

STARTUPS 4 AFRICA

**MANIFESTO FOR THE DEVELOPMENT OF A
THRIVING COMMUNITY OF AFRICAN-EUROPEAN
STARTUP ECOSYSTEMS**



Foreword

This Manifesto has emerged from a collaborative effort from **Startup Europe Africa Network (SEC2A)**, with the support of the European Commission, and contributions from a wide range of stakeholders from Europe and Africa. The goal is to promote that European and African entrepreneurs, startups and all ecosystem builders engage in a community of networked ecosystems that foster the creation and growth of startups and scale ups, exploiting opportunities from both regions and markets.

With this Manifesto the authors and contributors do not pretend to impose any fixed model on how to develop African startups Ecosystems. We do realize that within Africa, like within Europe, there is a wide diversity of social, economic, regulatory and cultural realities, and that there are many different ways and conditions that lead to the successful creation and growth of startups. Yet, we believe it is worth pursuing common efforts that may contribute to enable, facilitate and accelerate new opportunities to those that see Entrepreneurship as a way of creation and development of wealth creation, well-being and life fulfilment.

The Manifesto is organized in 6 main themes, within each theme we have considered 3 initial Challenges, and within each of them a set of Actions. The themes are as follow:

- Digital Innovation Infrastructure
- Education and Skills
- Access to Talent
- Access to Markets
- Access to Capital
- Tax and Regulatory Environment

This Manifesto is a living document. We aim to obtain as many contributions as possible, from African and European ecosystems players and agents. Over time, with the natural evolving and learning experience, we will fine tune with more specific actions that may contribute to support decision makers to address needs and desires from the community and hence deliver tangible benefits. Please send your comments to info@startupeuropeafrica.eu or access to www.startupeuropeafrica.eu/manifesto.

We welcome you all to contribute to the Manifesto **STARTUPS 4 AFRICA!**



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Why should Africa focus on startups? And Why should we foster an Africa-EU Community?

Startup movements have been growing across the world, and Europe is one of the areas of the world that leads this movement. This movement has been important for employment growth, wealth creation, and a way to the fast incorporation of technological innovation in the markets.

Over the last 7 years much has changed with the emergence and consolidation of many European ecosystems, particularly in the digital arena, around Europe's main cities. There is a large dynamism in European entrepreneurial ecosystems, with acceleration programs, incubation, government-led and private-led initiatives, with the emergence of startups everywhere, with an increasing role of startups for innovation at government level and large corporations. Today, in Europe, the biggest challenge is the ability of startups to become scale ups or high growth companies. Moreover, Europe is building its Digital Single Market that will be fundamental to leverage market access for all companies and particularly startups.

African countries are amongst those with the highest ranking on people having their own enterprise. However, this is mainly a result that emerges from the need of self-employment on those countries. Evidence demonstrates that there is an entrepreneurial culture in African countries and there are notorious examples of high growth African startups, but these tend to be exceptions, since entrepreneurial businesses are often small local enterprises, with limited ambition for a wider geographical reach, and with low levels of entrepreneurship sophistication¹, when compared with their counter parts from other geographical areas.

In spite this reality, in Africa the startup movement is also getting traction. The blossoming of mobile communications in Africa that facilitate the adoption of digital solutions and the ingenious championing of frugal innovation in many domains, is stimulating the emergence of a new wave of African entrepreneurs, some of them in the diaspora. Several African startups are becoming relevant and well known, and we are witnessing examples of the emergence of vibrant startups ecosystems in cities like Lagos (Nigeria), Nairobi (Kenya), Cairo (Egypt), Cape Town and Johannesburg (South Africa), with many initiatives led from local and international players. The relevance of African continent is demonstrated by how giants like Facebook or Google are increasingly investing in the development of African ecosystems, and European players like for example SAP, Orange, Telefónica, and BFI, are following the same path. Yet, evidence demonstrates that there is a lack of very successful African high growth startups / scaleups / unicorns². Most startups ecosystems are yet of small dimension and without critical mass on deal flow or exits that feed ecosystems with capital and role models. And, if Africa is catching the eye of major European corporations, there seems to be a generalized low interest from most European investors, and particularly European startups in African markets.

