



Food and Agriculture  
Organization of the  
United Nations



# Agriprenneurship across Africa

*Stories of inspiration*







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Piglets waiting to be fed at the Mpisi pig quarantine and breeding station in Swaziland.

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A local farmer inspects his sorghum crop that is about to be harvested in Ethiopia.

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An entrepreneur working with his business partner at his poultry farm in Rwanda.

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Women transporting fresh fish in iceboxes in Burkina Faso.

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Children drinking milk and eating snacks from a school feeding programme in Mauritius.

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## Foreword

Countries in sub-Saharan Africa face a number of pressing food system related issues, including high prevalence of food insecurity, hefty food import bills, low incomes for farmers, missed job and wealth creation opportunities, and environmental degradation linked to agriculture. In addition, drivers such as rapid urbanization, rising incomes and a growing middle class, as well as a high rate of population growth, result in increased pressure to deliver more food and higher value-added products. While agriculture employs the majority of the workforce in Africa and makes a significant contribution to the continent's gross domestic product (GDP), youth are moving out of rural areas and away from the sector. In the midst of this, there is growing youth unemployment across Africa. This portends huge risks for the continent and must be addressed. Agribusiness, agro-industry, and the entrepreneurs behind them have the potential to help change this course, and make a significant impact on Africa's development.

Agribusiness entrepreneurs are key drivers in the development of sustainable food systems and value chains, contributing to rural poverty reduction. In addition to bringing economic benefits, such as job and income generation, entrepreneurs also have the potential to bring positive social change, such as gender and youth empowerment. Agripreneurs are the risk-takers, the market movers and shakers, who will create jobs, stimulate economic development, advance gender equality goals, and protect valuable natural resources. Governments across Africa should therefore be doing their utmost to support burgeoning entrepreneurs. Empowering such innovators with the entrepreneurial drive and right competencies will greatly reduce unemployment. Yet while some countries in sub-Saharan Africa are improving the ease of doing business at encouraging rates, the business environment in Africa is not always conducive to entrepreneurship. On the contrary, it is often harsher for agripreneurs, and even more so for women and youth who venture into this field.

As part of its mandate to achieve global food security, the Food and Agriculture Organization of the United Nations (FAO) promotes agribusiness and agro-industry development, and aims to support the agripreneurs who fuel the emergence and growth of these businesses. In this context, FAO has partnered with EcoVentures International (EVI), a leader in market systems development approaches, to highlight successful African agripreneurs in order to inspire budding entrepreneurs and guide policy-makers to support them. Together, FAO and EVI set out to bridge the knowledge gap between the public and private sector, so as to support and promote agripreneurship.



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This work has led to the documentation of 12 inspiring cases of successful agripreneurs, which form the basis of this publication on African agribusiness entrepreneurship. Examples were carefully selected from 10 African countries – both anglophone and francophone – working in production, processing and input supply, to demonstrate the diversity of African agripreneurs. The cases provide colourful accounts of the agripreneurs, detailing how they got their start, where they accessed finance, the challenges they faced and how they overcame them, and the related policy implications.

The publication provides insights into agripreneurship in sub-Saharan Africa and outlines potential pathways for support that bolsters such enterprise development. It explores four topical themes that are at the core of agribusiness in this context – achieving success at scale, women's entrepreneurship, youth entrepreneurship, and agripreneurship in challenging environments. Filling a gap in the literature, this publication provides excellent examples of successful entrepreneurs working along agricultural value chains across Africa. It is envisioned that the publication will serve as a source of lessons learned in African agripreneurship, offering key advice to current and aspiring agripreneurs in business schools and incubator programmes across Africa. It should also be a source of reference for policy-makers throughout Africa when conceptualizing, designing and implementing agripreneurship programmes. The publication marks the first step in creating a repository of case studies of successful agripreneurs, with FAO serving as a knowledge hub for agripreneurship support.

This publication contributes to key FAO strategic objectives and programmes and aligns with Africa-wide frameworks such as the Continental Agribusiness Strategy of the African Union, which is an important instrument for facilitating implementation of the Comprehensive Africa Agriculture Development Programme (CAADP). This effort has also benefited from insights gleaned from other collaborative work with the African Union Commission on agribusiness.

Finally, the publication should help to foster collaboration with educational institutions and agribusiness incubators, making further linkages for future research, and facilitating enabling policy changes for agripreneurship. Educators are invited to make use of this publication in their classes to guide aspiring entrepreneurs. It is expected that the messages in this publication will help to inform development practitioners and governments in elevating agripreneurship. It is hoped that this will drive support for agripreneurship across Africa, thereby leading to decent job creation, increased food and nutrition security, and shared prosperity and improved livelihoods.

**Mark Kofi Fynn**

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at the African Union Commission*



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# Acronyms

<b>AAF</b>	African Agriculture Fund
<b>AAFEX</b>	African Agro Export Association
<b>AECF</b>	Africa Enterprise Challenge Fund
<b>AfDB</b>	African Development Bank
<b>AFEM</b>	Association of Women Entrepreneurs and Traders of Mali
<b>ALN</b>	African Leadership Network
<b>APEP</b>	Agriculture Productivity Enhancement Program
<b>ASARECA</b>	Association for Strengthening Agricultural Research in Eastern and Central Africa
<b>BDM</b>	Mali Development Bank
<b>BoP</b>	Base of pyramid
<b>CECI</b>	Centre for International Cooperation
<b>CEPICI</b>	Investment Promotion Centre in Côte d'Ivoire
<b>CEDAW</b>	Convention on the Elimination of all Forms of Discrimination
<b>CEO</b>	Chief Executive Officer
<b>CILSS</b>	Permanent Inter-State Committee for Drought Control in the Sahel
<b>CPI</b>	Industry Promotion Centre
<b>CSO</b>	Civil society organization
<b>CSR</b>	Corporate social responsibility
<b>EMRC</b>	European Markets Research Centre
<b>EVI</b>	EcoVentures International
<b>FAO</b>	Food and Agriculture Organization of the United Nations
<b>FICA</b>	Farm Inputs Care Centre
<b>FIVMPAMA</b>	Fivondronan'ny Mpandraharaha Malagasy
<b>FMCG</b>	Fast-moving consumer goods

<b>FOREX</b>	Foreign exchange rate
<b>GAIN</b>	Global Alliance for Improved Nutrition
<b>GDP</b>	Gross domestic product
<b>GEM</b>	Global Entrepreneurship Monitor
<b>HACCP</b>	Hazard Analysis & Critical Control Points
<b>ICT</b>	Information and communication technology
<b>IDB</b>	Industrial Development Bank
<b>IFDC</b>	International Fertilizer Development Centre
<b>ILO</b>	International Labour Organization
<b>IRC</b>	International Rescue Committee
<b>IRD</b>	Institut de recherche pour le développement
<b>KIRDI</b>	Kenya Industrial Research Development Institute
<b>LDB</b>	La Laiterie du Berger
<b>LLC</b>	Limited liability company
<b>MIT</b>	Massachusetts Institute of Technology
<b>MoA</b>	Ministry of Agriculture
<b>NAADS</b>	National Agricultural Advisory Service
<b>NASECO</b>	Nalweyo Seed Company
<b>NGO</b>	Non-governmental organization
<b>OPI</b>	Organization of Industrial Employers of Mali
<b>PEPFAR</b>	President's Emergency Plan for AIDS Relief
<b>PKL</b>	Protein Kissée-La
<b>POF</b>	Purchase order financing
<b>PROCELOS</b>	Promotion of Local Cereals in the Sahel
<b>RLC</b>	Regional Leadership Centre
<b>SAMIC</b>	South African Meat Industry Company
<b>SEZ</b>	Special Economic Zone
<b>SME</b>	Small and medium-sized enterprise
<b>SODEPAL</b>	Société d'Exploitation des Produits Alimentaires





<b>SSA</b>	sub-Saharan Africa
<b>TEF</b>	Tony Elumelu Foundation
<b>UCODAL</b>	Unité de Transformation et de conditionnement des denrées alimentaires
<b>USAID</b>	United States Agency for International Development
<b>USADF</b>	United States African Development Fund
<b>USTA</b>	Uganda Seed Trade Association
<b>USIU</b>	United States International University
<b>VAT</b>	Value-added tax
<b>VSAT</b>	Very small aperture terminal
<b>WAFICOS</b>	Walimi Fish Farmers Cooperative Society
<b>WEAN</b>	West African Entrepreneurs Network
<b>WFP</b>	World Food Programme
<b>YALI</b>	Young African Leadership Initiative



Swazi  
Fire  
Sauce



Swazi Fire  
Sauce

Cayenne

Ingredients: Garlic, onions, vinegar, salt, cayenne pepper, sugar, pure vegetarian

**Nutritional Information**

Energy (kJ)	600	28
Protein (g)	2.2	0.1
Carbohydrates (g)	2.4	0.1
Total Fat (g)	4.1	0.2
Sodium (mg)	0	0
Total Saturated (mg)	200	10

MAJAY SPICY

# Executive summary

There is increasing recognition of the strategic importance of agriculture, agribusiness and agro-industry in contributing to job creation, food and nutrition security and broad-based economic development on the African continent. The entrepreneurs behind these agribusinesses and agro-industries play a vital role in national development, bringing important innovations that improve agricultural productivity and impact the lives of many. Agribusiness entrepreneurs, or agripreneurs, are essential drivers of agrifood systems development. When agripreneurs succeed in creating and growing profitable and competitive firms, they do not only generate profits for themselves. More importantly, they generate jobs and tax revenues, and create critical products, services or markets, while improving the food supply and positively impacting the wider environment in which they operate.

With Africa's food import bill expected to triple in the coming years, coupled with the prevailing trend of exporting raw materials instead of higher value-added food products, there are plenty of employment and wealth generation opportunities on the table. From primary production to input provision, logistics, transport and marketing – the prospects for growth in the agricultural sector are vast. The growing youth population in African countries presents further opportunities for agripreneurship, especially when paired with technological innovations. The talent and drive of the continent's most precious resource – young entrepreneurs – can be harnessed to start and grow agribusinesses. In turn, this requires supportive regulatory frameworks, policies and programmes.

Due to the strategic importance of the agricultural sector in national development, agripreneurs are the focus of this publication. By sharing inspiring stories of successful entrepreneurs who have launched and developed agribusinesses, the publication aims to inspire and support agripreneurship. The case studies are centred around the four themes of impact at scale, women agripreneurs, youth agripreneurs, and entrepreneurs operating in challenging business environments. The various contexts and operational environments provide a variety of relatable lessons learned for current and aspiring agripreneurs and policy-makers across Africa. It is important to note that although the lessons learned here may apply to entrepreneurs and agripreneurs globally, the examples and focus of this publication is on African agripreneurs.

## Defining agripreneurship

Like all entrepreneurs, agripreneurs are risk-takers who deliberately allocate resources to a business venture, in this case an agribusiness, to exploit opportunities in return for profit; they are the primary decision-makers, responsible for the businesses' success or failure. The agripreneurs who are the focus of this publication are not subsistence entrepreneurs who engage in entrepreneurship as a survival strategy because there are no other options; their businesses are registered or enter the formal economy at least at some stage, and have achieved impact at scale in terms of sales, profits and jobs. Agripreneurs are not only engaged in production level activities, but create and develop agribusinesses all along and around the value chain.

Herein, agripreneurship is analysed using three interlinked layers: (i) at the inner core is the individual entrepreneur, and his or her intrinsic qualities and immediate cultural environment; (ii) the network environment and social capital of the entrepreneur connect the entrepreneur with the external environment; and (iii) the final outer ring consists of the broader enabling environment in which the entrepreneur operates. Although entrepreneurs can emerge from anywhere, individuals with an entrepreneurial spirit, high social capital and operating in a conducive environment, are far more likely to succeed.

## Agripreneurs operating at scale

Agripreneurs face significant challenges in establishing their businesses, but the next hurdle then becomes one of scaling up and ensuring sustaining growth. Scaling businesses involves taking a deliberate step towards transformative change, so as to create significant economic, and often social and environmental impacts. Four scaling strategies can be distinguished – deep, up, out or across – which involve some combination of targeting new or existing markets with new or existing products. Typically, an effective upscaling strategy will involve a combination of nine ingredients, centred around business and markets, governance, empowerment and transparency, and knowledge and technology. Business and markets includes developing a business case, generating awareness and demand, accessing finance, and developing the value chain. Strategies to improve governance and empowerment involve creating coordination platforms, engaging in lobbying and advocacy, and improving leadership and management. Finally, increasing knowledge and education, embracing technological innovations, and accessing data and information and communications technologies (ICTs) can also help agripreneurs to reach success at scale. A combination of these ingredients creates a recipe for success.

## Women's agripreneurship

Women's agripreneurship represents an immense untapped source of innovation, job creation and economic growth in Africa. However, women agripreneurs face a series of barriers and gender-based constraints in realizing their full potential. As in many other countries and contexts where men dominate the business world and related networks, being a woman entrepreneur in Africa brings additional challenges that male counterparts do not have to contend with. The five most widespread gender-based constraints to entrepreneurship that account for the majority of gender differences in entrepreneurial activities in Africa include a high share of domestic household work and care duties, as well as other sociocultural constraints; poor access to finance and fewer legal rights; lack of appropriate business skills and education; lack of role models, mentors and networks; and lack of gender-sensitive policies.

To ensure that women entrepreneurs have access to the same opportunities as men, policies and support programmes are needed, and sociocultural norms must change. There must be equal access to education at all levels, and business skills should be integrated into school curricula. Sociocultural norms that restrict women's mobility, legal rights and access to resources must be addressed. Policy-makers have a particularly important role to play in helping women agripreneurs to overcome the cultural constraints and institutional barriers that prevent them from thriving, by setting, implementing and enforcing gender-sensitive policies and programmes that govern society. Women agripreneurs would benefit from partnering with others and seeking advice through networks and mentors, while governments and development actors can further support women agripreneurs by providing platforms to create linkages, and encouraging networking and information sharing.

