Africa Is Different From What You Think

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Abstract

Images of starving children and exhausted women still shape the image of Africa in Germany. However, the continent produces a multitude of brave, inventive, and innovative entrepreneurs. The way they develop their businesses differs in many respects from founders in Europe. They learn to cope with a dilapidated infrastructure and other adversities. Entrepreneurs in the North can also learn from this.

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2.1 Continent of Emerging Entrepreneurs

Kisangani is the last place on the Congo that can still be reached by ship. Kinshasa, the capital of the DR Congo, is a good 1200 km away. In between, dense rainforest makes the water-rich land along the equator impenetrable. For those who cannot afford the plane, the only option is the ship.

The American journalist and adventurer Henry Morton Stanley founded the city in 1883. The city would keep its name, Stanleyville, even after independence until 1966. Today, around 600,000 people live in the city, about as many as in Stuttgart or Düsseldorf. Around 3 million people live in the region.

This is where Djulio Bondoko Alonda became self-employed. Initially, he studied pedagogy, but did not want to depend on the uncertain salary payments of state positions. Therefore, he completed a degree in agriculture, first general agronomy, then agricultural machinery technology. Finally, he founded his own farm. On 5 ha, he grows beans, rice, cassava, and corn. In addition, he breeds laying hens, broilers, pigs, and goats.

This could enable him to make a profitable living and provide well for his family. Because even though no one in the region around Kisangani suffers from hunger, the food situation is critical. The farmers in the region cultivate small areas, with the yield of which they sometimes better, sometimes worse, make ends meet. There are virtually no professionally run businesses in the region. A privately run foundation is still active and a company that offers fish and meat. The population depends on traders who bring food from the east of the country from Lake Kiwu. They also import food for the population around Kisangani from Uganda or Rwanda. Wherever the traders stock up, in Kisangani they sell their goods at high prices. When the unpaved roads turn to mud in the rainy season, the traders stay away completely.

"I want to build a modern business that offers good quality at acceptable prices," says Alonda. To this end, he is expanding his business from five to more than 200 ha, expanding the stables, modernizing them, and investing in the further processing of his products to make them durable.

Madey Adeboye is a Nigerian woman who is well known to many women across Africa. Because she is committed to ensuring that Africans can eat as healthily as the young urban population in trendy Notting Hill in London, in the Mission District in San Francisco, or in Prenzlauer Berg in Berlin. Green Grill House is the name of the café she opened in the Nigerian metropolis of Lagos, which is already well known to many African women far beyond the country's borders.

Madey Adeboye wanted to offer healthy dishes in her café and immediately—long before the Corona crisis—added a delivery service. This was a hit in the 23 million-strong metropolis of Lagos, where many young people with good education start their first job, have no time to cook, and yet pay attention to healthy nutrition.

In less than two years, Madey Adeboye made the leap from being a YouTube cook in her own kitchen to a media star in Nigeria, a country with an estimated 180 million inhabitants. When she became the mother of twins in November 2020, the entire media landscape of the country accompanied this joyful event.

In Germany, aid organizations present Africa as a continent of hunger. “Less is empty,” was the slogan of an advertisement by Bread for the World, showing a plate with a portion of rice grains that fits on a teaspoon. However, economic development on the continent has long since moved beyond clichés like this.

“We have the copy before you have the original,” Africans like to tease Europeans. Ashifi Gogo was increasingly annoyed that many quality products in Africa are being sold off in the form of cheap copies. The fakes increasingly look like the original, but often break down after a very short time. The penchant for copies can cost human lives. 42% of all counterfeit drugs on the globe come from parts of Africa south of the Sahara, estimates the World Health Organization WHO (Mwai, 2020). Counterfeit drugs cause direct damage of an estimated 200 billion US dollars, and this figure does not even include possible follow-up costs due to untreated diseases or diseases caused by the counterfeit drugs.

Ashifi Gogo founded the company Sproxil, which aims to catch the counterfeiters. “If I pay a premium, I want to know if it’s real,” is his motto (Mwai, 2020). Since its founding in 2009, Sproxil has examined more than 2.5 billion product units in six countries for their authenticity (Sproxil, 2020). Via mobile phone, voice offers, and the internet, traders and consumers can check the authenticity of products or protect users from counterfeits from the outset. Large international companies such as the spirits manufacturer Bacardi, the gas station operator Total, or the beverage conglomerate Diageo (Guinness, Johnny Walker, Smirnoff, Bailey’s) are customers of Sproxil, as is the German pharmaceutical company Merck from Darmstadt.

For this innovation, the Ghanaian was showered with international awards and made it onto the list of the American business magazine “Forbes” of the 40 leading entrepreneurs under 40 years of age.

Djulio Bondoko Alonda, Madey Adeboye, and Ashifi Gogo represent a trend that has nothing to do with the image of Africa that has been ingrained in the collective memory of Germans for many decades: Africa, the place of the have-nots, the continent of the hopeless, which cannot manage to free itself from misery, hunger, war, poverty, and chaos by its own efforts.

Not only white Europeans, but also many Africans perpetuate this prejudice. “Africa has the shape of a broken heart,” Africa’s silhouette on the world map resembles a broken heart, sings the famous singer Imany from the Comoros in one of her songs.