This Manifesto is grounded of the belief that cooperation between Africa and Europe in the startup movement will benefit players in both continents. While we believe that quick wins initiatives are likely to bring tangible results of the short-term, it will certainly bring long-term outcomes on the economy, jobs, employment, and societies of countries in both continents.

¹ Global Entrepreneurship Index, 2017

² Global Startup Ecosystem Report 2017

MANIFESTO THEMES

Theme 1:

Digital Innovation Infrastructure

Although physical infrastructure is considered as a given asset in Europe, the reality is not the same in most African countries. Mobile communications infrastructure has had significant investments in most African countries, and overall there is a reasonable coverage in the main African urban areas. Still there is a generalized lack of physical infrastructure to support and foster digital entrepreneurs and the growth of startups to a global scale. Moreover, despite the existence of vibrant nodes of entrepreneurship in some African cities (notable examples can be found in Lagos, Nairobi, Cairo, Cape Town, Johannesburg), there is a need to grow and multiply the number of initiatives and people that may support the development of the local less vibrant nodes entrepreneurial ecosystems, like has happened since 2010 in Europe. Successful African entrepreneurs along with Europeans can also share much of the knowledge gained through experience on how to develop Startup ecosystems and entrepreneurial communities, despite the differences between realities in different continents and countries and the natural serendipity on the emergence of these ecosystems.

Challenge 1.1:

Create, develop and support the emergence of a Pan-Africa Network of Digital Innovation Physical Infrastructure Hubs, where entrepreneurs and startups can find safe havens in terms of technological infrastructure

Actions:

1.1.1 Identify, assess and map existing African hubs that have available physical/technological infrastructure (communications, programming technology, storage and processing technology, etc. conditions are present.) able to support entrepreneurs and startups for reach global African and global scale (from incubators to co-working spaces).

1.1.2 - Create and develop local hubs with available physical/technological infrastructure (communications, programming technology, storage and processing technology, etc. conditions are present.) able to support entrepreneurs and startups for reach global African and global scale in main African cities where hubs are missing. Foster the development of the hubs with Public-Private Partnerships between government funding, corporates, and European agents established in Africa.

1.1.3 - Develop networking mechanisms between existing hubs and new hubs to share hard and soft technological capacity and enhance synergies between the hubs across the continent, including sharing development strategies and experiences.

1.1.4 Foster the creation and development of joint Incubators, Acceleration Programs, Co-working spaces with partners from both Africa and Europe in African countries with lack of technological infrastructure.

Challenge 1.2:

Develop the emergence of a EU-Africa Network of *Leading Entrepreneurs* to Mentor African Entrepreneurs and their startups.

Actions

1.2.1 – Create a directory of potential European Entrepreneurs with experience on the creation and growth of startups in Africa, along with European Business Leaders, that are willing to mentor African entrepreneurs on their activities of growing fast outside their local geography and particularly to expand to Europe.

1.2.2 - Create a directory of potential African Entrepreneurs with experience on the creation and growth of startups in Africa and that are willing to mentor other African entrepreneurs on their activities of growing fast outside their local geography and particularly to expand to Europe. A significant effort should be considered on pursuing that African diaspora entrepreneurs be engaged in this directory.

1.2.3 – Develop networking mechanisms with African and European corporations established in Africa countries that are open and willing to engage with entrepreneurs and support them with mentoring and assistance in growing their endeavours.

These actions can be done jointly with African and European partners that are already running acceleration programs and incubation initiatives and made openly available. It shall be considered the idiosyncrasies (economic, cultural, language, religion, etc.) of each African region.

Challenge 1.3:

Create, develop and support a network of European Innovation and Startup Hubs that can support African Entrepreneurs, and African Ecosystem Builders

Actions

1.3.1 - Create a directory of potential European Innovation and Entrepreneurship entities that have successfully developed programs across borders and that are open and willing to support the development of African Entrepreneurs and particularly African ecosystem builders (local acceleration programs, incubators and other initiatives).