## Youth agripreneurship

Youth unemployment represents a significant socio-economic challenge in Africa, which has the youngest population of any of the world's continents. Encouraging entrepreneurship and agripreneurship, in particular, is a critical part of the solution to creating jobs for the burgeoning youth population. Young agripreneurs can make significant positive contributions to economic, social and environmental impacts. However, innovative policies and programmes are needed to incentivize youth to become agripreneurs, and to provide the necessary support to overcome age specific barriers.

Young entrepreneurs may have to overcome greater barriers to succeed than their more experienced counterparts. Aspiring young entrepreneurs need improved skills and education, access to finance and capital, mentorship and links to professional networks.



Furthermore, an improved business enabling environment is indispensable to all agripreneurs, but particularly to young agripreneurs, as issues of corruption, crime and underdeveloped infrastructure may be especially challenging for youth, who often lack the connections and knowledge to overcome such hurdles.

### Agripreneurship in challenging business environments

All businesses operate within an environment comprising political, societal, economic and environmental elements, as well as regulatory and institutional constraints. The setting in which an enterprise operates strongly influences its chances of flourishing; even the most skilful agripreneur will struggle to survive in an uncondusive environment. According to a number of assessments and indices, countries in Africa have some of the most challenging business environments with the least business-friendly regulations, characterized by issues of complex bureaucratic procedures, insecure land tenure, inadequate access to finance and extension services, and poorly developed infrastructure. Political, economic, societal and environmental elements that influence the success or failure of a business are outlined below.

- 1] **Political elements:** peace and political stability, good governance, social dialogue, the rule of law and secure property rights, as well as respect for universal human rights and adherence to international labour standards.
- 2] **Economic elements:** sound and stable macro-economic policy, good management of the economy, trade and sustainable economic integration, an enabling legal and regulatory environment, fair competition, and access to financial services.
- 3] **Societal elements:** entrepreneurial culture, physical infrastructure and information and communications technologies (ICTs), education, training and lifelong learning, social justice, social inclusion, and social protection.
- 4] **Natural elements:** responsible environmental stewardship in the provision of access to natural resources, including protection of clean air and water, preservation of soils, ecosystems and genetic resources, as well as climate adaptation and mitigation.

### Advice for aspiring entrepreneurs

Agripreneurs operating across Africa have shared their insights and experiences in launching and developing agribusinesses, so as to help other entrepreneurs achieve success in their respective fields. The advice that they have shared for all agripreneurs can be summed up in ten points, listed below. Advice specific to women and youth has also been included.

- 1] Engage in networking and mentorship.
- 2] Do what you love. Love what you do. And do it with passion!
- 3] Be an innovator and find your niche.

- 4] It is fine to start small, as long as you start!
- 5] Learn by doing, and never stop learning.
- 6] Invest in building your team.
- 7] Do not be afraid to take (calculated) risks.
- 8] Watch your pennies!
- 9] Identify alternative sources of financing.
- 10] Embrace 'coopetition' and be a change maker!

## Policy implications

Agripreneurs agree on key areas for policy-makers to focus on, in order to improve the enabling environment. These include targeting youth with better education, with a focus on vocational training, as well as investing in entrepreneurship skills development and training. Governments must invest in improving education at all levels to ensure that youth have the skills needed in the private sector; it is also vital to establish and support well designed and affordable training, incubator programmes, and networking platforms, so as to build entrepreneurial skills that can be an engine for job growth and absorb the growing number of young people searching for jobs.

Other areas highlighted included finance, information, infrastructure and tax reforms, and improved regulations. Designing finance for agripreneurs that accounts for the implicit risk in the agricultural sector is a must. The provision of up-to-date information to enable agripreneurs to assess the end-market was also highlighted as a key area for improvement. Implementing tax reforms to assist small businesses and curbing corruption through transparent online systems were mentioned. Entrepreneurs noted the obstructive effects of inadequate infrastructure to doing business, and the specific need to invest in transport infrastructure, electrical grids, public extension and ICTs. Simplifying administrative procedures with one-stop shops was also recommended. Finally, enhancing coordination through public-private partnerships, and taking a holistic, systems approach to improving the enabling environment were touted as positive approaches to addressing the complex challenges that agripreneurs face.

## Conclusion

Supporting entrepreneurship skills development, with a focus on agribusiness and agro-industry, can be an engine for job creation to absorb the growing number of young people searching for employment in Africa. By providing an analysis of agripreneurship through the lenses of scale, women, youth and challenging environments, this publication aims to contribute to the evidence base for supporting, promoting and inspiring agripreneurship. It is crucial to include these various components and instructive guidance as a compendium on promoting agripreneurship in Africa.

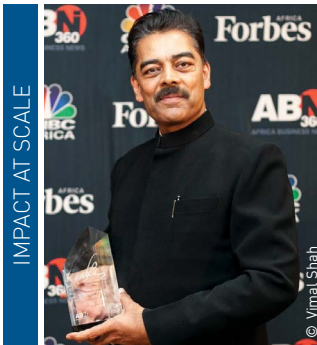




# CHAPTER 1

## Introduction





Vimal Shah



Bagoré Bathily



Josephine Okot



Anna Phosa



Monica Musonda



Mariko Fadima Siby

It is broadly recognized that entrepreneurship plays an instrumental role in national development, bringing economic growth and innovations that improve the lives of many. Agribusiness entrepreneurs, or agripreneurs, play a particularly important role in developing countries, in a sector where most of the population operates. In creating, growing and sustaining agribusinesses and agro-industry, agripreneurs are the key drivers of sustainable food value chain development (FAO, 2014). When agribusiness entrepreneurs succeed in creating and growing firms that are profitable and competitive, they do not only generate profits for themselves. More importantly, they generate jobs and tax revenues, while creating critical products, services or markets for other agribusinesses (including small family farms); they improve the food supply for consumers (lower price, higher quality, new or formerly unavailable products); and generally, they have a broad-based positive impact on the wider environment in which they operate (economic, social and environmental). By providing relatable lessons learned from the struggles and triumphs of successful agripreneurs, it is possible to derive recommendations for both aspiring agripreneurs to follow, and for policy-makers on what constitutes an enabling environment in which entrepreneurs can thrive.



This publication aims to contribute broadly to the knowledge base on and promotion of agribusiness entrepreneurship in Africa. It shares the stories of 12 successful entrepreneurs who have launched and developed agribusinesses in sub-Saharan African countries. The case studies are grouped into four categories:

- 1) agripreneurs who have reached impact at scale;
- 2) women agripreneurs;
- 3) young agripreneurs; and
- 4) agripreneurs operating in challenging business environments.

These categorizations have been designated to present various contexts for agripreneurship and to organize the analysis. Yet the distinctions are not intended to be clear cut. Seven women agripreneurs feature in the publication, but only three have been highlighted in the chapter on women. Similarly, several of the agripreneurs profiled here started their businesses when they were young, but only a few are featured in the chapter on youth. A map of the agripreneurs, presenting their photos and business segment, has been created (see Figure 1).

As well as telling their stories, the agripreneurs have shared advice for aspiring entrepreneurs, and key focus areas for policy-makers in order to support agripreneurship.

Applied to Africa, the approach was to capture the stories of successful agripreneurs. Based on a widespread key informant interview and literature review process, an extensive set of potential case studies was assembled. From this short list, 12 case studies were carefully selected for their diversity in terms of commodities, the value chain stages in which they operate (e.g. input and service supply, production, processing, distribution, and marketing), business size, target markets (national or export), gender and age of agripreneurs, operating environment, and geography (e.g. francophone and anglophone countries).

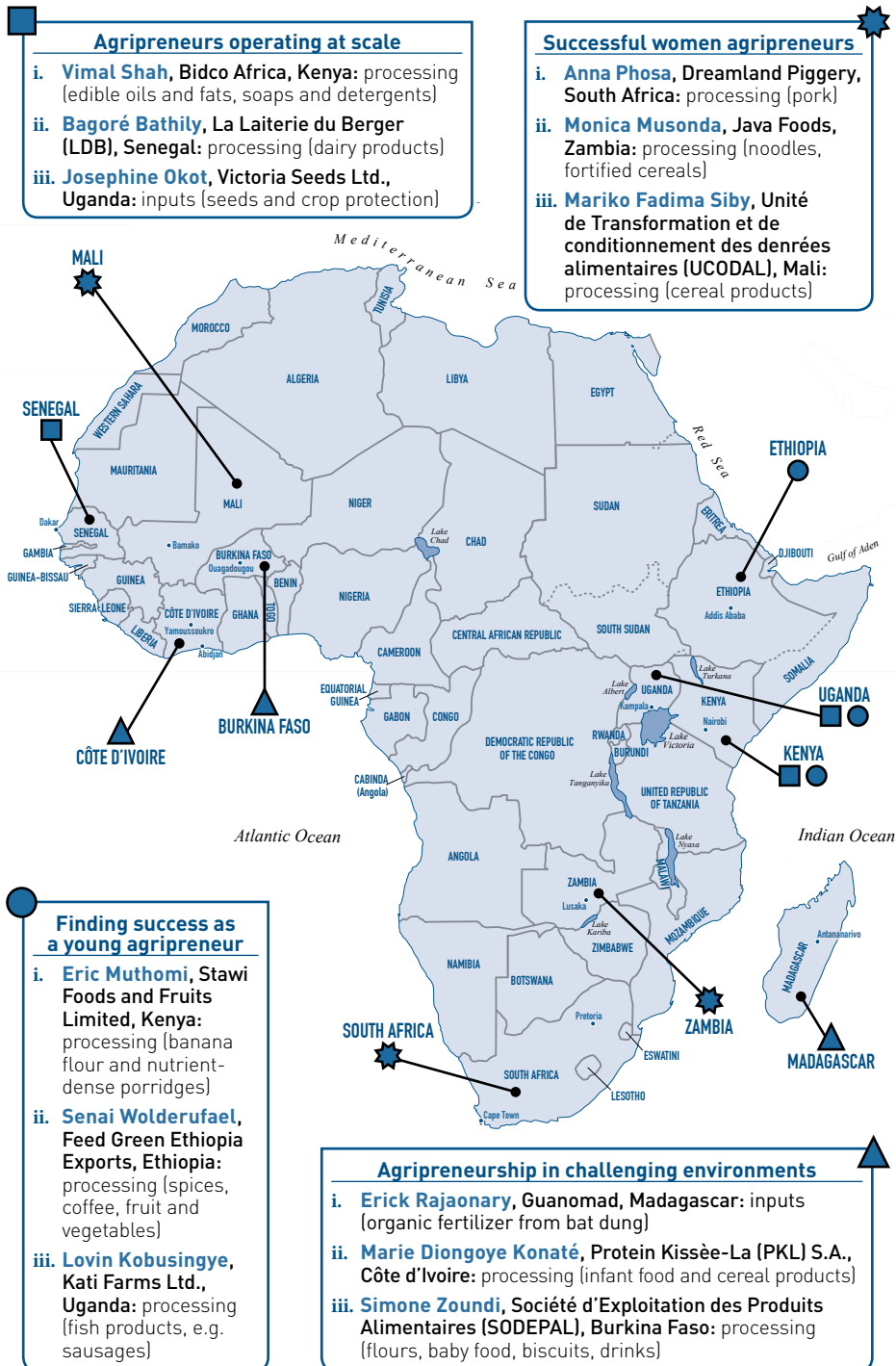
An additional condition for inclusion was that the business was commercially viable (i.e. profitable or on the path to profit, though perhaps not yet profitable), and operational for a minimum of two years. Further, the business had to generate positive social and/or environmental impacts, such as inclusive decent employment generation, improved livelihoods, and incomes for the rural poor as suppliers or customers. Finally, the agripreneurs' stories had to be inspiring and relevant to aspiring entrepreneurs and to policy-makers across Africa.

The process for case study collection began with a comprehensive literature review. Next, a research protocol was designed for developing an entrepreneurship case study, and this was then tested in one country. The protocol was subsequently improved, finalized and applied to 11 other cases. Primary data was collected through three elaborate interviews with the agripreneur, further supported by select key informant interviews, site visits, and additional document review. Case studies were drafted in long form, and summarized short versions have been included in this publication. The stories have been organized around an analysis of agripreneurship according to the four topical themes. Findings from the case study analysis were validated in a workshop, which brought together around 40 agripreneurs, policy-makers and support service providers such as incubators and educational and finance institutions from across Africa to discuss facilitating the enabling environment for entrepreneurship. This enabled the fine tuning of key messages and gathering of additional inputs.

By sharing agripreneurs' stories, this publication aims to inspire budding entrepreneurs in Africa to consider business opportunities in agriculture and agro-industry, broadly defined. It is intended to be a promotional tool, as a sort of call to arms, particularly for women and youth. It also aims to serve as an educational tool and knowledge product in business schools and entrepreneurship incubator programmes for case study-based learning on operating an agribusiness or agro-industry enterprise in Africa. The publication offers guidance to agripreneurs on how to overcome or avoid potential pitfalls and learn from the paths set out by the 12 agripreneurs, whose stories reflect real-life experiences of agribusiness development in Africa. It should be seen as

FIGURE 1

## Map of the 12 featured agripreneurs



Source: Authors' elaboration based on the United Nations Geospatial Information Section.

a collection of resources on agripreneurship, focused on these four topical areas: scale, women, youth, and challenging environments, while providing guiding advice for agripreneurs and policy-makers.