The one-sided portrayal of Africa regularly annoys the African diaspora in Germany. In local television films, Africans are often portrayed as drug dealers, smugglers, or violent criminals, women as illegal refugees, prostitutes, or house slaves. Paradoxically, not only poor Africans are attacked, who some Germans suspect live at the expense of the German state, but especially educated Africans who dress well and drive quality cars from German premium manufacturers.

However, a completely different Africa has long since emerged: the Africa of emerging entrepreneurs who are taking their fate into their own hands and building an existence. In most African countries, people have no reason to embark on an uncertain and costly journey into an uncertain future in Europe. Because even if it is difficult for the German public to accept: Never before has the number of conflicts been as low as today, never before has Africa been as peaceful as in these times. The opportunities to rise in Africa are increasing year by year. From countries like Senegal, Ivory Coast, Kenya, Tanzania, Uganda, or Egypt, no illegal refugees are streaming to Europe.

In Nairobi, Mureithi proudly tells how he earns his living by working on construction sites. A kind of modern day laborer? Far from it. In his self-conception, he is an entrepreneur. Because depending on how big the construction site is and how many other orders he has, he hires workers who do at least part of the work for him. Therefore, in his eyes, his clients are not employers. They are customers.

This is the self-understanding of the new Africa: a continent full of entrepreneurs, of millions of people who are independently seeking independence, self-employment, and economic success. There are plenty of entrepreneurs in Africa. No one knows their number. Because most of them are entrepreneurs in some form, people who take their fate into their own hands, knowing that they cannot hope for state benefits. Most entrepreneurs belong to the informal sector of the economy, their office is their smartphone, their payment is cash or increasingly mobile, electronic money that is exchanged via apps.

Entrepreneurs in Africa, that's the single mother who sews clothes for the neighbors in her modest apartment, or the construction worker who wanders from one construction site to the next. But entrepreneurs in Africa are also the millions of young university graduates who try their luck in one of the technology hubs in Accra, Lagos, Nairobi, or Johannesburg and work for months on an app that is supposed to solve one of the many everyday problems in the lives of African people.

The new entrepreneurs benefit from the fact that the level of education on the continent has risen enormously in recent years. Many people who are now self-employed have learned a profession or studied, have grown up with computers and smartphones, and are already connected to the world via the internet.

In addition, billions have been flowing into the development of a modern infrastructure in Africa for years. In addition to Chinese investors, who are building roads, railway lines, airports, and seaports, international telecommunications corporations are investing in mobile communications and have stretched the 4G network to the farthest corners of the continent in recent years. While Europe is still discussing 5G, the network in Africa is already being developed.

2.2 Fintech, Digitization, and IT

Digitization helps the young entrepreneurs. They usually invest in areas that are close to the living conditions of the 1.3 billion Africans. They launch consumer brands, build agricultural businesses, and develop apps that now make almost every area of everyday life easier.

The ICT Chamber is located at KG 7 Avenue in Kigali, the capital of the small country of Rwanda in the heart of the continent. It is one of the best neighborhoods in the city. President Paul Kagame has his seat on KG 7 Avenue, surrounded by a spacious park. The United States of America has its embassy at a roundabout in the neighborhood. The staff of the World Health Organization WHO are also neighbors of the president.

ICT is the English abbreviation for Information and Communication Technology. And that is the new raw material that will probably change Africa more than any other innovation before. The ICT Chamber is a private organization that has made it its mission to promote the development of information and communication technology in Rwanda.

For Rwanda, the focus on fintech, digitization, and IT is an important part of the strategy for economic development. Because Rwanda suffers from unfavorable conditions in the global competition for location. The country has no raw materials. Rwanda is also only suitable as an industrial location to a limited extent. The country is too far away from the coast in the heart of Africa. The nearest seaport, Mombasa on the Kenyan coast, is more than 1000 km as the crow flies from Kigali. A truck takes two to three days for this distance on the poorly developed, narrow roads. There is no railway connection. Agriculture is also hardly competitive, as Rwanda is known as the "land of a thousand hills" and is only suitable for modern, intensive agriculture in a few places. The mountainous country offers the worst possible topographical conditions for efficient agriculture. For a reasonably modern arable farming, terraces have to be created first. An important source of foreign exchange are the mountain gorillas in the rainforests. But here too, the economic potential is limited. In order not to destroy the habitat of the rare primates, access for tourists is strictly regulated.

Nevertheless, Rwanda is one of the economically most successful countries on the continent. This is due in part to the fact that Rwanda is part of the East African Community (EAC in English), which enables a customs union and economic integration around the Great Lakes in East Africa, which are exemplary for the rest of the continent. On the other hand, the government under Paul Kagame has achieved economic stability and the pacification of the country. However, the terrible genocide, in which an estimated 800,000 to 1 million people fell victim in 1994 and which still traumatizes the Rwandans to this day, is not forgotten.

ICT now accounts for 2 to 3% of the economic output of the small but prosperous country, the organization proudly announces on its website (ICT, 2020). The number of fintechs alone has tripled between 2014 and 2019, according to a study by the UN Capital Development Fund (UNDCF, 2019). By the end of 2019, there were 44 startups that simplify payment transactions, handle credit granting electronically, and replace the missing banks with the help of digitization. That's not a small number for a country with just 12 million inhabitants.