1.3.2 - Develop networking mechanisms for European Innovation and Entrepreneurship entities to support African Entrepreneurs and particularly African ecosystem builders (local acceleration programs, incubators and other initiatives),

like supporting missions in Africa for European people and in Europe for Africa ecosystem builders.

1.3.3 – Enhance the development of joint African - European Innovation and Entrepreneurship initiatives, Acceleration Programs (horizontal, vertical, corporate), Incubators and other initiatives, with a blend of activities executed in Europe and across the various countries of the African continent.

Theme 2:

Education & Skills

Although African countries are amongst the countries in the world with highest enterprise activity, not always the basic important entrepreneurial competences for successful new business creation and growth are present. Although it is hard – if not impossible - to teach how to be an Entrepreneur, there are fundamental elements of entrepreneurship and how to create and growth a Startup business that should be part of education at all levels. European countries have over the last years incorporated and disseminated entrepreneurship topics in courses at different levels of education, from basic school to university level. Although there is evidence of some similar initiatives in African countries, it is neither generalised nor common to find this focus on African countries. This theme focus on disseminating the knowledge on entrepreneurship through the established education channels and making it more relevant to society and foster the culture that being an entrepreneur and realize their own ideas with the ambition to growth a business to be global, and not necessarily become an employee, may be a fantastic professional aspiration, and that is being pursuit by many youngster across the world. Moreover, it is important to provide mentoring and promote role models in order to strengthen incentives and support structures for women and girls, enhancing economic inclusion through digital entrepreneurship.

Challenge 2.1:

Incorporate Entrepreneurship education as an important/mandatory theme at African universities, in technological / science domains, but also in other areas like Healthcare Agriculture and Food, Finance, etc.

Actions

2.1.1 – Create a directory with the description of best practices examples of incorporating Entrepreneurship education at the university level, both across Europe and Africa, instantiated for each scientific domain (technology and engineering, life science, agriculture and food, etc.).

2.1.2 – Develop and expand existing digital content for teaching Entrepreneurship in the form of Massive Open Online Courses (MOOCs) and other means and make it available openly to African universities, sourced from European projects on the domain of Entrepreneurship.

2.1.3 – Create and develop partnerships and networks between African and European universities to share experiences on how to teach entrepreneurship in universities, sharing content, and creating joint visiting professor initiatives to sustain temporary mobility of faculty staff, focusing on how students can create startups.

2.1.4 – Create and support a platform to contribute to enhance African women's and girls' digital entrepreneurship skills, provide African role models, support the dissemination about their rights, help them on their decision-making processes, and promote gender equality.

Challenge 2.2:

Foster Entrepreneurship initiatives to African students at high school level

Actions

2.2.1 – Create and develop a set of high school courses and activities for African targeting students and teachers where some basic entrepreneurship content and main elements should be addressed. The courses and activities should be focused on experimentation and hands-on approach to entrepreneurship rather than entrepreneurship theory and models. These courses should be instantiated to encapsulate the cultural, language, political and religion differences across African countries. Lessons can be learnt from some European experiences.

2.2.2 – Create and develop Summer Entrepreneurship programs for students in high school, where they are challenged to develop a project to develop a business idea during summer vacations, aiming at developing entrepreneurial skills ranging from social to business competences.

Challenge 2.3:

Leverage to the market arena opportunities from outputs of African university researchers and academia

Actions

2.3.1 – Develop joint acceleration programs between European and African universities to motivate and train African researchers for taking technology developed in their R&D to the African, European or global market through the creation and growth of startups.

2.3.2 – Create cooperative schemes between African and European universities for supporting sabbatical leaves from faculty staff to exploit scientific results and ideas for entrepreneurial objectives, allowing African scholars to be spend time in Europe and European scholars spend time in Africa.

2.3.3 – Enhance cooperative schemes between African and European universities for supporting technology transfer and industrial and intellectual assets protection, and paths to commercial exploitation, liaison with corporates and startup creation.