However, instructors at incubators and business schools may choose to select particular case studies or chapters, according to programme targets and aims (e.g. geography, audience).

The diversity of cases included here shows that agripreneurs can be found operating in different segments of agricultural value chains and emanate from varied backgrounds. Granted, not everyone can and will become an entrepreneur. Of those who set out to be entrepreneurs, many will fail to create, grow and sustain successful businesses.

Entrepreneurs are a rare commodity in any country. It is important to note that many of the agripreneurs featured in this publication come from relatively privileged backgrounds, and thus may have had a head-start in terms of access to capital and education; many were able to tap into their own funds or rely on resources from family or friends (as do entrepreneurs the world over), and many were also able to seek an education abroad, which can be an important mechanism for extending the breadth of an entrepreneurs' network. This can expose would-be entrepreneurs to new business ideas, as well as enable them to get the right jobs, so as to save up the money needed to start a business. That said, these are not necessarily critical success factors for African agripreneurs, who may emerge from even the humblest backgrounds and succeed in building thriving businesses. Beyond an individual's socio-economic standing, success often comes down to his or her drive, competences and personality, which can help to determine the choices that he or she makes. It is more important what entrepreneurs 'do' rather than who they are; the strategic decisions that they make defines business success (Daily *et al.*, 2001).

The publication uses a descriptive and narrative writing style to share the entrepreneurs' stories in case study form, punctuated by first-hand knowledge and direct quotations from the protagonists themselves. In these stories, it is the entrepreneur and not his or her business who is the central focus, and the case studies often describe the individual's upbringing, character, ideas and their execution. Details discussed include how he or she overcame challenges related to building the team, accessing capital and marketing. The cases also make mention of key policy challenges and opportunities that either hampered or supported their establishment and growth, thereby providing evidence-based advice to policy-makers on how best to support agripreneurs. The stories are intended to impart knowledge on entrepreneurship for use at business schools through the Harvard Business School case method, where students take the perspective of the entrepreneur to gain insights into business management. At the end of each case study, three discussion questions are presented to elicit critical thinking and guide the analysis, synthesis and interpretation of the examples.





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In addition to educating entrepreneurs, it is important to highlight the fundamental role of policy-makers in shaping the enabling environment for agripreneurship. In this context, the publication aims to provide concrete policy recommendations on how to improve the enabling environment for agripreneurship, based on the advice of the 12 agripreneurs featured here. The aim is to guide policy-makers to improve these targeted areas, and inspire them to do so by providing accounts of successful agripreneurs who have built businesses with positive economic, social and environmental impacts on national development.

Further, policy-makers may be interested in exploring cases from particular regions, the specific challenges faced by youth and women, or how to address challenging enabling environments. Thus, it is vital to include these various components as a compendium on promoting agripreneurship in Africa.

The structure of the publication is as follows: Introduction (Chapter 1), followed by a chapter that dives deeper into the definition and nature of agripreneurship (Chapter 2). Then come four chapters, each focusing on one of four themes and with a short introduction followed by three stories of entrepreneurship. These themes are achieving scale (Chapter 3), women entrepreneurship (Chapter 4), youth entrepreneurship (Chapter 5) and entrepreneurship in challenging environments (Chapter 6). Following these thematic analyses, the implications for potential entrepreneurs (Chapter 7), as well as policy implications are discussed (Chapter 8). Conclusions are presented in Chapter 9.





C H A P T E R 2

# Agripreneurship





Agriculture, agro-industry and food markets are essential to economic development in Africa. Agriculture is an important sector in sub-Saharan African (SSA) countries, with more than 60 percent of the population still heavily reliant on agriculture for income and employment, primarily on small family farms (AfDB, 2016). Agribusiness and agro-industries, broadly defined, made up more than 30 percent of national incomes in the region in 2014, as well as the bulk of export revenues and employment (Lopes, 2014). In most developing countries, agro-industries are dominant in their contribution to manufacturing value-added and indeed, in sub-Saharan Africa, the food and beverage processing industry accounts for between 30 and 50 percent of total manufacturing value added in most countries, and more than 80 percent in some (FAO, 2017c). Investments in agro-industries are known to have significant multiplier effects through value chain linkages, characterized by increased demand for raw materials, inputs and services, resulting in the creation of jobs on and off-farm (FAO, 2011). In fact, agro-processing has been highlighted as a key industry for job creation as it is employment-intensive and creates jobs both directly and indirectly; each job created in this sector has a tripling effect, leading to nearly three more jobs across the wider economy (infoDev, 2017). At the consumer end of the food system, Africa's food market is expected to be worth more than USD 1 trillion by 2030 (World Bank, 2013b).



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Agribusiness entrepreneurs are essential drivers of agrifood system development, particularly in today's rapidly urbanizing, globalized world, which is associated with increasing competition, incomes, technological innovation and changing consumer demands for safe, healthy and nutritious food (Reardon *et al.*, 2013). In 2016, 38 percent of Africans lived in urban areas, and this figure is expected to increase to more than 50 percent by 2030 (World Bank, 2016b). This presents further development challenges for a continent that is already struggling to feed and employ its population, which is the youngest in the world. The burgeoning youth population is highly inclined to migrate from rural to urban areas, due to high unemployment and poverty levels, with youth accounting for 60 percent of unemployment, and 70 percent of Africa's working youth living in poverty as of 2016 (ILO, 2016).

Despite Africa's food import bill expected to triple from USD 35 billion in 2012 to USD 110 billion by 2030, while the continent exports raw materials such as coffee and cacao beans instead of higher value-added food products, there are plenty of employment and wealth generation opportunities on the table (The Montpellier Panel, 2014; AfDB, 2016). To take advantage of these opportunities in a rapidly growing African urban food market, Africa needs to harness the potential of one of its most precious resources, the talent and drive of its entrepreneurs, particularly youth, to start and grow sustainable agribusinesses and agro-industries. In turn, this requires innovative regulatory frameworks, policies and programmes to create a fertile soil in which the talent and drive of Africa's entrepreneurs can take root.

Entrepreneurship is a key component of the toolbox for developing sustainable food systems. According to the Global Entrepreneurship Monitor (GEM),<sup>1</sup> Africa has the highest number of agricultural entrepreneurs of any region, accounting for 13 percent of entrepreneurship, compared to Europe at eight percent and less than five percent in other regions (GEM, 2017). Perceptions of entrepreneurship in sub-Saharan African are also the highest reported, with 75 percent of adults considering entrepreneurship a good career choice, and 42 percent intending to become entrepreneurs. More than three-quarters of entrepreneurs believe that their career choice brings them admiration and respect from their communities (GEM, 2017). Africa has the greatest proportion of entrepreneurs who expect to create jobs (65 percent), indicating that entrepreneurship in SSA is an engine for job creation and economic growth.

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<sup>1</sup> For more information on GEM, see Annex A – Focus on the enabling environment.



The traditional definition of an entrepreneur was coined by Richard Cantillon (1680-1734) nearly three centuries ago as a risk-taker who deliberately allocates resources to a business venture in order to exploit opportunities in return for profit (Casson, 2002; Ahmad and Seymour, 2008). An entrepreneur is not necessarily the financier of the business venture, or the owner of the physical assets, but is the main or one of the main risk-takers and net profit beneficiaries. He or she is the primary decision-maker behind the business, and is responsible for its success or failure. Entrepreneurs are able to turn ideas into reality through careful planning and effective management, and are characterized by qualities such as creativity and innovation (European Commission, 2012).

Many rural poor – including smallholder farmers, traders and street vendors – fit the above definition of entrepreneurs, since they raise capital, make investments in their businesses, and claim the associated earnings (Banerjee and Duflo, 2006). However, the majority of the businesses that the poor operate are typically very small-scale, with no paid staff, and the focus of those who run them is on supplementing their livelihoods, not on growing their business. These necessity driven ‘subsistence entrepreneurs’ undertake their entrepreneurial activities because they have no alternative (such as a decent job); it is their survival strategy (Viswanthan *et al.*, 2014). They survive, rather than thrive as entrepreneurs in informal enterprises that have near to no employees, and typically serve local markets (infoDev, 2017). Subsistence entrepreneurs may view success as being able to support oneself and one’s family by selling goods or services (Sullivan, 2017). However, entrepreneurs who pursue entrepreneurship by choice, who have an ambitious vision for their enterprise (no matter the scale they are starting from), are more likely to be successful in creating jobs and contributing to national economic development than those who are pushed into entrepreneurship by necessity.

The entrepreneurs who are the focus of this publication are opportunity driven agricultural entrepreneurs, or agripreneurs, operating beyond the subsistence level – not small family farmers. Agripreneurs are risk-takers who deliberately allocate resources to an agribusiness venture to exploit opportunities in return for profit. They are the primary decision-makers, responsible for the businesses’ success or failure. They grow their businesses to achieve impact at scale in terms of sales, profits and jobs, and enter the formal economy at least at some stage. Formalization is key because although it may be associated with some adverse factors, such as taxes and bureaucracy, it enables access to capital, grants, etc. The agripreneurs here are not only engaged in primary production level activities, but create and develop agribusinesses all along and around the value chain, including those engaged in processing, packaging, logistics, marketing, wholesaling, service provision or input supply activities.

These agripreneurs generate value added, which is captured in five ways: (1) through profits; (2) through salaries (jobs); (3) by bringing cheaper, safer and more convenient and nutritious food to consumers; (4) by generating tax revenues that can contribute to improved services, infrastructure and social programmes; and (5) by having broader positive economic, social and environmental impacts, or so-called externalities (FAO, 2014). They are the Schumpeterian<sup>2</sup> heroic entrepreneurs, who induce change by creating and growing new business models that in a process of creative destruction replace old ones with better ones that increase the size of the overall ‘value’ pie (Schumpeter, 1943; Knudson *et al.*, 2004). They are market movers, shakers and innovators.

However, financial return and economic gains are not the only drivers for entrepreneurs. There are different forms of ‘development entrepreneurship’ (for example, social or impact enterprises), which link to a wider context of sustainability, considering the triple bottom line impacts along economic, social and environmental dimensions. Indeed, all 12 entrepreneurs featured in this publication have such broader sustainable development goals, contributing to rural poverty reduction, gender empowerment, environmental protection and other important dimensions. Entrepreneurship can also apply to individuals operating in spheres outside mainstream business, such as civil society (social entrepreneurship),<sup>3</sup> politics (political entrepreneurship),<sup>4</sup> and research (knowledge entrepreneurship).<sup>5</sup> The agripreneurs in this publication operate within the business sphere.

Entrepreneurs are unique individuals who can be found in every society, and can, in principle, emerge from any environment – rural and urban areas, rich and poor, from farmers to agro-processors. However, it is more likely that entrepreneurs who have the ‘entrepreneurial spirit’ or inclination towards innovation and doing things differently, with the right contacts and high social capital, will be successful in environments that are more conducive. To organize an analysis of entrepreneurship, three interlinked layers can be distinguished: the entrepreneurs’ intrinsic qualities and assets, and their immediate environment; the network environment and social capital of the entrepreneur; and the broader enabling environment (see Figure 2).

<sup>2</sup> Joseph Schumpeter was an early theorist of entrepreneurship who argued that in developing economies, innovation prompts new businesses to replace the old in a process of ‘creative destruction’.

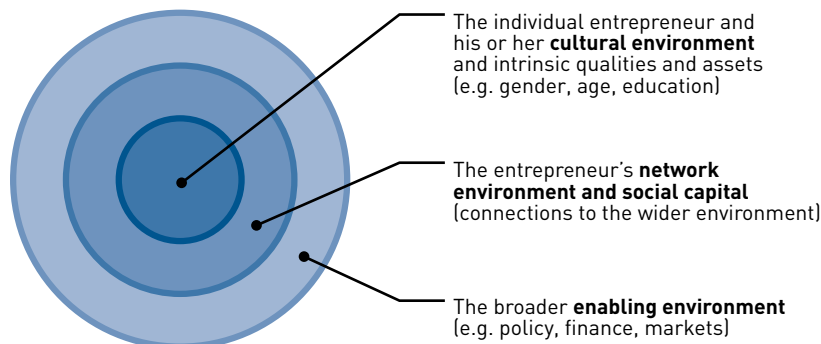
<sup>3</sup> Social entrepreneurship refers to establishing a business primarily to help others, or to achieve some social goal; it is the innovative use of resources to instigate social change or to meet social needs (Sullivan, 2017).

<sup>4</sup> Political entrepreneurship involves the direction of state resources to new or different production processes (McCaffrey and Salerno, 2011).

<sup>5</sup> Knowledge entrepreneurship involves innovation for the generation of new ideas, skills and knowledge for the good of a community, an organization, or personal development rather than for profit (Skrzeszewski, 2006).



FIGURE 2

**The three interlinked layers of entrepreneurship**

Source: Authors' elaboration.

At the inner core, we find *the individual entrepreneur and his/her immediate cultural environment*. This includes an array of personal characteristics, such as the entrepreneur's intelligence, willingness to assume risk and deal with uncertainty (with an associated optimistic nature), creativeness, energy and ability to recover from setbacks (i.e. resilience). Many adjectives have been used to describe entrepreneurs (see Figure 3). Like all entrepreneurs, agripreneurs must be extraordinarily adaptable, innovative and proactive (Lans *et al.*, 2013; Sullivan, 2017). Two main factors appear to underpin entrepreneurship at the individual level – having the managerial skills to start and run a profitable agribusiness, and the other more elusive factor – having a predisposition to entrepreneurship that is sometimes referred to as 'the entrepreneurship gene' or 'entrepreneurial DNA' (Kahn, 2013; Knudson *et al.*, 2004).