A tangible success that ICT has achieved is kLab, an open space for the young IT tinkerers in Kigali (kLab, 2020). In addition to a place to work, which the aspiring entrepreneurs can rent cheaply, kLab offers lectures, contacts, financing, exchange of experience, and study trips. The system of business angels that kLab founder Alex Ntale has built around the startup center sometimes helps with a little startup capital. Africa's startup entrepreneurs are modest. In most cases, 500 € are already helpful. An important part of the project is that successful entrepreneurs who have outgrown kLab often support the next generation of founders as mentors.

Websites no longer play a role for these founders. That is the past, the world of desktops. Africa's IT founders of today program for the mobile internet and only design apps. This is where the future lies, at least for the time being. In a few years, apps will be as superfluous as websites are today. The stationary internet has never really taken hold in Africa. In the past, users had to struggle through the web at a snail's pace in stuffy internet cafes on old mills, often still equipped with slots for floppy disks, the technology of the 1990s. The present belongs to tablets and smartphones, not necessarily the expensive Apple devices, but the cheaper versions from China. After all, almost all major cities in Africa are already equipped with fast internet based on LTE and 4G and are currently preparing for 5G.

In the global competition of the IT industry, Rwanda can play out its advantages. Due to the colonial past—the country was first a German colony, then for many years Belgian—the traditional official language is French. However, hundreds of thousands of Rwandans grew up in exile in Uganda, where English is the official language. Today, both English and French are spoken in Rwanda. This pays off in the development of apps. "This allows us to develop apps for almost the entire continent," says Alex Ntale. Although there are an estimated 1200 to 2000 African languages on the continent, almost every African also speaks the language of the former colonial masters: mainly French and English, Portuguese and Spanish in some countries. In addition, parents often send their children to private schools, where teaching is usually in English or French. African parents value their children's education. That's why they give up a lot to come up with the school fees.

A lot is wrong in Africa. Even the tourist arriving by plane is easily overwhelmed by the apparent chaos at the completely overloaded airports in the African metropolises. Traffic is on the verge of collapse in most cities on the continent. The roads are rarely in better condition than the cars that stand on them for hours in traffic jams. If Africa ever appears in the headlines of the European press, it is usually with coups, unfair elections, conflicts, hunger crises, refugee dramas, or orphaned children.

Wouldn't it be all too understandable to write off the continent in view of these tragedies? Africans perceive such an attitude as an expression of European ignorance. From the perspective of the many entrepreneurs and start-ups in the south, a completely different picture emerges: Africa is in their eyes the emerging continent with countless opportunities, a continent that is finally getting economically moving and is setting about catching up on its economic backlog. “We in Africa are in the process of designing our own economic model,” says Peter Kahihu, a Kenyan consultant who travels the continent and helps companies break down strategic goals in their growth into individual steps and formulate them in a comprehensible way.

2.3 Successful Role Models

There are few state support programs for start-ups on the African continent. However, many successful entrepreneurs support those who want to follow in their footsteps. They act as mentors, like in kLab in Kigali. Or they launch their own initiatives. One of them is Tony Elumelu, a Nigerian investment banker and entrepreneur, whose name is as familiar to young Africans as that of American Hollywood stars. Born in 1963, Elumelu studied economics in Nigeria and completed his master’s degree at the University of Lagos. He began his professional career at the Union Bank of Nigeria, one of the country’s leading commercial banks. It is a legacy of the former British colonial power, originally called Colonial Bank and was taken over by the British bank Barclays in 1925. In the early 1970s, it fell into the hands of the Nigerian federal government, until the state withdrew from the bank’s capital in 1993.

Elumelu himself became a banker, first taking over the Standard Trust Bank in 2005 and then the United Bank for Africa (UBA). He then founded Heirs Holdings, his own investment company, which invests not only in the financial sector but also in electricity, oil, gas, real estate, hospitals, and the health sector in general.

Elumelu is the inventor of *Africapitalism,* the belief that the private sector in Africa has all the opportunities to create wealth for everyone on the continent through long-term investments. He wants to promote an African form of impact investing and investments in the service of the common good. This vision costs the banker and entrepreneur a lot. He founded a think tank, the Africapitalism Institute, and the Tony Elumelu Foundation, which is supposed to provide African entrepreneurs with the support they need on their way to success. The overarching goal is to strengthen Africa’s competitiveness as a whole. Indeed, the continent lags far behind global standards in terms of productivity.

In 2019, Elumelu’s foundation and the United Nations Development Program (UNDP) launched a joint program to support a total of 100,000 entrepreneurs in Africa over the next ten years. This is expected to create millions of jobs and contribute at least $10 billion annually to African economic performance (UNDP, 2019).

English entrepreneur Richard Branson also supports Africa’s young founders. He himself built an empire around the Virgin brand, including a record label, a chain of entertainment stores, an airline, a railway company, and much more. In addition, he repeatedly made headlines as an adventurer in pursuit of new world records. He himself suffered from dyslexia and, because dyslexia was not recognized and treated in his time, performed poorly in his school achievements. Perhaps that's why Branson founded the Branson Centre of Entrepreneurship in Johannesburg, South Africa's economic metropolis, in 2006. Here, young founders are to be trained to successfully launch their entrepreneurial project while creating social benefits.