Theme 3:

Access to Talent

Access to talent is one of the most challenging issues for startups anywhere in the world. Startups from early to later stages have a difficulty competing for the best talent, which is needed to become a market leader. Startups need quality engineers, designers and sales people, among other more specialized profiles, who are willing to trade off perceived stability and comfortable salaries. It is a challenging task to compete with resourceful corporates with well established reputation, for the same scarce talent. When money is tight and credibility has yet to be established, hiring the brightest and more experienced is very challenging and often impossible. Efforts must be made to increase the awareness of the working population that startups are a compelling career option. Startups have also major difficulties to attract women talents to their organization. In Africa, this is no exception and conditions should be created aiming for African and European talents to feel attracted to work in African startups.

Challenge 3.1:

Create friendly environments for young and women talents to work in African startups

Actions

3.1.1 – Develop Startup Talent Fairs in African universities to attract young students and particularly women for startups as a valid career option.

3.1.2 – Develop cooperative schemes between African and European entities to create program vouchers to support African startups to hire African young and women diaspora talents based in Europe.

3.1.3 – European and African governmental entities shall cooperate for the design of incentives for startups hire young and women talents thus allowing startups to maximize payment to these talents.

Challenge 3.2:

Create, develop and support the emergence of a Pan-Africa and EU-Africa Platform for talents to seek job opportunities in African and European startups

Actions

3.2.1 – Create, develop and support a Digital Platform for mapping and matching African startups job offers and talents seeking opportunities from all countries in Africa and in Europe.

Challenge 3.3:

Make it easy for African startups to hire outside their home countries, and to incorporate off-shore workers from anywhere in the world

Actions

3.3.1 – Foster cooperative schemes between African countries for the implementation of multilateral legislation supporting the easy mobility of talents across African countries for startups.

3.3.2 – Extend the “Erasmus for Young Entrepreneurs” program for startups from African countries.

3.3.3 – Create and develop an African program of the type like the European “Erasmus for Young Entrepreneurs” program for entrepreneurs and startups from African countries.

Theme 4:

Access to Markets

Entering and accessing markets in different geographical locations is always a major challenge for any business let alone a Startup. This is true within Europe, where for example, the Digital Single Market is aiming at overcoming existing barriers at European level, but also in Africa continent. Moreover, crossing regions is even harder than within a single region, and across the African continent there are many different economical, political, cultural, social and regulatory realities. Access to markets is about how to assist startups to enter in new markets for selling their innovative products and services. It is a crucial step for every entrepreneur since there is always the challenge for startups to growth business beyond local borders.

Challenge 4.1:

Create, develop and support a Pan-Africa Platform for assisting African and European startups to expand/grow in Africa countries markets.

Actions

4.1.1 – Create, develop and support a Digital Platform for assisting African and European startups in the process of gathering market competitive intelligence for growing and expanding in African countries markets along with guiding the in administrative processes.

4.1.2 – Create, develop and support a complementary network of local Focal Points in the main African markets to assist startups seeking to enter in those markets.

Challenge 4.2:

Create, develop and support a Platform for assisting African startups to expand/grow in European countries markets.

Actions

4.2.1 - Create, develop and support a Digital Platform for assisting African startups in the process of gathering market competitive intelligence for growing and expanding in European countries markets along with guiding them in administrative processes.

4.2.2 - Create, develop and support a complementary network of local Focal Points in the main European markets to assist African startups seeking to enter in those markets.

4.2.3 Encourage the development of startup visa programmes in European and African countries (e.g Estonia visa for entrepreneurs).

Challenge 4.3:

Develop special channels for making innovative European and African startups have easy access to governmental agents to facilitate administrative entry process in local countries.

Actions

4.3.1 – Foster cooperative schemes between African and European countries for the implementation of multilateral channels to governmental agents for supporting and facilitate the easier entry process of African and European startups in local countries.