Entrepreneurship is often viewed as an inherent trait, as opposed to a skillset that is learned. That said, entrepreneurs often fail to exploit opportunities not because they lack the intrinsic personal traits, but simply due to lack of skill and experience (Lans *et al.*, 2013). Entrepreneurs have the ability to identify market opportunities and develop new or improved products or services to take advantage of these openings, often applying a high level of creativity and innovativeness; this is based on a deep understanding of people and their needs. Entrepreneurs are highly motivated and perceptive. They have a vision and are goal-oriented and driven by a wish to make a difference in their own lives, and those of others (Knudson *et al.*, 2004). Entrepreneurs are self-reliant, independent leaders; they are ambitious and strive to be competitive and the best.







accelerators, challenge funds, grant mechanisms, business plan competitions and mentors (Lans *et al.*, 2013). Networks can provide fundamental information through mentorship, as well as business advice. To take an example from Asia, a study conducted in the Philippines in 2014 found that nearly six out of ten agro-processors who were looking to upgrade their businesses used market information from personal networks for further information (Sullivan, 2017). Networking also leads to crucial connections that provide access to resources and services.

In the outer circle is ***the broader enabling environment***. The successful expression of entrepreneurs' innate ability and drive is strongly influenced by the environment in which they operate. This enabling environment for entrepreneurship includes a multitude of factors, from finance to infrastructure and legal regulations. It is important to have access to critical resources such as finance (e.g. challenge funds),<sup>6</sup> services and technology (e.g. education, information, training, research and development), physical inputs (e.g. packaging, land, storage and natural resources), and human capital (e.g. skilled and unskilled labour). A country's infrastructure (e.g. information and community technology, roads, electricity grids, and water), as well as the regulatory, legal and policy environment (e.g. special economic zones, intellectual property laws) also has an important role to play. Socio-cultural dimensions such as national history, religion and cultural traditions help to shape the enabling environment.

Given agripreneurship's strong potential to bring sustainable development to countries, efforts are needed to support agripreneurs and improve the enabling environment so that they can flourish. A variety of organizations seek to do exactly this (see Annex A for a list). Some provide linkages to educational institutions, large agribusinesses and other entrepreneurs. There are a few examples of franchising or Business-in-a-Box ventures, which provide everything needed to run a business efficiently (e.g. Jibu). Many organizations provide a platform for networking and mentorship (e.g. Demeter Network and Ye! Community). There are different types of training and skills upgrading opportunities offered by organizations such as business accelerator programmes (e.g. the Agribusiness Incubation Trust) or innovation hubs (e.g. the 2SCALE project). There are entrepreneurship training programmes (e.g. infoDev's Agribusiness Incubation training, Wageningen's Africa Agribusiness Academy, and DANIDA's CURAD). Some organizations also offer complete support programmes such as the Tony Elumelu Entrepreneurship Programme and the DAIN Early-Stage Agribusiness Entrepreneurship Training.

<sup>6</sup> Challenge funds are funds set up by a public entity, foundation or development partners for private enterprises to provide finance in the smallest possible effective amount to be socially or environmentally worthwhile [www.undp.org/content/sdfinance/en/home/solutions/enterprise-challenge-fund.html](http://www.undp.org/content/sdfinance/en/home/solutions/enterprise-challenge-fund.html).



The next four chapters share the stories of 12 agripreneurs from across Africa who have each succeeded in launching and growing an agribusiness that has had impact. The cases are organized around four themes – scale, women agripreneurs, youth agripreneurs, and challenging environments – to provide a diverse range of contexts for agripreneurship. All the featured agripreneurs have profitable businesses with social or environmental impact, but a few who have been able to achieve success at scale are profiled in Chapter 3.

Women agripreneurs face gender-specific constraints to entrepreneurship, and three particularly strong women agripreneurs who have managed to overcome these challenges are featured in Chapter 4. Similarly, youth face age-specific barriers to business development, and several relatively young and successful agripreneurs are presented in Chapter 5. Finally, a few agripreneurs who have managed to start and grow agribusinesses in harsh business environments characterized by conflict or stifling political situations are featured in Chapter 6. These four themes thus demonstrate a variety of situations to which aspiring agripreneurs can relate, as well as real-life examples offering guidance as to how to overcome specific obstacles in each case.



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C H A P T E R 3

# Agripreneurs operating at scale







## INTRODUCTION: SCALING STRATEGIES

Like all entrepreneurs, agripreneurs face significant challenges in establishing their businesses, but the next challenge becomes one of scaling up and sustaining growth. Scaling businesses involves taking a deliberate step towards transformative change to create significant social, environmental and economic impacts. Achieving success at scale typically involves increasing value (such as profits) for all stakeholders (profits fuel growth), creating numerous jobs, and significantly increasing product throughput (FAO, 2014). It is important to note that it is also possible for a company to reach scale and impact many people through the delivery of goods or services without being profitable. Some growth-oriented big-name companies reinvest profits into the company, or secure external sources of funding. However, typically the goal of a business is to turn a profit.

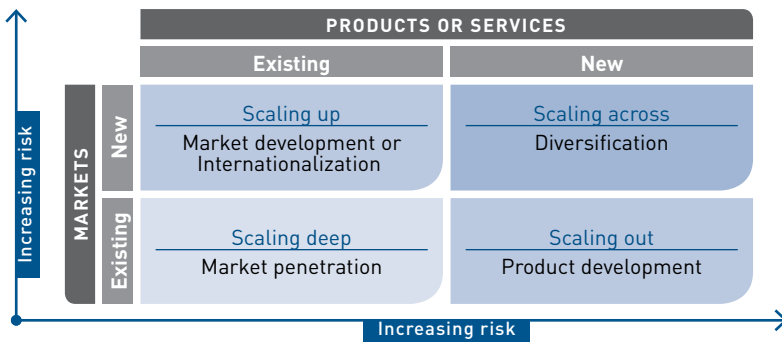
Four scaling strategies can be distinguished: deep, out, up, and across (BoP Inc., 2016). These strategies can be analysed using the Ansoff growth matrix<sup>7</sup> to determine risk (see Figure 4). Scaling deep is lowest risk, and refers to market penetration, where the same products or services target the same market in a more efficient manner (increased market share). Scaling out is medium risk, and involves developing new products or services for the same target market. Scaling up is also medium risk, and refers to market development and internationalization; it involves targeting new markets with the same products or services. Scaling across or diversification is highest risk, as it refers to developing new products or services for new markets. It is important to note that these terms are often used interchangeably under the broad category of scaling up. In addition, a growth strategy may also involve acquisitions, alliances and joint ventures (Koryak *et al.*, 2015).

Achieving growth at scale as an agripreneur is particularly challenging in developing countries. Competition from multinationals operating in generally underdeveloped markets can stifle new market entrants with limited experience. Agribusinesses in Africa often struggle to compete in both national and global markets, as local manufacturers and processors must be competitive with well-established international companies on quality, price and delivery. Where competition is high, the right incentives must be set in place to protect local markets, but that is not always the case in many African countries. Even in developed countries with more stable markets, regardless of geographical location or sector, it is common to see high rates of business failure, with as many as 50 percent failing in the first four years. It is perhaps unsurprising then that business discontinuance rates are high in Africa.

<sup>7</sup> The Ansoff Matrix was developed by Igor Ansoff and was first published in the Harvard Business Review in 1957 to describe marketing strategies.

FIGURE 4

## Four scaling strategies and their associated risk



Source: Authors' elaboration of the Ansoff Matrix.

Nevertheless, the African agribusiness landscape offers substantial opportunities for achieving success at scale. As the continent is rapidly urbanizing, fast growing markets for higher value (value added) food products are emerging right in front of African entrepreneurs. Rather than exporting raw agricultural commodities that are to some degree later imported from overseas countries as ingredients in processed foods (for example, chocolate, coffee, wheat flour, pasta, snacks and juices), products could be manufactured locally. Indeed, better knowledge of and proximity to these markets gives an advantage to local firms in accessing markets and developing products for local tastes (FAO, 2012).

Agripreneurs are apt to start small and develop local brands that can become regional, and eventually global food firms. To take advantage of these opportunities, agripreneurs must compete with imported products by producing high quality goods. They need to build businesses that are well integrated into value-adding supply chains and employ a growth strategy that often involves an initial focus on local and national markets, before scaling up and expanding to regional or international markets.

The successful upscaling of agribusinesses requires a coordinated combination of so-called horizontal and vertical methods employed by entrepreneurs. Vertical scaling strategies, or vertical growth, involve improving existing products or services by adding new features or capabilities, or developing new products. Horizontal scaling, or horizontal growth, relates to expanding a product or services into new markets. Governments also play a fundamental role in facilitating the enabling environment for agribusinesses to succeed by ensuring that markets function well through addressing regulatory inefficiencies such as those related to land tenure, tax systems and business registration (FAO, 2014). Clearly, coordinated public-private sector actions are needed to help agripreneurs upscale their businesses. However, the focus of this chapter is the



role of agripreneurs, and the actions they may take in order to scale up. More information on the role of the public sector can be found in Chapter 6.

## SCALING UP INGREDIENTS

Ten key scaling-up ingredients grouped into three broad areas can be identified (adapted from PPPLab Food & Water, 2016). Typically, an effective upscaling strategy will involve some combination of these nine ingredients:

- 1] **Business and markets** – business case, awareness and demand, finance, and value chain development;
- 2] **Governance and empowerment** – coordination platforms; lobbying and advocacy; and leadership and management;
- 3] **Knowledge and technology** – knowledge and technology.

### 1 » Business and markets

#### Business case

Agripreneurs can achieve success at scale through a financially sound growth strategy developed around market opportunities that will increase profits, by establishing a value proposition and identifying target markets that will be competitive. For example, ensuring that products are safe, high quality and compliant with certification schemes such as the Hazard Analysis and Critical Control Points (HACCP) standard in food processing can increase competitiveness and help to gain access to export markets through internationalization. A scalable business model should be realistic and attractive for all stakeholders in the value chain. It should look beyond economic benefits such as profit, to also bring social and environmental benefits in order to be sustainable.

#### Awareness and demand

Awareness and demand indicates whether the end-users, meaning the consumers or producers who use the final product, desire and are willing to purchase the product or service. All strategies for upscaling or upgrading must be based on an end-market analysis of consumer demand (FAO, 2014). The ability to access important market information can greatly assist agribusinesses in succeeding and scaling up operations, in order to respond to changing customer desires, thereby maximizing and increasing the market share of the business (for example by opening new locations, widening the range of existing products, persuading customers to buy more). Consumer surveys and other market research from primary or secondary data can help to develop an effective marketing strategy. Understanding customer needs can also assist in the process of localization, which involves altering the existing product or service for new markets.



An effective marketing strategy can help to generate demand and raise awareness of a new brand or product and reach target markets. New products and markets can be tested through prototypes at product fairs, or stands in shops.

### Finance

Lack of access to finance, both start-up capital and funding to invest in infrastructure and machinery after establishment, is often listed as a major stumbling block for burgeoning agripreneurs. African agribusinesses face an annual financing gap of USD 11 billion to expand agricultural output, while major shortages in mid- and downstream finance for activities such as processing, logistics and trade are also prevalent (World Bank, 2016). This lack of access to finance in Africa limits new business activities, innovations and upgrading opportunities. Nevertheless, agripreneurs must determine where and how to obtain financing to fund upscaling strategies. As the importance of providing funds to small and medium-sized agricultural enterprises is becoming increasingly recognized, institutions are offering more and more financial services such as competitive awards, matching grants, and low-interest loans. There has also been growth in agricultural investment funds, with great investor interest directed at the agricultural sector in African countries (FAO, 2018a).

### Value chain development

Value chain development involves an end-market analysis and an examination of the relationships between, and the behaviours of the actors involved from production to consumption, including those who provide inputs and business development support services. Agricultural entrepreneurs must have access to quality inputs and resources to build and grow their business. Packaging, for example, is an important mark of differentiation between products to attract new customers, who select from a variety of choices on shop shelves. Lack of access to good quality inputs and raw materials in the right quantity, at the right time, can prevent a new company from attracting new customers, and inhibit its ability to scale up. Equally, lack of business development support services such as extension, entrepreneurial educational programmes or business training, can hinder agribusinesses in acquiring the skills needed for upscaling. By identifying the root causes of the underperformance in the various stages, it is possible to provide targeted support to create sustainable food value chains.

## 2 » Governance and empowerment

### Coordination platforms

Enhancing coordination (governance) between the various actors involved in the value chain can improve the efficiency of the delivery of products and services, and reduce transaction costs. The use of collective action to improve coordination, through producer groups or other coordination mechanisms,



can help to efficiently source more materials for increased throughput and upscaling (FAO, 2012). Public-private partnerships are one such example of strategies to improve coordination through collection action (FAO, 2016). Such coordination platforms may also bring other benefits, such as improved compliance with quality and safety standards, which may permit access to new markets (FAO, 2017b).

### Lobbying and advocacy

Agripreneurs have a role to play in lobbying and advocating for change, where inhibitory laws, regulations, taxes and complex and time-consuming processes within the government's purview create major barriers to scale for agripreneurs. Lobbying and advocacy is an important factor in influencing government policies, regulations and standards. Agripreneurs can engage influential value chain actors and change agents such as political elites, community leaders, civil society organizations (CSOs) and non-governmental organizations (NGOs) to encourage governments to change policies that will enable businesses to upscale. Agripreneurs should band together in advocacy coalitions, such as lobby groups and industry associations, which are resilient and have strength in numbers, to advocate for changes in the business enabling environment.

