustained, multi-year effort from diverse actors. These include the entrepreneurs themselves, accelerator and incubator initiatives, established companies, farmer organisations, policy experts, donor agencies, governments, universities, development finance institutions, and ultimately, commercial finance and investment bodies. No single organisation has the whole view of the entrepreneur’s journey and the common constraints faced as they grow from startup to mature business. Many organisations are now acting to strengthen entrepreneurship, but may operate in silos or competitively, with limited coordination to ensure their efforts add up to a holistic transformation of the overall ecosystem.

An “Ambassadors Group” is needed, inclusive of youth, to inspire and encourage the contribution of a new generation of young African entrepreneurs in driving innovation and growth in the agri-food sector, both in rural economies and urban environments. Such a group could provide vision, evidence-based priorities, and accountability to advance progress in this area. It could also integrate key issues of policy such as addressing land tenure, enabling predictable taxation, streamlining bureaucratic “red tape”, improving regional trade and fighting corruption.
Conclusion

The future will surprise us, indeed! What tech-enabled businesses might spring up on the streets of Lagos, creating jobs for thousands, trading throughout Africa, and providing solutions for the continent and beyond? What processing innovations on Rwanda’s rural farms might help the continent to “re-imagine rural”—linking smallholder farmers to peri-urban and urban markets, enhancing growth and well-being throughout the agri-food chain? What innovative new agri-food enterprises might spring up in Harare, or in dozens of dynamic hubs across the continent? We can only guess what the years ahead may hold, but we can collaborate now to set an agri-food entrepreneurship movement in motion.

Of course, it is young entrepreneurs themselves who will manifest this movement. If a coalition of visionary organisations can help to unleash and support their drive and creativity, we can seize a historic chance to accelerate inclusive growth through the agri-food sector all across the continent.

Let us not let the opportunity pass us by.

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- Ishmael Sunga, CEO, Southern African Confederation of Agricultural Unions (SACAU)
- Nomusa Taylor-Dube, Agriculture Consultant, Wasafi
- Donal Tekin, Chief External Relations Officer, Young, Sustainable Impact
- Makeda Tesfaye, CEO, NelFinImpact
- Ifongk Williams, CEO, Ikeel Fruit
- Liz Wilson, Senior Executive, Small Foundation
ENDNOTES

The term “agribusiness” refers to a high-growth company that has been increasing its revenues by at least 50 per cent annually for four years or more, starting from a revenue base of at least US$100 million. “Unicorns” refers to a startup company with a valuation of over US$1 billion.

This research was conducted by Wavzai Consulting, using its systems-oriented approach. More information is available at www.wavzaihub.com.

A three-month research process included 46 interviews with entrepreneurs and other stakeholders in various geographies, with clusters in Nairobi and Lagos, along with a co-curricular design session. Given the early stage of the Generation Africa initiative, the study is far from exhaustive, and leaves out insights and nuances from other perspectives across the diverse African continent. Future research could usefully complement this paper.

The international has engaged in Africa for over 50 years, including through system-level efforts in the agriculture sector such as support for the African Green Revolution Forum, the Africa Food Prize, Grow Africa and the Farm to Market Alliance, Ecomet Group is an African-owned business with a commitment to inspiring and fostering entrepreneurship across the continent.


2 Ibid. The report notes that seven in ten of those heading for Europe are not refugees fleeing war or persecution, but economic migrants in search of better lives.


10 The definition of “agribusiness” is given in US dollars, which is the standard used across all economies. It should be noted that the US dollar equivalent of these figures is comparatively high in all African countries.

11 Omidyar Network, Small and Growing Businesses (SGBs) are defined as those with five to 250 employees that have significant ambition and potential for growth, and typically seek financing in the range of $200,000-$2 million. “There’s More Than One Missing Middle: Segmenting small and growing businesses by their financing needs.” https://www.omidyar.org/blog/there-s-more-than-one-missing-middle-segmenting-small-and-growing-businesses-their-financing-needs. Accessed on December 27, 2018.


13 To align with the definition used by most African countries, we refer to “youth” as those between the ages of 12 and 35 years.


15 Ibid.


20 The Economist, “There is progress to be made in the business models of hubs designed to be self-sustaining.” This article noted that only one incubator on the continent is profitable without grants. “Encouraging African entrepreneurship.” https://www.economist.com/business/2017/04/06/encouraging-african-entrepreneurship. Accessed on December 27, 2018.

21 These interviews were concentrated on two geographies (Kenya and Nigeria, with a focus on their capital cities) along with pan-African and global institutions supporting activities across the continent.


23 Series A financing is typically given by venture capitalists or angel investors when the new ventures generate revenue from their business model, though it will almost never be generating net profits.

24 The Council on Smallholder Agricultural Finance is an example of a platform that effectively combines financing at different phases of growth for agri-food businesses. More information is available at https://www.csaf.net/.

25 There are notable exceptions to this, for instance, Ashoka’s program invests in every stage of an entrepreneur’s journey once she or he has been selected.

26 VC4A represents a leading example of such a platform, accessible at https://vc4a.com/.


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