Theme 5:

Access to Capital

Availability and quality of capital is key for the startups grow. Startups can bootstrap for a while but as fast-growing organizations that scale rapidly, their ability to raise investment quickly becomes crucial in their lifecycle. Hence, access to capital through business angels, investors, venture capital, from early seed money, to series A, B and C rounds funding is always a major hurdle in the life cycle of any Startup and Scale Up. African startups ecosystems have insufficient availability of capital in the local market, especially in the pre-seed, seed and Serie A stages which is limiting the growth of the local African countries ecosystem. Conversely, European startups despite having more easy access to capital for growing towards rich markets, like the US or for European rich countries, find difficulty to get funding for expanding towards less mature or rich markets like those in Africa. At a different level, it will be important to consider how to foster digital financial inclusion and digital financial services that are accessible and appropriate for women, since it may

increase women's financial autonomy and can improve the performance of their entrepreneurial activity.

Challenge 5.1:

Increase the availability of Private – Public Europe-Africa funds to support the growth of African startups to African countries and to Europe, from early stage to later rounds of investment.

Actions

5.1.1 – Create joint funding schemes from European sources and African governmental sources, to invest in African startups, from early stage to growth stages of series A and B rounds.

5.1.2 – Engage public funding schemes with large European and African corporations to create and develop public - private investment funds for early stage funding of African startups.

5.1.3 – Create and develop joint funding schemes from European sources and African governmental sources, specific to African women entrepreneurs seeking to create and expand their startups in Africa and Europe.

5.1.4 – Foster the emergence and development of digital crowdfunding platforms specific to African startups seeking high growth and European expansion.

Challenge 5.2:

Make available Private – Public EU-Africa funds to support European startups to enter in African markets

Actions

5.2.1 - Create joint funding schemes to invest in European startups in growth stages of series A and B rounds and aiming to enter in African markets.

5.2.2 - Engage public funding schemes with large European and African corporations to create and develop public - private investment funds for funding in European startups in growth stages to enter in African markets.

Challenge 5.3:

Create and develop training and education programs for investors interested in investing in African startups

Actions

5.3.1 – Design and implement Training and Education programs for investors interested in investing in African startups aiming at expanding at European markets and for those interested in investing in European startups aiming at expanding on African markets.

5.3.2 – Create, develop and support investors roadshows through networking events, competitions, incubators, acceleration programs as a way to foster proximity between African and European startups and investors.

5.3.3 Facilitate the exchange of best practices among business angels networks in Europe and Africa.

Theme 6:

Tax and Regulatory Environment

Europe and Africa share the same burden of having a large heterogeneity to fiscal and regulation rules, that creates difficulties for startups to grow. Still, the European Commission and some countries in Europe have been pushing forward new mechanisms to facilitate the emergence and sustainable growth of disruptive business from very innovative startups, from the tax and regulation perspective. Friendly taxation and a regulatory environment attractive to African startups across the continent is fundamental for the sustainability of African ecosystems, along with their attractiveness for European startups.

Challenge 6.1:

Design and implement taxation and regulations across the African countries, that address specificities of African startups.

Actions

6.1.1 – Create and develop a digital portal with best practices related with friendly taxation and regulatory environment across different countries in the world and highlighting developments achieved in African countries

6.1.2 – Create and support European – African task forces at the governmental level for the joint design and implementation of friendly taxation and regulatory environment for African startups. Maximize benefits for startups aiming at growing across the African continent or expanding for Europe.

Challenge 6.2:

Facilitate the administrative burden for the entry of European startups, entrepreneurs and investors in African continent.

Actions

6.2.1 – Create, develop and support a digital portal with instructions related with administrative requirements and processes, and regulatory environment across different African countries to facilitate the entry of European startups, entrepreneurs and investors.

6.2.2 - Create and support European – African task forces at the governmental level for the joint design and implementation of friendly processes for the entry of European startups and investors in African countries.

Challenge 6.3:

Design and implement an African Digital Single Market that may be interoperable with the EU Digital Single Market.

Actions

6.3.1 - Create and support an European – African task force at the governmental level for the design of an African Digital Single Market, grounded on the European experience with the Digital Single Market.