### Leadership and management

Organizational leadership is crucial in providing the strategic direction and vision of a company. An agripreneur, often the chief executive officer of the organization, should spread a shared vision for the business, while delegating authority to others for management. Successful transformational leaders allow their employees to be creative, innovative and problem-solvers. Prudent management is paramount, particularly for middle management positions. Establishing an effective top management team is critical to business success, and the composition and size of the board of directors have been shown to be important factors for financial performance (Daily *et al.*, 2001).

## 3 » Knowledge and technology

### Knowledge and skills

Having the knowledge and skills to implement changes that will result in growth is an important factor in upscaling strategies. The fact that some agripreneurs exploit opportunities, and others do not, is due to lack of knowledge and experience (Lans *et al.*, 2013). Both the entrepreneurs themselves and the staff they hire must have the appropriate knowledge, skills and education required for the job, in order to achieve success at scale. This includes both business skills, such as accounting and human resources, as well as the technical capacity to produce new products or services. Finding the right personnel with the necessary skills is a common concern shared by many agripreneurs.

Organizations in Africa report that workforce capability, or labour with the appropriate technical and professional skills, is becoming increasingly scarce, and is one of the main challenges needing to be addressed urgently (Deloitte, 2014). In sub-Saharan Africa, high unemployment co-exists with agribusinesses being unable to find staff due to a mismatch between the available and needed skills. Thus, fostering agripreneurship, especially for women and youth, requires supportive policies for education, vocational training, and skills-building. For example, training delivered through agribusiness incubators can help agripreneurs to expand and grow their businesses (FAO, 2017b).

### Technology

Keeping up-to-date with the latest technology trends and innovations is also crucial to staying ahead of the market. Employing different distribution channels, for example e-commerce, may be considered an effective upscaling strategy to reach new target markets; technologies may also be embraced to improve efficiency, throughput and in new product development. African entrepreneurial survey data from the Tony Elumelu Foundation (TEF) demonstrate that successful entrepreneurs make use of modern techniques, foster a strong culture of innovation and invest heavily in ICTs, technology and advanced management techniques (2016). However, innovation intensity in entrepreneurship in Africa is the lowest in the world at 20 percent, compared with 39 percent in North America, and this figure is even lower for women entrepreneurs (GEM, 2017). African agribusinesses should strive to embrace innovations, and upgrade technologies to grow in the marketplace and compete in global markets.

### Profile of agripreneurs who have achieved success at scale

This chapter focuses on three agripreneurs who have demonstrated that it is possible to achieve success at scale in African agribusinesses. Although scale is typically measured in economic terms (for example, profits), here we also include other social and environmental considerations, such as decent jobs created, value added distribution, and the protection of natural resources. The agripreneurs featured here have made a significant impact at national, regional or global level in terms of large turnovers, procuring products from many smallholders, selling their products in large quantities, or creating a substantial number of jobs. Vimal Shah (Case 3.1) produces oils and soaps from cottonseed, which are locally sourced from more than 20 000 East African farmers. Bagoré Bathily (Case 3.2) runs a social enterprise that links over 800 tribal livestock farmers to markets, and brings locally produced milk to domestic consumers with a 100-person workforce. Josephine Okot of Victoria Seeds (Case 3.3) procures seeds from more than 700 smallholder producers under contract farming arrangements.



## CASE 3.1 » A WELL-OILED MACHINE

### Case synopsis

Being a successful entrepreneur does not always involve starting a new company from scratch. Sometimes, as Vimal Shah discovered, an entrepreneur can profit from re-examining an old idea, or looking at a business from a new angle. It was this way of thinking that led Vimal, at the age of just 22, to shift the focus of his father’s cotton company from textiles to cottonseed oil.

Today, Bidco Africa Limited is the largest edible oil processing company in East and Central Africa, with more than 40 brands, factories in four sub-Saharan African countries, and customers in nearly a dozen more. Indeed, Vimal has grown the company to the point that his goal for Bidco today is to “grab, grow, and sustain the No. 1 market share in African markets by 2030.” At the same time, he is creating numerous decent jobs with fair remuneration, guided by company policies on gender equality and the prevention of discrimination.



Vimal Shah,  
Bidco Africa, Kenya

© Vimal Shah

### An entrepreneurial upbringing

Born and raised in Kenya, Vimal grew up surrounded by entrepreneurship and the business world. His father had remarkable business acumen and ran a variety of companies during Vimal’s childhood, including a trading firm, a driving school, and a clothing manufacturing business. Vimal aspired to follow in his father’s footsteps to become a businessman.

He went on to study business administration and finance at the Nairobi-based United States International University (USIU), where he first began analysing his father’s company with his newly acquired business knowledge. He immediately turned his attention to the cotton value chain, wondering if there was a way to “go backward into this value addition,” as Vimal puts it. In other words, Vimal was interested in learning whether Bidco could incorporate other parts of the value chain, starting from the production level, rather than processing a product like cotton textiles into clothing. While at university, Vimal completed a cotton value chain study, discovering that cotton seeds could be converted into edible oils and also used to make soap, in addition to producing animal feed as a by-product. It was just the insight Vimal was looking for.

“Hang on, if we do the cotton farming, we will get two things coming out of it – lint (or the fibre) and seeds,” Vimal recalls thinking at the time. “If you put this whole thing together, if we do the one side for the fibre, why can’t we do both sides of the cotton value chain?”

Furthermore, Vimal had made the realization that cotton textile production in Kenya was still very small-scale, and the majority of textiles were imported, even though cotton grew well in the country. This gap indicated a prime opportunity to expand the business and integrate more stages of the value chain into his business.

The timing of his insight could not have been better. In the late 1970s, clothing factories like his father’s faced cotton shortages, an influx of low-cost second-hand clothes, and competition with cheap East Asian produced polyester and man-made fabrics, which were becoming popular in the African market. Not only that, but the garment industry was also inherently risky, since one had to predict whether a particular style would be popular that year, knowing that half the cost of the inventory – the industry standard – would most likely have to be swallowed. On the other hand, the market for cottonseed was more standardized; the products (soap, oil and feed) were staples, and demand was steady and reliable. Indeed, there was a shortage of seed by-products, and many seed-based products were imported.

With this knowledge, Vimal convinced his father to close the clothing factory in 1979. Bidco was now in the business of manufacturing fast-moving consumer goods (FMCG). At the young age of 22, Vimal became a director of Bidco, alongside his 24 year-old brother Tarun, with their father serving as chairman.

### Transforming an old company

After closing the clothing factory to focus on seeds, Vimal put together a feasibility study and drew up a business plan to obtain financing, but the path was slow and painful. Banker after banker took one look at the young Vimal and asked if he, or anyone in his family, had any experience in the industry. Vimal recalls: “I could only respond by telling them that I had an idea, a concept.” Compounding Vimal’s lack of experience was the presence of multinational corporation Unilever, which held a virtual monopoly on many FMCGs in Kenya. However, Vimal would counter that Unilever did not take advantage of the full value chain, as Bidco intended to do. Then Vimal had a chance encounter with a representative of the International Finance Corporation (IFC), who expressed interest in financing Bidco, although it required 40 percent equity. After initially balking at the deal, Vimal ended up heeding some of the representative’s sage advice – to focus on one product; and to start small, but aim big. Vimal decided that Bidco would focus on manufacturing soap at the outset, rather than tackling the whole value chain as he had initially envisioned.



To get the new company off the ground in 1985, Vimal relied on USD 61 000 in financing from family and friends. After that, he was able to secure a loan of USD 700 000 from the Industrial Development Bank (IDB), which Bidco used to purchase its first plant in Thika, outside Nairobi, and the machinery to manufacture soap. Additionally, Biashara Bank extended USD 200 000 in working capital.

However, no sooner than Vimal had acquired the capital and means to produce the soap, he encountered another hurdle, in retail, discovering that a lack of name recognition prevented the larger distributors from carrying the new brand; by and large, they already stocked Unilever products. This forced Vimal to bypass the traditional distribution channels and market, going directly to the retailers – mostly small *spaza* shops. Vimal then hired three vans and went with a team from store to store, all but begging the owners to stock Bidco products. Some agreed, only to inform Vimal later that the products were not selling. They threatened to remove the products, until Vimal offered them a consignment deal, allowing store owners to repay Bidco only when the products sold.

This strategy succeeded in getting the products into stores, but Vimal still had to address the brand recognition problem. He came up with a creative solution, sending company employees undercover to the shops to ask for Bidco products by name. When customers heard the undercover employees asking for Bidco products, their interest was piqued, and many also asked for the products. Slowly but surely, Vimal's 'on-the-ground' marketing campaign paid off, and the shops began to move his products.

Vimal did not stop there. He took every opportunity to showcase Bidco products to make the name better known, participating in trials and exhibitions, and even going door-to-door offering free samples. Although it clearly was not the most efficient method, it allowed Vimal to cut out the middleperson – distributors and wholesalers – and offer quality Bidco products at a lower price than the competition.

*“One thing we had was quality with a price advantage,”*  
says Vimal. *“This was one (and still is) of our mottos – we are not going to be more expensive, but we want to give better quality.”*

Moreover, Vimal made a point of differentiating Bidco products to appeal to a wide range of consumers. For instance, he changed the colour of Bidco soaps based on regional consumer preferences – the Kubu brand, which is sold primarily in Western Kenya, came in blue and was coarser in texture, whereas the White Star bar soap was cream coloured, higher quality, and sold mostly in the suburban areas around Nairobi and Nakuru. This differentiation model proved effective, and Vimal continues to offer a range of products in different qualities, colours, prices and sizes.



Vimal likes to say: *“We have a product for every pocket. Prince, minister, middleman, trader, common man.”*

### Early challenges

Kenya’s price control system in the 1980s proved a significant challenge for Vimal’s company. If production costs changed, it could take up to three or four months to receive approval from the government to make price adjustments at the retail level. Such bureaucratic delays were particularly difficult for a small start-up enterprise. Eventually, Kenya’s economic hardship in the 1990s forced the government to do away with the price control system, but some policies were reinstated a decade later.

By the same token, the economic downturn in the 1990s caused severe problems for Bidco. It was during this time that Vimal opened Bidco’s oil processing plant, which had already faced challenges such as the exorbitant cost of importing oil for processing. Instead of importing the industry standard 200 litre drums, which was extremely expensive, Vimal decided to import 400 tonne shipments in bulk to lower costs. By piggybacking on other shipments to Kenya, Vimal was able to cut his import costs dramatically, which helped him to offer lower prices for Bidco products than

his competitors, passing the savings on to consumers. Kenya ran out of foreign currency, and the exchange rate leapt from 16 Kenya shilling to the US dollar to 82 Kenya shilling in just five months. Meanwhile, interest rates climbed from approximately 10 percent to 80 percent. This took a serious toll on all businesses in the country, and forced Bidco to eliminate all foreign loans. Vimal recalls, “We paid (off all the loans) and converted everything into (Kenyan) shillings. If we did not do this, we would have died.”

In addition, Vimal’s attempts to modernize Bidco’s processes ran into problems due to Kenya’s lack of technological infrastructure. As Bidco expanded beyond Kenya, Vimal decided it was important for the business to be online, but there were no fibre optics available for Internet connections. Vimal responded to this obstacle by acquiring Kenya’s first very small aperture terminal (VSAT) satellites, ensuring that the business was running in real-time. This was unheard of in Kenya at the time, and other businesses, including banks, followed suit. Today, VSAT satellites are virtually obsolete as the country eventually built a robust fibre-optic high-speed cable network. However, Bidco has kept the satellites for backup.



Bidco Africa Factory

© EcoVentures International



## Growth strategy

Despite the fact that Vimal focused on producing soaps in Bidco's early years, his goal remained to expand into other areas further up the value chain, such as oil processing. In 1987, he set about researching oil processing and spent three months in Malaysia with his new wife studying palm oil processing. On his return to Kenya, Vimal set out to open an oil refinery and fractionation plant<sup>8</sup> in the country, the first in East Africa. Vimal recalls the reaction he received when he mentioned that Bidco would move into the edible oils processing business: "Some people said we were crazy to do this where no one else was doing the same thing," he says. Precisely because no one else was doing it, Vimal saw an opportunity. In 1990, Bidco expanded into edible fats and oils, which required a bigger plant and state-of-the-art technology. The company had to move to a larger, more advanced location, and ended up in Thika, close to Nairobi. Between 1994 and 1997, Bidco increased its capacity by 500 percent.

Expansion aside, Vimal's growth strategy for Bidco has also included acquisitions. In 1998, the company bought an oil processing plant and the brands from Unga Group, a key competitor in the FMCG domain, which was getting out of the business. The year after the acquisition, Bidco grew exponentially. Then in 2001, Bidco acquired Shivji and Sons, a soap production plant in Tanzania, giving the company a bigger footprint in the region. But perhaps the most significant procurement for Bidco was its acquisition of the leading brands in East Africa – Unilever's edible oils products – in 2002. Not only was this a huge growth agent for Bidco, it also gave Vimal personal satisfaction, as he had not forgotten that Unilever had been his primary obstacle to acquiring a bank loan in his company's early days. Now, he was buying out Unilever's product line to become the largest manufacturer of edible oils and fats in East and Central Africa. Bidco has maintained all these brands under the same name, with the same quality and consumer satisfaction.<sup>9</sup> In 2005, the company further expanded its geographical presence with the opening of a factory in Jinja, Uganda.

While Bidco is now a large company with more than USD 400 million in annual revenues, Vimal attributes much of its success to his determination to keep the business as nimble as possible, able to make quick decisions. In other words, although Bidco is not a start-up anymore, Vimal treats it like a start-up. "If I want a board meeting right now, I can call it in five minutes," he explains. "That is how fast we can act, whereas other companies call board meetings in a few months."

<sup>8</sup> A fractionation plant separates the solid and liquid phases through thermo-mechanics, typically by cooling, crystallization and filtering.