"When business for good comes to life you'll see the world like never before"—As soon as sustainable business emerges, you will see the world with different eyes, is the motto of the school. Branson Centre for Entrepreneurship (2020). For example, the center promotes projects that pave the way to a society that no longer produces waste.

Initiatives launched by Tony Elumelu or Richard Branson show: A wave of start-ups has swept the African continent. The new generation of entrepreneurs is fundamentally different from the business magnates who have shaped the continent in the past. The first entrepreneurs after the end of colonial times were often dependent on the political rulers. In many cases, entrepreneurship and state power coincided: The government awarded contracts to its favorites. Conversely, many politicians used their power to create a business base for their political power at the expense of the common good.

Today's generation of entrepreneurs often keeps their distance from the state. They are usually very well educated, bring international experience or even a degree from a foreign university. While universities in Europe and North America are still in demand, young academics are increasingly gaining their knowledge at universities in other emerging countries, in China, Malaysia, India, Morocco, or the Philippines—and increasingly in Africa itself.

2.4 Mo Ibrahim

One of their great entrepreneurial idols is an entrepreneur of the old guard: Mo Ibrahim. He is undoubtedly one of those exceptional figures whose rise is not based on corruption, the abuse of political power, or close cronyism with the political rulers, but rather on a mixture of diligence, persistence, and creativity. His name is largely unknown in Germany. In Africa, it is as familiar as the names of great entrepreneurial families like Miele, von Siemens, or Peugeot in Europe.

Mo Ibrahim played a major role in the development of mobile communications in Africa. The mobile phone has unleashed economic potential in Africa like few other innovations before. Before the mobile phone, Africans were at the mercy of the mostly state-owned telephone companies. The cables were constantly torn or stolen. Often, workers from the telephone companies cut them themselves to repair them in return for a bribe. Ibrahim freed the continent from the nightmare of telephone cables and built the first African mobile phone operator. The company was called Celtel.

Ibrahim was born in Sudan in 1946, which was then still a British colony. He first studied electrical engineering at the University of Alexandria on the Egyptian Mediterranean coast. With a bachelor's degree in his pocket, he went to northern England, completed a master's degree in electronics and electrical engineering at the University of

Bradford. Finally, in 1981, he earned his PhD in mobile communication at the University of Birmingham, the Anglo-Saxon equivalent of the German doctorate.

Ibrahim began his professional career at British Telecom, where he was involved in the development of mobile communication. He recognized the enormous possibilities that mobile telephony offered. From then on, he was inspired by the desire to bring the new technology to Africa. However, the management of British Telecom was not interested in expansion in the south. Probably Ibrahim's superiors could not imagine how the Africans, with all the poverty on the continent, could pay for mobile communications.

Ibrahim tried his luck on his own. In 1989, he left British Telecom and founded the consulting firm MSI, which advised on the construction of complex mobile networks and quickly grew to around 800 employees. With the capital he accumulated there, he built his own mobile business in Africa. A huge undertaking—apart from the connections to the satellite systems in space, Ibrahim also had to build and operate a network of transmission towers. Persistently, step by step, Ibrahim advanced his company as if following a grand master plan. Celtel quickly expanded its activities, from Nigeria to Kenya, Uganda, Tanzania, Malawi, Zambia, the DR Congo, Congo-Brazzaville, Chad, Niger, Burkina Faso, Sierra Leone, Gabon, Madagascar, Ghana, and Sudan.

In 2005, Ibrahim sold his company for $3.4 billion. At that time, Celtel had 24 million customers in 14 African countries. First, Ibrahim's founding went to the mobile phone company Zain from Kuwait, then in 2010 to the Indian mobile phone provider Bharti Airtel. Zain received $10.7 billion for its Africa business at the time—three times more than Zain had paid for Celtel five years earlier. Given this price increase, no one can claim that no values are created in Africa. Today, the company operates under the brand Airtel Africa. The story of Celtel also shows how Africa's economic relations are breaking away from the old colonial powers in Europe and new business connections are emerging between the emerging countries. Although Airtel sold its activities in Sierra Leone and Burkina Faso to the French competitor Orange in 2016. But the company still sees itself as a leading telecommunications corporation thanks to a presence in 14 African countries, in India, Bangladesh, and Sri Lanka, which also offers its customers mobile payment transactions and other financial services through the Airtel Payments Bank. Airtel Africa's stock is even listed on the London Stock Exchange, where it was valued at around $4 billion in market capitalization at the end of November 2020. After all, Airtel Africa has a good 116 million customers, who bring the company a turnover of about $3.4 billion (Africa Airtel, 2020).

Celtel is the story of an African who was born in the British colonial empire and brought a new technology to the continent, where until then the former colonial masters exported their mostly outdated surplus products to Africa.

Ibrahim's success story also shows how little the new entrepreneurs on the continent have to do with shady businessmen who want to get rich quickly and then flaunt large villas, expensive sports cars, easy girls, and cool champagne. For years, with incredible persistence, Ibrahim worked to open up the African continent with a mobile network because he was convinced that this was the right thing to do.

According to European clichés, Ibrahim would have led a life of luxury after selling his company, with yachts, decadent parties, alcohol flowing freely, and spoiled children. None of this happened. A life in bling-bling capitalism would not have suited Mo Ibrahim. Even today, he leads an inconspicuous lifestyle in the UK. And he did something that all African entrepreneurs do as soon as they come into money: He engages in charity. For African entrepreneurs, it would be a strange idea not to give back to society some of the wealth they have earned.

In this respect, too, it is clear that Ibrahim is an unusual personality. In 2007, he founded the Mo Ibrahim Foundation, which pursues a unique goal: It wants to raise the standards for good governance in Africa. The foundation publishes the widely noted Ibrahim African Governance Index, which traces the development of governance on the African continent. In addition, the foundation awards a prize to African statesmen who voluntarily resign from their post and hand over their power to a democratically elected successor. For this, the Mo Ibrahim Foundation currently awards a prize of $5 million, which is paid out over a period of ten years (Mo Ibrahim Foundation, 2020). This makes it financially worthwhile for an African statesman, even with a low remaining life expectancy, to qualify for the Mo Ibrahim Prize rather than the far more uncertain Nobel Peace Prize, which is endowed with only $1.3 million. But more than the prize money, the Mo Ibrahim Prize could be a status symbol for African politicians who want to distinguish themselves with good governance.

However, the prize has not been very successful so far. Since the first award in 2007 to the former President of Mozambique, Joaquim Chissano, it has been awarded only six times in the twelve years until the end of 2019 (Mo Ibrahim Foundation, 2020). However, the foundation announced in early 2021 that Mamadou Issoufou, the former President of Niger, will be awarded the prize. Issoufou was first elected to office in 2011 and re-elected five years later, with the opposition boycotting this election. Unlike other heads of state in Africa, Issoufou did not try to secure a third term in office against the constitution. Mohamed Bazoum was elected as his successor, also thanks to Issoufou's support.[1]

2.5 Aliko Dangote

Aliko Dangote is as little known in Europe as most African entrepreneurs. However, the businessman from Nigeria is the richest African and is one of the great role models for many other established and aspiring entrepreneurs in Africa. His name is familiar to everyone in African business circles. The American business magazine Forbes estimates his personal fortune at last count to be 8.3 billion US$ (Forbes, 2020). This puts him in

[1] https://mo.ibrahim.foundation/news/2021/president-mahamadou-issoufou-wins-2020-ibrahim-prize-achievement-african-leadership

162nd place on the Forbes list of the world's richest people. 8.3 billion is a considerable sum. However, six years ago it was three times as much, 25 billion US$. The ongoing decline in oil prices, the general economic weakness of Nigeria, and the consequences of the Corona crisis have taken their financial toll.

Dangote was born in 1957 in Kano in the north of the country into a Muslim family. At the age of 20, he founded a small trading company and soon moved to Lagos, the bustling economic metropolis and trading center for all of West Africa. Dangote quickly expanded in the food business, trading in sugar and flour. He also entered the cement business. Today his empire includes sugar, salt, tomatoes, rice, fertilizers, plastic bags, an oil refinery, and cement, to name just a few of his wide-ranging business fields. From being the head of a trading company, he transformed into an industrial captain who controls the most powerful conglomerate in Africa's largest economy.

Dangote Cement is not only the undisputed market leader in Nigeria, but also sees itself as the largest producer of cement in all of Sub-Saharan Africa. Cement is the raw material that the economic upswing in Africa needs most urgently. New buildings are concrete landmarks of the rise. In ten countries of the continent, Dangote Cement produces more than 32 million tons per year. The group is well represented in the western part of Africa, in Senegal, Sierra Leone, Ghana, Cameroon, and Congo, but also in the south, in South Africa and Zambia, as well as in the east of the continent in Ethiopia and Tanzania. This has relegated large European cement conglomerates like Holcim-Lafarge or Heidelberg Cement in Africa to the ranks. No wonder that Dangote Cement is also the largest value on the Lagos stock exchange.

The Corona crisis has also hit Africa economically, even if the recession was not as sharp as in Europe. Nevertheless, Aliko Dangote is convinced that cement will remain a key product for the continent: "Despite the recent weakening of the economy, Sub-Saharan Africa will need significant investments in infrastructure and housing as urbanization increases and economies diversify away from dependence on agriculture, commodities, and oil towards production, retail, and services," according to the Dangote Cement website (Dangote, 2020). "Increasing prosperity and the shift towards younger, wealthier, and more mobile population groups will increase the demand for real estate as the number of individuals in a household decreases."

Not only in cement, but also in sugar, the Dangote Group is the market-dominating player in Nigeria. And if you already operate your own sugar refineries, it makes sense to also produce lemonades and other soft drinks. And if Dangote is already active in the beverage business, it's an easy step to also build a brewery conglomerate. But man does not live by drinks alone. He also needs flour. And that needs to be processed. So Dangote is not only the largest flour producer in the country, but also the leading manufacturer of pasta. Why buy the necessary salt when you can refine, process, and sell it yourself? Dangote is also active in the business with rice, fish, and fertilizers. Cotton, cashew nuts, cocoa, sesame, and ginger are also on offer. Dangote also laid 14,000 km of fiber optic cable in Nigeria.