<sup>9</sup> These brands include Kimbo, Cowboy, Veebol and Tiger.

This philosophy is one of the reasons that Vimal had been so adamant about having Bidco systems online before most other Kenyan companies. He recognized the potential of the Internet, and saw that it would give Bidco a huge advantage over competitors. Vimal had learned from his machinery suppliers in Belgium that most African companies would order manual machines rather than computerized equipment. Very few companies in Africa had appreciated just how transformational the Internet would be for commerce. Vimal was quick to make this realization, and he ensures that his staff are trained in the use of new, modernized equipment.

Nowadays, information can be downloaded and analysed at any moment – rather than waiting for a report to be written and delivered. With factories operating in four countries, everyone in the company has the ability to see up-to-date business information at any given time. The success of Vimal’s modernization strategy has overturned many preconceived notions about entrepreneurship in SSA, where it has often been assumed that most companies will be years behind Western counterparts. Vimal has helped to dispel that assumption, although he admits that he was a trailblazer.

*“A lot of the things we do, we are the first to do it. If no one’s done it, let’s go try it,”* says Vimal.

This sentiment goes back to running a company as if it were still a start-up. According to Vimal, the key is to have the decision-making ability, and the foresight to look at a situation and predict the best- and worst-case scenario, always being prepared for the worst.

To further the focus on technology and innovation, in 2015 Vimal brought in US multinational technology company IBM, to manage all Bidco’s information technology infrastructure and systems, allowing the company to free up its capital for expansion. Vimal hopes that this new partnership will help him to extend Bidco’s growth into other African nations, and improve productivity by as much as 40 percent.

Bidco currently has factories in Kenya, Rwanda, Tanzania and Uganda, and exports to Burundi, Comoros, Djibouti, the Democratic Republic of Congo, Eritrea, Ethiopia, Madagascar, Malawi, Somalia, South Sudan, Zambia and Zimbabwe.



Top: Bidco products.  
Above: Bidco worker in the factory, displaying the Kimbo product line.



## Building something sustainable

Bidco is a member of the United Nations Global Compact, which is a voluntary initiative, based on CEO commitments to establish a sustainable, socially responsible and inclusive global economy. As part of this sustainability pledge, Bidco is dedicated to preventing pollution; for example, Vimal has installed an effluent wastewater treatment plant to recycle the industrial wastewater, thereby reducing Bidco's environmental footprint. Arguably, however, Bidco's greatest positive impact is through the social dimension, in the form of employment, hiring numerous workers and contracting with many farmers in the region. Vimal says that he employs more than 2 000 people directly and more than 20 000 in the value chain. To maintain a steady supply of raw materials, Bidco works with thousands of farmers across East Africa under contract farming arrangements.

Vimal offers his employees a generous benefits package, which includes health insurance, maternity and paternity leave, and access to personal development and training programmes. In addition, Bidco has a policy to ensure that staff members living with HIV/AIDS have access to the same rights, benefits and opportunities as any employee. Bidco also has an anti-corruption policy, with guidelines stating that corruption is a serious offence that can lead to termination and prosecution.

*“We’ve created our own culture. We call it the Bidco way.”*

The principles of sustainability and conscientious management penetrate Bidco from top to bottom. Vimal consciously developed the Bidco culture around the Japanese concept of *Kaizen*, meaning continuous improvement. Staff are encouraged to make improvements as they see fit, without having to ask for permission first. According to Vimal, Bidco has become a learning organization, where everyone in the company wants to contribute to its progress and success.

It is a culture that Vimal believes will allow Bidco to reach its goal of gaining the highest market share for edible oils in Africa by 2030. The only thing that could stand in its way, according to Vimal? “Ourselves. Us not acting on opportunity.”

According to Vimal, Kenya (and Africa) *“need[s] innovators to disrupt the status quo and shake up the market!”*

### Questions for discussion

- 1] What innovative approaches did Vimal employ to grow its business to scale?
- 2] What do you think was the most difficult challenge Vimal faced in starting Bidco and why? Do you think he addressed it well?
- 3] One of Bidco's mottos is 'better quality with a price advantage.' Is this an effective marketing strategy for his product lines?

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## CASE 3.2 » FROM HERDS TO HOMES

### Case synopsis

Driven by the harsh realities of the poverty and suffering of Senegalese livestock herders, at the age of 27, trained livestock veterinarian Bagoré Bathily was inspired to start a social enterprise. He was determined to lift the people of Northern Senegal out of poverty, especially livestock herders, through his business La Laiterie du Berger. The enterprise is unique among Senegal's few home-grown dairy firms in that it purchases milk from local herders.

Today, Bagoré's dairy company is a flourishing business, whose *Dolima* brand products are sold countrywide. Its yogurt is Senegal's second best-selling brand. Furthermore, Bagoré has been able to honour his commitment to help Senegal's poor livestock herders in the northern region, as La Laiterie du Berger provides them with a steady income and support services to improve their livelihoods.



© Sipa Press/Tom Haley

Bagoré Bathily,  
La Laiterie du Berger (LDB),  
Senegal

### The humanitarian entrepreneur

Born in Dakar and raised in both Cameroon and Senegal a French mother and a Senegalese father, Bagoré describes his family as a group of academics – his father is an economics professor and his mother is a teacher. Bagoré refers to his family fondly, describing them as fearless intellectuals, thinkers and dreamers. When he first floated the idea of the dairy business with them, they were very positive, offering him encouragement and their blessing.

*“If they had been from a family who knew about business, then they probably would have told me not to do it!”*

Bagoré's lifelong love of animals led him to veterinary school in Belgium, after which he began working for a non-governmental organization (NGO) in Mauritania. This job brought him into contact with the Peul, a pastoral tribe in the Senegal River Valley, from whom he learned about the nomadic herding practices and plight of the Sahel region's dairy farmers. Senegal has roughly 1.2 million livestock herders, many of whom are concentrated in the semi-arid northern region of the Senegal River Valley, which is heavily afflicted by poverty, malnutrition and lack basic services and supplies, such as medicine. Moreover, due to the remoteness of the region, the herders have limited market access and thus rarely sell their milk. Despite the abundance of cows, the quantity and quality of milk produced are low. Milk production and sales are not considered a viable source of income.



This is not to say that the Senegalese people do not drink milk or consume dairy products. However, 90 percent of the milk consumed in Senegal is imported in powdered form, for which there has been very little competition. For many years, Sapro lait – the first dairy firm in the country to import powdered milk and manufacture yogurt, cottage cheese and sour cream – dominated the market. In 1992, the food giant Nestlé set up a dairy processing business in Senegal, but was forced to close in 2002 due to high collection costs and the difficulty of competing with inexpensive imported powdered milk products, which according to Bagoré are sold at cheaper prices due to low import taxes. The tax on imported milk powder is 7 percent, compared with 30 percent in the case of the combined taxes associated with collecting local milk. As a result, there was a market gap for locally produced fresh milk and dairy products – though the issue remains of the need to redistribute taxes to stimulate the supply of local milk, and make fresh milk more affordable.

Bagoré first conceived the idea of opening a dairy business while working with the livestock herders. He quickly realized that his veterinary services were of no use to these people, who were too poor to be able to afford them. However, he was determined to improve the precarious situation of the region's herders and resolved to develop a market for the herders' milk to lift them out of poverty.

In 2006, Bagoré started La Laiterie du Berger, with no business experience, but fully aware of his lack of commercial skills, and the fact that he would need to learn them. Today, La Laiterie du Berger is one of Senegal's few home-grown dairy firms, and the only one to purchase milk from local herders. Headquartered in Dakar, with a production facility in Richard Toll (in Northern Senegal), La Laiterie du Berger is unusual in that its goal is social improvement: to support local livestock herders and help to alleviate extreme poverty in the Senegal River Valley.

Of course, a mission is one thing; making it work is entirely different.

### Financing the business

Looking back to the early years of Bagoré's enterprise, long-time friend and mentor Andre Froissard recalls, "The idea had all the characteristics not to succeed. I have been in the business for 40 years and, in my professional opinion, I would have given it only a five percent chance of success."

Indeed, Bagoré's idea of building a network of livestock herders from whom he could purchase sufficient amounts of good quality milk proved to be challenging from the start. The first obstacle was finding capital to build a milk processing plant. Bagoré sought investment from his family and friends to set up the processing plant in Richard Toll, amassing a total of 160 million CFA francs (USD 285 671). With this money, La Laiterie du Berger was launched in 2006.



Two years later, when Bagoré found himself in need of more financing, he stumbled upon I&P Development (I&P), an impact investment fund headed by Jean-Michel Severino, former CEO of the French Development Agency (2001-2010) and Vice-President of the World Bank for Asia (1996-2000). I&P not only provided La Laiterie du Berger with the equity it required; it helped Bagoré to develop a solid business plan – a crucial step for any business hoping to attract more investors. The partnership proved to be exactly what Bagoré needed; I&P had reasonable expectations, was results-oriented, and had a mindset that prized an entrepreneurship. The impact investment fund was keen to make a long-term commitment to developing La Laiterie du Berger, with a vision of eventually pulling out. “They were not there to provide short-term support,” Bagoré says. “They helped me build the business on a 10-year plan with finance and technical support from partners.”

In 2008, I&P made an investment to acquire approximately 25 percent of the dairy company’s shares, while the Bathily family continued to be the major shareholder with 35 percent ownership. In 2009, I&P introduced Bagoré to world-leading food company Danone, which led to him working with Danone Communities, an enterprise development incubator, as well as with the Danone Ecosystem Fund, a social investment fund. In return, Danone took on an investment of nearly one-quarter of La Laiterie du Berger.

With expertise from Danone, Bagoré was able to improve the quality of the milk, and diversify the dairy product portfolio, creating and improving products. Hence the Dolima brand was launched, which means ‘give me more’ in the local Wolof language. The Danone Ecosystem Fund also provided technical support in marketing, production, commercialization and distribution. Meanwhile, Danone helped Bagoré to develop a cold chain – a temperature-controlled supply chain – to ensure that the products delivered to the consumer were both fresh and of good quality. In practical terms, this meant that La Laiterie du Berger could produce a higher quality product for its target market.

Gradually, the dairy company’s success as a social enterprise in providing a market for the precarious products of smallholder herders in the Sahel attracted other investors, including the Grameen Crédit Agricole Foundation. This organization is the result of a partnership between the Grameen Trust and Crédit Agricole, a French bank that has its origins in the agricultural cooperative movement of the late 19th century; Grameen Crédit Agricole Foundation holds 10 percent of the company shares. Another investor, with 5 percent of the shares, is PhiTrust Development, a social responsibility consulting firm that specializes in technology for social impact.

In 2012, six years after the business was launched, La Laiterie du Berger received a further cash injection when it was granted USD 50 000 through the Africa Award for Entrepreneurship from the African Leadership Network

(ALN).<sup>10</sup> La Laiterie du Berger won the award for the Best Rising Small and Medium Enterprise (SME) in Africa, selected from among 1 200 businesses in eight African countries spanning a number of sectors, including technology, education, the agrifood industry and finance.

Bagoré has also relied on the support of his friends and family. His sister had attended business school in France, and in the early days, she helped him with the marketing, branding and distribution strategy. His brother-in-law was an industrial engineer at Nestlé, and he supported Bagoré with the technical aspects of the business. Most of all, Bagoré remembers that it was his parents' encouragement that motivated him to push forward with his business idea.

### Supporting the supply chain

Setting up the supply chain proved to be another substantial challenge, partly due to the difficult climate of the Senegal River Valley region, which is situated between the Sahara to the north and the Sudanese savannah to the south. Although cows are plentiful in the region, milk production is made difficult in the drier months by the semi-arid conditions, combined with poor feed. The seasonality of rainfall is the determining factor of milk production in Northern Senegal, due to its impact on fodder for cattle. Although the wet season greatly improves milk production, waterlogged roads greatly hampers transport to collection centres. If La Laiterie du Berger was going to live up to its mission of helping Senegal's livestock herders, then Bagoré would have to pay to improve milk production conditions. In addition to providing herders with access to veterinarians and breeding services, La Laiterie du Berger sells feed to farmers in the dry season at competitive, stable prices. In recent years, the dairy company has sold 13 million CFA francs (USD 23 000) worth of feed. Herders can take the feed on credit, with the cost subtracted later from milk payments.

The relationship between La Laiterie du Berger and the farmers is non-contractual and based on trust. Any herder wishing to supply the plant is given a minimum target of milk to deliver, and this is monitored, then paid for at the end of the month.

As for the problem of milk collection, if the farmers cannot deliver the milk themselves, Bagoré provides a collection team, which travels from farm to farm to pick up the milk. Since many of the farmers are illiterate, the collection team assists them in keeping accurate accounts of the volume of milk they produce, as well as providing technical assistance to help them increase their milk production

<sup>10</sup> The ALN is a community of approximately 40 leading business and impact leaders in Africa, from CEOs, managing directors, entrepreneurs, and government employees, to NGOs, the arts and civil society.



and meet their targets. At the same time, the team is always looking for new prospective farmers to supply milk.

The range of services provided by the collection teams is not just for the benefit of the farmers. Bagoré knows that by building a stable source of supply, he is investing in La Laiterie du Berger's future. If conflicts arise regarding payments or deliveries, Bagoré is acutely aware that the farmers may stop supplying milk, so it is critical to maintain a deep level of trust and open communication between them and the collection teams. By offering technical guidance, business support, veterinary services, feed and other inputs to the producers, La Laiterie du Berger is making a sustainable investment in its producers and the quality and quantity of its products, thereby securing its future.