Oh yes, Dangote is also planning an oil refinery near Lagos. It always annoyed the entrepreneur that Nigeria, although the largest producer of crude oil in Africa, does not own an oil refinery and therefore has to import gasoline and diesel. The inventory in Aliko Dangote's economic empire reads like an oversized mail-order catalog.

The Dangote family was not part of the old elites in Nigeria, even though the family had already achieved modest prosperity by the time of Aliko Dangote's birth. The beginnings of his entrepreneurial career, in his perception, reach far back into his early childhood. "I remember that as a primary school student I bought some boxes of sweets and resold them to earn some money," Dangote once told in a newspaper interview (AllAfrica.com, 2014). "I was very interested in business life even then."

When Dangote became self-employed in 1977 at the age of 20, a relative lent him a small start-up capital. What makes Dangote's career remarkable is that he initially pursued his rise outside the sphere of influence of politics. He did produce cement, but never ran his own construction company that would depend on public contracts. He expanded into the consumer goods sector, selling flour, sugar, salt, lemonade, beer, all politically harmless products. Only recently, after he had already become so influential as an entrepreneur that politicians could no longer harm him without further ado, did he start investing in areas that are considered more political: in infrastructure, fiber optic cables, and the oil industry that dominates the country.

Only once did Dangote also get politically involved. That was in 2003, when the then President Olusegun Obasanjo was campaigning for re-election. Dangote supported Obasanjo's election campaign with the equivalent of 1 million US$. In addition, he contributed about 250,000 US$ to the construction of the National Mosque, which was run by the committee *Friends of Obasanjo and Atiku*. And finally, Dangote supported the President's library with another million US$. These donations were highly controversial and were heavily criticized even then. Since then, it has not become known that Dangote has interfered in any election campaigns.

2.6 Peter Munga

Far from politics, Peter Munga also pursued his rise in Kenya. He was born in 1943 in a town about 150 km north of Kenya's capital Nairobi. In his hometown of Kangema, he founded the Equity Building Society in 1984, which over the years developed into Equity Bank. Today, the Equity Group Holding, with more than 9 million customers, is the largest bank in East Africa.

With the founding of the Equity Building Society, Munga challenged the country's major banks. At that time, the old British colonial banks still controlled the banking business in Kenya, Barclays Bank and Standard Chartered. Stanbic, which emerged from the Standard Bank in South Africa, also played a strong role in East Africa. But they only granted access to the banking system to very few Kenyans. They certainly did not grant them a loan, let alone a bank account.

Munga wanted to create a kind of building society with the Equity Building Society, based on the German model: Customers should have the opportunity to save for a home on a savings account and then be allocated a bank loan. With a start-up capital of just 100 US$, the visionary banker started his company.

The beginnings in this then still closed banking system were difficult. In 1993, the Equity Building Society was on the verge of bankruptcy. It lost about 60,000 US$ every year and had accumulated a loss of about 380,000 US$ over the years. In this hopeless situation, Munga appointed the then 31-year-old James Mwangi to the top of the bank. Step by step, he managed to turn things around. In 2004, the building society transformed into Equity Bank, whose shares were introduced on the Nairobi Stock Exchange two years later.

Today, the Equity Group Holdings is not only active in Kenya, but also in Uganda, Tanzania, Rwanda, South Sudan, and the eastern part of the DR Congo. An overseas expansion is always particularly laborious and expensive for banks in Africa, as they need a banking license for each country and must hold sufficient equity capital on site for each subsidiary bank abroad. While Munga has largely withdrawn today, Mwangi continues to lead the Equity Group. With a share of 5.2% of the shares, Mwangi is anyway the largest individual shareholder of the bank. The Corona crisis has shown that it was beneficial for the bank to have expanded into other countries in the region, according to a presentation of the business results in the third quarter of 2020 (Equity, 2020). Although the business has suffered in all countries where Equity is represented, the Equity Bank managed to get through the first two waves of the Corona crisis without losses.

More than through its business success, the Equity Bank distinguishes itself by always remaining a bank of the little people, in spirit a people's bank, opening up access to bank accounts, loans, and savings products to the broad population. And as increasing prosperity in East Africa reaches more and more population groups, the Equity Bank grows with them. Today, many craftsmen, traders, farmers, and small entrepreneurs are customers of the bank, which is regularly voted the best financial institution in the region. The bank operates 335 branches, 190 of them in its home market Kenya. This creates customer proximity. But the Equity Bank also does a large part of its business via smartphone. 93% of all transactions in the loan sector are processed mobile. However, these transactions only account for 22% of the bank's loan book. Because this is also typical Africa: Most bank customers only need a small loan for a short time, for example to pay school fees, or a supplier. This business is now largely handled mobile. Larger purchases or real estate financing, on the other hand, are still discussed by customers in the branch with the advisor.

The old colonial banks have ignored the market of small bank customers for decades. This is now taking its revenge, as these customers are increasingly becoming prosperous, getting good jobs, and saving for larger purchases, vacations, or their own apartment. This arrogance of the established banks initially offered the telecommunications companies the opportunity to offer their customers cashless payment transactions. The pioneer was Safari.com with their mobile payment system M-Pesa. Safari.com transformed the phone bill into a kind of checking account: Customers could hold credit there and send money to friends or family on their mobile phone account. Initially, this was done via SMS, today via apps. This also brought business to the many small shops and kiosks. Because there, customers of Safari.com can withdraw cash from their mobile phone account. Today, all telecommunications companies offer such a service.

At the same time, the local banks had to recognize the trend of the times and develop mobile banking early, earlier than the banks in Europe. Overall, the small local banks in East Africa have become increasingly professional and competitive. A sign of the strength and diversity of African banking is that microfinance institutions have never really gained a foothold in Africa, unlike in South Asia, Southeast Europe, or Latin America. And this is the achievement of entrepreneurial personalities in banking like Peter Munga and James Mwangi.

Entrepreneurs like the two bankers or like Mo Ibrahim and Aliko Dangote not only represent role models for millions of Africans for their own career in self-employment. They are also a model for how Africa, more than 60 years after political independence, is gradually fighting for economic emancipation.

2.7 Unexpected Hurdles

The difficulties that these entrepreneurs had to overcome are often overlooked in accounts like these. The career path is reduced to a sequence of foresight and smart decisions. But that's not the case. On the one hand, it's easy to find customers in Africa as a business: there is such a lack of so many things that almost anything can find buyers, regardless of whether an entrepreneur invests in mobile telephony, cement, banking services or pasta. On the other hand, nowhere is it made as difficult for an entrepreneur as in Africa.

The laws are often outdated and not adapted to the requirements of the modern world. Ethiopian commercial law, for example, largely dates back to the imperial era and does not recognize the legal form of a holding company, a company that does nothing but hold shares in other companies. The public institutions in Africa—ministries, regulatory authorities, offices and agencies—are usually understaffed. The desks are often occupied by officials who have hardly been trained for their task. This is compounded by a culture of error that leads to lower levels in the offices deciding as little as possible, for fear of being held accountable for their decision. Therefore, they push the decision onto other instances or other offices as much as possible. Entrepreneurs willing to invest thus risk being sent on a bureaucratic merry-go-round: The official is not responsible or can only decide when the other authority has previously issued a certain paper. However, this is only available if a third office has previously agreed. This approval is only given if… The Captain of Köpenick in African style.

Even worse than the much-lamented corruption is the selfishness of politicians who are indifferent to the common good and who only pay attention to their own advantage. They often block economically sensible projects in order to defend their own privileges or to secure a contract for another company, in which the politician is also considered.

Especially the lack of capital limits the expansion drive of Africa's entrepreneurs. Even for entrepreneur-friendly banks on the continent, it has become difficult in the wake of globally tightened rules for lending to finance young entrepreneurs if they cannot provide sufficient collateral. In this respect, start-ups in Africa are no different from those in Europe: they usually have no collateral and usually almost no capital.

International capital providers hardly close this financing gap. The continent benefits from a persistently high capital flow, even if it temporarily stalled during the Corona crisis. In 2017, private equity funds in Africa were able to raise 2.4 billion US$ according to data from the industry association African Private Equity and Venture Capital Association (AVCA). In 2018, it was 2.7 billion US$—an increase of 12.5%. In 2019, the volume increased by a good 40% to 3.8 billion US$. (AVCA, 2020). In the first half of 2020, the volume fell to just 500 million US$. This represents a sharp drop compared to the first half of 2019. But at least some industry representatives have managed to mobilize fresh capital for projects in Africa despite the Corona crisis. That's the good news.

In recent years, interest in capital investments in Africa has been so great that even international private equity firms have launched private equity funds for Africa, some with volumes of several hundred million US$. For example, fund initiator Abraaj placed a fund with a volume of 990 million US$ in 2015. The investment company Helios Investment Partners was the first to break the billion mark in Africa when it also placed a fund with a volume of 1.1 billion US$ on the market in 2015. American firms such as KKR, Carlyle or TPG also attracted attention with mega funds. Most recently, Améthis, a French private equity firm, managed to close the Améthis Fund Two with a volume of 400 million US$ in the first half of 2019.

These oversized funds confirm the great interest in investments in Africa, but suffer from the dinosaur syndrome: they are too big and unwieldy. The care of a stake in an entrepreneur requires a high level of attention. Therefore, a private equity fund can only handle a very limited number of investments. The rule of thumb is that a fund rarely manages more than ten to fifteen investments. This means that the amounts with which such a mega fund must enter an African company must go up with the volume of the fund. Conversely, good investment opportunities in the range of 100, 200 or even 300 million US$ in Africa are rare.

The subscribers of such giant funds had to learn this the hard way. The American investment company KKR, one of the largest in the world, for example, had to dissolve its private equity team for Africa because it could not find takeover targets that were large enough (Clark Ballard, 2017). Even worse was the fate of the investors who had invested with Abraaj: In 2018, the company was accused of embezzling investor money. The company got into trouble, the CFO had to leave, the Dubai Financial Services Authority imposed a high fine on the company (Louch Ballard Clark, 2018). In the end, the company had to be liquidated, and the fund initiator Actis took over Abraaj's Africa funds.