As part of doing business with the livestock herders, La Laiterie du Berger has had to adjust its business operations to conform to the herders' cultural norms. For example, the factory is open every day of the year to comply with the farmers' production schedules. In addition, while some farmers have bank accounts, many others are paid cash, with most farmers choose to take feed in lieu of a monetary payment. The reality is that most of the herders do not see the need for cash, and prefer valuable animal inputs instead.

Yet a large part of Bagoré's mission is to help these farmers move beyond subsistence living, which has defined the region and its inhabitants for centuries. For this reason, La Laiterie du Berger has capped the payment amount that farmers can take as feed at 60 percent of their milk sales. The rest is paid in cash, which Bagoré hopes the farmers will use to improve their standard of living.

He shares a story that illustrates the transformation that the company is helping to facilitate in the region. A dairy farmer named Tidiane was struggling to find feed for his cows and travelling very long distances to sell his milk. Then, in the dry season of 2014, Tidiane met Bagoré and became a La Laiterie du Berger supplier, which was to prove a life-changing move. Bagoré's dairy company helped Tidiane to improve his production to the point that he only needed half as many cows to produce the same quantity of milk. The herder then decided to sell half his herd, and to use the proceeds to upgrade his farm and build a house.

In 2006, La Laiterie du Berger collected milk from 200 livestock herders. By 2016, this figure had increased fourfold to more than 800 suppliers. These herders now have a regular market for their milk, and a steady source of income with which they can improve their lives by having the purchasing power to buy critical items such as food and medicine for their families.



Bagoré Bathily meeting with local vendors

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## Last-mile distribution

A remarkable feature of La Laiterie du Berger is that it has developed multiple parts of the value chain into a high impact business with a 7 tonne product turnover as of 2012. Starting out as a simple dairy firm, buying and processing milk for smallholder farmers, the company has expanded into developing both sides of the value chain. On the one hand, La Laiterie du Berger has developed a last-mile distribution network appropriate for low-income consumers. On the other, it has developed the supply chain with smallholder herders.

*“We set up something that has become very big,”*  
says Bagoré. *“Initially, the problem was the collection of milk. Then, over time, we found so many problems. We had no choice but to launch ourselves into it and do it all.”*

La Laiterie du Berger collects milk twice a day within a 50 km radius of the factory in Richard Toll. The finished dairy products – pasteurized milk, yogurt, fresh cream and sour milk – are then transported to retailers in the surrounding areas, including the coastal town of St. Louis and reaching south to Dakar. There, three times a week, company trucks deliver to the large supermarket retailers – Carrefour and Casino – as well as to small grocery shops (stockists) scattered throughout the city.

As any local could tell you, the ‘last-mile distribution’ – from the stockists to the consumers – is tough in a densely populated, poorly planned city like Dakar. At the stockists, La Laiterie du Berger’s products are kept in a freezer, waiting to be picked up by a *pousse-pousse*<sup>11</sup> and delivered directly to consumers. This is the only practical way that Bagoré has found to reach the small kiosks that are tucked deep inside the city’s narrow streets, which are impassable to larger vehicles.

Since Bagoré started using the *pousse-pousse* system in 2012, his sales have soared, where sales via the *pousse-pousse* system now account for one-third of sales in all four zones across the capital. To give some perspective on the scope of this simple, yet revolutionary system, one field sales manager may oversee 5 stockists and 46 *pousse-pousse* vendors who deliver to approximately 1 500 micro-retailers (small kiosks) within a 15 km radius. This system has allowed Bagoré to sell Dolima products in a total of nearly 12 000 micro-retailers across Dakar and environs. Dolima is sold at an affordable price – a 90-gram packet costs USD 15 cents (similarly priced to competitors) – in very low-income areas, in order to reach base of pyramid consumers.

<sup>11</sup> *Pousse-pousse* are simple wooden carts carrying cooler boxes and attached to bicycles.



Gazing out of the window from his office, Bagoré points to the hustle and bustle of the densely populated market. “Look at the informal sector. They are all consumers of Dolima,” he says. “You won’t reach them by distributing through the big supermarkets. That is why we developed the *pousse-pousse* system.” In Senegal, consumers will buy whatever brand of dairy products is in stock nearby, which is why the *pousse-pousse* system has allowed Bagoré to capture such a significant share of the market. When a customer goes to a kiosk and sees Dolima, that is what he or she will buy.

The distribution method is relatively inexpensive. Although La Laiterie du Berger has to pay the cart drivers’ salaries, as well as the cooler boxes in which the milk products are carried, this is still a more sustainable and cheaper option than using trucks to make deliveries – even if they were able to navigate the narrow, congested streets. Even large retailers, supermarkets and banks are now following suit, starting to install operations throughout Dakar to reach low-income consumers.

### Expansion and the way forward

Today, La Laiterie du Berger has more than 100 full-time employees. Between 2008 and 2015, profits grew twelvefold. However, such success does not come without change. Indeed, in some ways, Bagoré has been at the helm of two very different businesses, the first of which was survival focused, while the latter was growth-oriented. “The business of 2008 and the business of 2015 did not look like each other at all,” says Bagoré. “Although we had the same

staff back then, even the staff are now different in terms of character and skill.” Bagoré describes how the staff had to adapt to new business challenges that came with growth. “In 2008, the person in charge of commercial sales and marketing when the business was earning only 250 000 CFA francs (USD 420) per year was a different animal to the one now doing a much larger business of 3 million CFA francs (USD 5 000) in 2015.”

Bagoré has no intention of slowing down, he says. He hopes to earn an annual 30 million CFA francs (USD 50 340) in the next ten years by launching new brands. The ability to expand is due entirely to Senegal’s newly revived dairy market, which La Laiterie du Berger had a large hand in creating. However, Bagoré notes that this level of growth will require even greater investment in an educated, dedicated workforce. Currently, almost 10 percent of personnel costs are spent on training. “This type of investment might sound like an extravagance,



Bagoré Bathily,  
La Laiterie du Berger (LDB), Senegal

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a luxury almost,” remarks Bagoré, “But for us it is not. Without this we will not be able to grow in the future. We are not a start-up anymore.”

A few years ago, when the business was in survival mode, Bagoré admits to having been more focused on short-term business activities than on personnel development. But now that La Laiterie du Berger has its sights set on ambitious new targets, Bagoré believes that this type of investment is crucial. He is acutely aware that this business is no longer just about him – it is all about the ability of his top managers. “My team needs to be solid,” says Bagoré. He realized early on that if an entrepreneur and owner-manager of a business does everything him or herself rather than building a strong, durable team, the business will not be sustainable.

*“For me, La Laiterie du Berger is not just one person, it is all people; they will take us to the next level.”*

Bagoré has built a team of well educated, charismatic young professionals. However, he recognized that there are numerous prosperous businesses in Senegal which lack the highly educated employees that La Laiterie du Berger has on-board. Important qualities such as pragmatism and being action-oriented, are critical success factors for both entrepreneurs and management teams, but are not taught in school. Bagoré believes that he and his team should be able to provide direction, make decisions, and foster relationships inside and outside the business. He therefore took his managers through several phases of development, to bring them to the level of where they are today, strengthening their technical skills and then developing their management and leadership capacities.

Bagoré describes his role today as developing his growth strategy, rather than one of handling the day-to-day business. He has a team that closely tracks, monitors and evaluates changes in the business, allowing him to build the vision and mission around the working structure, and to strike a balance between La Laiterie du Berger’s business necessities and a broader humanitarian mission. Bagoré’s business demonstrates how value chain innovations can result in the inclusion of and access to socio-economic resources for smallholder herders, while securing a good quality supply of milk throughout the year – despite challenging conditions – and contribute to the improvement of food security.



## Questions for discussion

- 1] How did Bagoré's education and experience enable him to launch a dairy business?
- 2] What are the current challenges that Bagoré faces in his business? How would you suggest that these should be addressed?
- 3] What type of strategies could Bagoré employ to foster business growth?

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CASE 3.3 » **PLANTING SEEDS FOR SUCCESS****Case synopsis**

Despite being a relatively fertile country, Uganda's agricultural sector has struggled to reach its significant potential. Recognizing this performance shortfall, Josephine Okot set out to transform the sector by focusing on enhanced quality seed. The company she launched, Victoria Seeds Limited, is now a leading seed house in East Africa, generating UGX 6 278 047 537 (USD 1 692 130) in total food crop revenue as of 2012. Josephine is recognized throughout the region as one of Uganda's pre-eminent entrepreneurs, and has played a central advocacy role in developing the country's burgeoning agricultural sector.



Josephine Okot,  
Victoria Seeds Ltd., Uganda

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**Women's work burden**

Growing up in rural Uganda, Josephine saw how hard women worked raising their families and tending the fields, with many serving as female heads of household. Following the death of her husband, Josephine's own mother single-handedly raised her and her six siblings. Years later, Josephine cites her childhood experiences as primary reasons for her devotion to Uganda's agricultural sector.

*“I was driven by the desire make a difference in the lives of rural Ugandan women. Growing up, I saw women that held their families together, headed households during civil war, and contributed most of the agricultural production in Uganda.”*

Yet, despite running one of the most successful seed companies in Uganda, Josephine does not have a background in agronomy. She studied commerce at Makerere University Business School as an undergraduate, and earned her master's in International Business from Washington International University in the British Virgin Islands. Today, Josephine describes herself as “an entrepreneur with a passion for seeds.”

In the late 1990s, Josephine worked in marketing at a small Ugandan seed company, Harvest Farm Seeds, which primarily focused on producing and selling seeds for relief operations in the region. The fact that she worked for a seed company at that time was purely coincidental, because back then, Josephine could never have imagined that seeds would soon become her passion.



In 1999, the Association for Strengthening Agricultural Research in Eastern and Central Africa (ASARECA) conducted an analysis of seed sector policies in East and Central Africa, with the intention of harmonizing and modernizing the region's seed policies. ASARECA visited Harvest Farm Seeds, piquing Josephine's interest in the economics and science of the seed industry. She soon discovered that the yields obtained by the majority of Ugandan farmers were far lower than those achieved at research level – at times, as much as one-third below their potential. To understand why, one must dig a little deeper into the recent history of Uganda's agricultural sector.

### The seed sector in Uganda

Uganda is a country blessed with fertile land and strong potential in the agricultural sector. Taking advantage of this potential requires access to and use of improved inputs, such as enhanced quality seed. Quality seed is the foundation of agricultural growth. However, according to the World Bank, despite the awareness of the importance of seed and substantial donor support, only 10 to 15 percent of Ugandan farmers used improved seed as of 2014, while the majority relied on the informal seed system. Farmers use saved seed for three reasons, including: (i) inadequate access to seed markets; (ii) limited access to financial resources or credit to buy or produce seed; and (iii) lack of research on genotypes that are adapted to the environment.



Victoria Seeds products

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Although Uganda liberalized its seed sector in 1992, private seed companies were slow to emerge, leaving farmers without the means or the education to use enhanced quality seeds. From 1995 to 2004, a United States Agency for International Development (USAID) funded programme helped to jump-start the local seed economy, with the intention of adding other players into the mix. This effort was matched by a policy push from the Ugandan Government to advance the nation's overall agricultural production. By 2000, three private companies dominated the space – Harvest Farm Seeds, where Josephine worked, Farm Inputs Care Centre (FICA), and Nalweyo Seed Company (NASECO).

It was in this changing policy environment, which focused strongly on improving the country's agricultural sector, that Josephine conceived her idea to start a seed company of her own. She saw an opportunity to bring the private sector into agricultural development. Through her interaction with ASARECA, Josephine absorbed a great deal of information on the seed sector in the areas of research and development, scientific knowledge, regulation and policy options, and

technologies at the macro-level. Furthermore, Josephine had solid experience within the seed sector at micro-level, through her experience at Harvest Farm Seeds, particularly in working with poor smallholder farmers.

Around that time, the Ugandan Government had just launched a policy called the Plan for the Modernization of Agriculture, which included mechanisms for smallholder farmers to adopt advanced technologies, such as improved seeds with increased yields and which were resistant to both drought and pests. According to Josephine, this policy helped to accelerate Victoria Seeds' growth, especially in the early years:

*“A government body was formed – the National Agricultural Advisory Services (NAADS) – to facilitate members of the private sector, such as ourselves, to go out and distribute inputs to small farmers. It provided subsidies to farmers to allow them to demonstrate proof of concept and, subsequently, generate enough income to become self-sustaining. It was very exciting, because the demand for improved seed was really growing, with a seed market potential of over 35 000 metric tonnes. By incentivizing the private sector to participate, farmers adopted hybrid maize at levels that we did not have before. Demand grew from just 100 metric tonnes per annum in 2004 to over 2 000 metric tonnes today. It was a huge improvement, and the policy environment was right.”*

Thus, in 2004, Josephine left Harvest Farm Seeds and started Victoria Seeds. Her dream was both practical and visionary: to provide Uganda's farmers with enhanced quality seeds that would substantially boost yields, while simultaneously improving farmers' lives, particularly the rural Ugandan women Josephine remembered so vividly from her youth struggling, to simultaneously work and raise families.

### Seeding and growing the seed company

Recognizing the opportunity that Uganda's revitalized agricultural sector provided did not make it any easier for Josephine to start Victoria Seeds. She found it particularly difficult to acquire the finance to get her company off the ground. Josephine was prepared to remortgage her home to finance the company, but the commercial bank she approached for start-up capital was dismissive: “They said, ‘No way. Even if you have a house or collateral, we are not in the business of reselling houses, my dear. You have no credit history, and may just disappear.’”

Josephine eventually approached the head of USAID's Agriculture Productivity Enhancement Program (APEP), and presented him with her business plan. “After speaking, he decided to write to the bank and offered a guarantee on the loan. I think that without that intervention, Victoria Seeds would not even exist,” explains Josephine.