Also, the investments of international private equity funds are limited to a few economic sectors: In the past, when commodity prices were high, they invested heavily in the extraction of crude oil, natural gas, gold or metals. Today, investments are focused on power generation, telecommunications and other infrastructure.

Without a doubt, the poorly developed infrastructure is one of the major obstacles that hampers Africa's economic development. Airport operators must prepare for rapidly increasing passenger numbers and increasing intra-African trade. The seaports are too small and poorly prepared for further growth. The rail network is hardly existent in many places. The roads are too narrow and usually in poor condition. Africa needs a modern supply of drinking water, and this requires efficient disposal of wastewater and treatment of drinking water. The continent also needs schools, universities, hospitals, trams, subways, fiber optic cables, mobile phone masts and much more. Here, American or European investors are no longer ahead. "The East Asia and Pacific region, led by China, dominated global infrastructure investments with a share of 39%," says a World Bank study (World Bank, 2019).

Startup entrepreneurs in particular have a hard time when they are looking for financing. They usually cannot provide collateral for a bank loan. Finding equity is hardly possible given the amounts involved initially. Even larger companies fall through the grid of international capital providers. Thus, apart from Johannesburg, Lagos, Casablanca and Nairobi, only a handful of shares are actively traded on most African stock exchanges. Interest in African stocks or even bonds is still low among European investors. The assessment of the British business magazine *The Economist* still holds true today: "Africa is hopelessly underserved with investments" (Economist, 2015).

Africa's entrepreneurs need more support: They need better access to educational opportunities and sources of financing. That's why initiatives like the one Alex Ntale founded in Kigali are so important. Everywhere between Tunis and Cape Town, young entrepreneurs are resorting to self-help. In Nairobi, several startup centers compete for young IT entrepreneurs. Silicon Savannah is the name of the broad-based IT scene in Kenya's capital, in reference to the famous IT stronghold Silicon Valley along Freeway 101 southeast of San Francisco.

88mph, 88 miles per hour, is the name of one of the first startup centers that made Nairobi one of the most vibrant places in the world of digitization. Meanwhile, 88mph is also represented in Lagos and Cape Town. In many respects, the IT industry in Nairobi is more developed than in Kigali, which compared to bustling Nairobi seems like a tranquil place in the province. For example, 88mph provides young startups with up to 100,000 US$ in startup capital.

In September 2020, exactly between the first two waves of the Corona crisis, Mdundo, a portfolio company of 88mph, went public, specifically on the Nasdaq First Growth Market Denmark (88mhp, 2020). A nice prestige success for an African startup. Mdundo enables African youth to stream and download music easily and cheaply.

An important service of startup centers like kLab or 88mph is to provide young companies with access to sources of money. In developed countries, some venture capital funds have formed that want to support startup companies with equity. But the fund managers often sit thousands of kilometers away from the companies they supervise. Startup funds from Europe are inferior to the funds that operate locally and can closely supervise and coach the founders. Therefore, local funds, which are financially supported by international donors, for example, are clearly superior. Thus, 88mph has developed into a seed fund, the financier of the first financing round of a startup company. The long experience—88mph was founded in 2011—and the proximity to the tech scene in Nairobi, Cape Town and Lagos help 88mph. This close connection between founders and financiers is also one of the advantages that made Silicon Valley big. It is therefore not surprising that Silicon Valley has long since discovered Silicon Savannah. Corporations like Microsoft, IBM, Samsung or Google have been supporting hubs like 88mph for years.

Africa's app developers often solve problems that Europeans are hardly aware of. For example, in the portfolio of 88mph is a company that has developed a solution for a problem that many cities in emerging countries face: addresses either do not exist or are so imprecise that they are hardly findable. This is a major obstacle to establishing e-commerce and home delivery of products in Africa. Another company, based at kLab in Kigali, offers an app that works like a kind of Uber for the many moped taxis that are common all over Africa.

Products for Africans, designed by Africans—that's the big market of the future. European or American brands are still in demand as status products to show off wealth. But they often do not meet local taste.

Nigerian Taofick Okoya recognized the trend towards African products early on. Many African girls know the Barbie dolls of the American corporation Mattel. However, they cannot recognize themselves in the dolls with the light skin and long blonde hair. Okoya responded to this and in 2006 launched a toy series with black child dolls. Queens of Africa is the name of the company (Queen, 2020). His Nneka dolls are available in various versions, which are now well known to many African girls. Okoya also pays attention to ethnic peculiarities. For Nigerian customers, some dolls are easily recognizable as Igbo women, others as Yoruba or the third as Hausa. Okoya also has a Muslim variant with a headscarf in his range.

Okoya has since expanded his offer to include other ethno products. For example, he now offers backpacks in colorful Afro design for the children. "I'm not just selling toys," Okoya once said. "I'm also selling cultural values" (Jeune Afrique, 2014).

Mattel tried to react to the wave of black Barbies and brought its own black doll onto the market. It was not successful. Although it had black skin, it did not look in a way that African girls could identify with. Nevertheless, Okoya has since gotten competition, and from Africa. There are now also the Naija Princesses and Mompy from South Africa (Jeune Afrique, 2015). Even in Africa, the copy sometimes only comes onto the market after the original.

One thing African entrepreneurs have certainly recognized: African products for African customers, that's the trend.

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