Victoria Seeds did not have much competition in those days, with only a few Ugandan seed companies in operation. This turned out to be both a blessing and a curse, as it meant that there was not much of a domestic market to buy the parental seed lines she needed to get going. That left Josephine with two options: she could go to one of the big multinational agricultural companies, such as Monsanto or Syngenta, to obtain the lines, or she could purchase them from public research institutes and Ugandan universities. Going to a large multinational company would have meant that her nascent company was beholden to a much larger – and indifferent – partner.

As Josephine remembers, *“My understanding was that when you are very small and you get married to a very, very large company, there’s always a mismatch.”*

Josephine therefore decided that her strategy would be to build up the company first, and then to seek partnerships with multinationals. Meanwhile, she decided to go with the option of purchasing her parental seed lines from public research institutes and Ugandan universities. She noted that it would be possible to go into a joint venture with a multinational to bring in technology and experience at a later stage, after the brand was well known, and to use her company’s infrastructure to scale it up.

Early on, Josephine also had the foresight to be careful to reduce Victoria Seeds’ dependency on any one region for production. She decided to lower the risk by setting up factories in different parts of the country, with farmer outgrower networks in each of the regions.

Furthermore, Victoria Seeds was one of the first seed companies to develop marketing and distribution strategies to put seeds directly into farmers’ hands, even if those farmers were based in rural areas that were hard to reach. This approach is called ‘last-mile farmer distribution.’ The Victoria Seeds’ model primarily involves working with smallholder farmers through marketing groups, similar to cooperatives or producer groups. However, this approach does not come without limitations, as Josephine observes: “You can only truly pursue the small farmer market if government extension is working, but it is not fully functioning at the moment; small farmers often make costly mistakes. They often do not know the correct plant population, or sometimes they spray their crops with the wrong pesticides, frequently suffering high post-harvest losses, and in all these cases they are quick to put the blame on us. So that becomes a challenge.” As a result, Victoria Seeds has begun to target large farmers. These offer a more sustainable market, since they have greater purchasing power and tend to be more willing to adopt new technologies.

Both last-mile distribution and farmer outgrower networks are supported through partnerships with international donor agencies, who were also interested in helping marginalized farmers (especially women farmers) to gain



access to agricultural inputs, such as improved seed varieties. This collaboration between the public and private sector has allowed Victoria Seeds to help many Ugandan farmers overcome the ingrained structural deficiencies and challenges of accessing quality seeds, including difficulties in supply (in terms of availability of the right type and at the right time) and in obtaining genuine (non-counterfeit) seeds.

### Challenges facing a seed company

Despite Victoria Seeds' success, Josephine faces significant uphill challenges. One hurdle is the proliferation of counterfeit seeds and inputs, which Uganda's regulatory structure is not equipped to handle. According to Josephine, the system for enforcing the rules related to counterfeiting has collapsed, which is negatively affecting her business. She notes that the National Seed Certification Services in the Ministry of Agriculture, Animal Industry and Fisheries may not have adequate financial or human resources to undertake seed crop inspections and regulate the seed market. There have been issues with counterfeit seeds throughout the country, which undermines the market, and has affected Victoria Seeds' profits. Although efforts have been made to create tamper-proof labels for seeds, she believes that an improved system is needed.

*“The market has been hurt over the last three years due to counterfeit seeds and the inability to prevent them from hitting the market.”*

In terms of business operations, the primary stumbling block that Josephine faces is lack of human capital. She says it is difficult to find “managers with skills to drive growth.” Although the company has Ugandan managers, it faces setbacks in finding the talent needed in order to expand. Victoria Seeds provides training for new staff, and is willing to provide further training for employees; in most cases, candidates for managerial positions need supplementary instruction. Josephine knows that the education system in Uganda focuses on theory, not practice, which means that every new staff member, no matter how well educated, needs extensive on-the-job training. The problem of finding the right people has forced Josephine to outsource talent from abroad, which can be an expensive strategy.

### Victoria Seeds today

The Government's efforts to bolster the agricultural sector seems to have paid off. This small but profitable growth in the country's seed sector eventually attracted the attention of multinational companies, such as Monsanto and Cargill. By 2012, there were 23 seed companies operating in Uganda, including Victoria Seeds. Of these, five or six including Victoria Seeds, are serious companies with production and storage facilities, able to provide almost 30 to 35 percent of seeds



demanded by farmers. Victoria Seeds is a company focused on growth, with as much as 25 percent of annual turnover drawn from exports to South Sudan. While there are obstacles to operating in South Sudan, the country's agroecology and cultural food preferences are nearly identical to those of Uganda, making it an important market for the growth of Victoria Seeds.

Josephine notes: *“If we can send our seed across Uganda’s near borders – remember, borders are nothing more than lines drawn across the continent – it means we can rapidly scale up in terms of revenue. So that has been our objective.”*

Josephine's progressive thinking has helped her company to move ahead of the game, and she has focused on creating the infrastructure to ensure that her seeds reach smallholder farmers. For example, Victoria Seeds uses mechanized rickshaws, locally referred to as *tuk-tuks*, as 'mobile seed shops' to reach local markets and remote villages, thereby overcoming infrastructural delivery challenges. For a small start-up in East Africa, this is a major achievement. In the Access to Seeds Index Report 2016, Victoria Seeds ranked higher than major multinational and transnational companies such as Monsanto. Her company is currently seeking to secure long-term capital to establish irrigation infrastructure and modern machinery for research and foundation seed production on a 202 hectare (ha) farm in Kiryandongo, Uganda.

While Victoria Seeds' core business is the provision of vegetable and cereal seeds to smallholder farmers, as well as related agricultural inputs such as agrochemicals, the company has expanded into other seed varieties, including legumes and oil crops, as well as forage grasses for livestock consumption. Indeed, Victoria Seeds currently markets more than 90 seed varieties, including legumes such as bush bean, cowpea and groundnut; oil seeds such as soybean, sunflower and sesame; pasture legumes and grasses such as green leaf and lablab; and vegetables such as beetroot, broccoli, carrot, eggplant, cucumber, leek, pumpkin and watermelon.

The seeds are distributed using company-owned trucks to more than 500 agrodealers countrywide, and to company sales outlets in Lira, Kasese, Masindi, Gulu and Kampala.

### The social impact

A start-up must necessarily focus on the bottom line, before it can turn its attention to a broader, more humanitarian focus. Yet improving the lives of Uganda's farmers, particularly women, was part of the inspiration behind Victoria Seeds. With success comes social responsibility, according to Josephine: “We really strive to make sure that, as we grow our business, there is also a very strong (corporate social responsibility) CSR component, which is not typical of an SME (small and medium enterprise) of our size.

For instance, we work with and train women farmers who are in our supply chain, such that they now represent 70 percent of our employees, which I think illustrates the values of what we are all about.”

### Smallholder farmer impact

Victoria Seeds supports women’s economic empowerment by training female smallholder farmers all over Uganda, ensuring that, each season, at least 70 percent of the company’s seed producing outgrowers are women. The company also offers appropriate machinery for production and post-harvest management, to replace arduous and time-consuming tasks that involve using hand hoes and other rudimentary equipment. Josephine explains: “We offer input credit and training in entrepreneurship to our farmer outgrower networks, and build their capacity for access to production loans. Overall, we are transforming subsistence-based producers into commercial farmers and enhancing the participation of women farmers in off-farm economic activities.”

In 2012, “Victoria Seeds spent USD 1.8 million on seed procurement from 707 smallholder farmers under contract farming, enabling them to achieve annual income levels greater than those of primary school teachers.” In addition, with marketing in mind and the aim to provide information to smallholder farmers, Victoria Seeds has set up a hotline that farmers can call to ask questions regarding input use and best practices. For Victoria Seeds, this investment means building better relationships with farmers, and as a result better quality seed production. Moreover, although there are several multinational seed companies operating in Uganda, regional seed companies (operating throughout Kenya, Tanzania and Uganda), such as Victoria Seeds, have shown to be more effective in terms of increasing smallholder farmers’ access to seeds. Indeed, Victoria Seeds was ranked second out of 17 companies in terms of facilitating access to seeds in the region in 2016 by the Dutch Government and the Bill & Melinda Gates Foundation in the Access to Seeds Report.

Victoria Seeds is committed to providing quality inputs at an affordable price to smallholder farmers. Together with other seed companies from the region, Victoria Seeds lobbied for agricultural inputs in Uganda to be exempt from value-added tax (VAT), so as to ensure that these inputs would be affordable to



The preparation of Victoria Seeds’ products in the field

© Victoria Seeds



farmers. As a result, the tax regime that was levied in June 2014 was removed soon afterwards. By the end of 2014, seeds were no longer subject to VAT.

### Gender impact

Since it was founded, Victoria Seeds has been dedicated to empowering rural women. As a business owner, Josephine has experienced first-hand the discrimination faced by women, which is particularly endemic in certain parts of the country, where society expects women to be subservient. In terms of business operations, Josephine claims that “the company seems to work better with women by default.” In her experience, women tend to be the most responsible managers, and women staff members generally understand and share Josephine’s vision for the company. Victoria Seeds has an excellent maternity leave policy, including paid childcare during training. Additionally, if a female sales representative (generally working in the field) is pregnant, Victoria Seeds tries to shift her to a less physically demanding position. Over the years, says Josephine, “I’ve found that women are more loyal, patient, and can withstand stress better than men. By default, we have more women as supervisors and at managerial levels than men.”

### Recognition of success

Since it was founded in 2004, Victoria Seeds and owner Josephine have been recognized for their quality work, both in the agricultural and humanitarian fields. A small sample of the honours that have been bestowed to them is sufficient to convey the impact that Josephine and Victoria Seeds have had on Ugandan farmers:

- » Voted ‘Leading Woman Entrepreneur’ 2006 by *Africa Business Magazine*;
- » Declared ‘Investor of the Year’ in 2007 by the Uganda Investment Authority; and
- » Named as ‘Africa Woman of the Year’ in 2011 by the Africa Awards for Entrepreneurship.

## Questions for discussion

- 1] How did the policy environment help or hinder Josephine in starting Victoria Seeds?
- 2] How has Josephine's mission and vision for the company benefited society, both in Uganda and the region?
- 3] What strategies has Josephine employed to scale-up her business? Is there anything that she could have done differently to increase her impact?

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C H A P T E R 4

# Successful women agripreneurs





## INTRODUCTION: UNEQUAL OPPORTUNITIES

Women are capable entrepreneurs and are increasingly running their own enterprises. As of 2016, an estimated 163 million women were starting or managing new businesses, and 111 million women were running established businesses in 74 economies around the world (Kelley *et al.*, 2017). As entrepreneurs, women are positively affecting their communities by creating jobs and thus contributing to economic growth.

Many people consider entrepreneurship to be a male dominated sector. Indeed, in most countries, there are fewer women entrepreneurs, and fewer women than men who are willing to become, or are thinking of becoming entrepreneurs. The Global Entrepreneurship Monitor (GEM) 2016 indicates that women report equal or higher entrepreneurship rates than men in just three economies – Brazil, Indonesia and Malaysia. Sub-Saharan Africa is something of an anomaly, in that it has the highest levels of perceived entrepreneurship capabilities and the lowest fear of failure rates in the world. The region boasts the highest female economic participation rate (63 percent as of 2016), women with the highest entrepreneurial intentions (over half state that they intend to start a business in the next few years), and the highest total female entrepreneurial activity (26 percent of women aged 18 to 64 are engaged in entrepreneurship)<sup>12</sup> (World Bank, 2017b; Kelley *et al.*, 2017). The Global Entrepreneurship Monitor found that most African women believe they have the capability to be successful entrepreneurs, and intend to start a business in the near future.

Yet, despite having the lowest gender gap in entrepreneurship, there are still fewer women entrepreneurs in Africa than men. Less than half of the women in sub-Saharan Africa who intend to become entrepreneurs do so, and among those who are able to start their own business, many fail to sustain their ventures into maturity. Indeed, many of them will give entrepreneurship a try, but less than half of these will succeed at becoming established business owners. Sub-Saharan Africa registers a great many failed businesses among women, at a higher level than for men (Kelley *et al.*, 2012). Further, women entrepreneurs in Africa typically run smaller, informal enterprises in lower value-added industries than men, who have a higher proportion of the formally registered enterprises with employees (Hallward-Driemeier, 2013; Cirera and Qasim, 2014). In many countries, if women are involved in business activities, it is often considered a side activity to make extra money to support the primary income earned by the breadwinner, who is typically the male head of household.

<sup>12</sup> In 2016, GEM data for Africa were collected in Burkina Faso, Cameroon, Egypt, Morocco and South Africa.



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Facilitating women's entrepreneurship would significantly contribute to more inclusive economic growth and equitable social outcomes. For example, female-led firms tend to employ more female workers as a share of the total workforce, controlling for sector, age and firm type (Cirera and Qasim, 2014). Furthermore, improving women's economic empowerment through entrepreneurship may contribute to increased poverty reduction, as women tend to use more of their income for the welfare of their families, and specifically their children, than men (World Bank, 2011). Women's entrepreneurship represents an immense untapped source of innovation, job creation and economic growth in developing countries. However, women face a series of barriers and constraints in realizing their full potential as entrepreneurs.

## BARRIERS TO FEMALE ENTREPRENEURSHIP

In addition to the typical obstacles that male entrepreneurs face in terms of access to start-up capital, locating skilled personnel and the general enabling environment, women struggle with gender-specific barriers to entrepreneurship. The five most widespread gender-based constraints to entrepreneurship, which account for the majority of gender differences in entrepreneurial activities in



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Africa, include: (1) a high share of domestic household work and care duties, as well as other sociocultural constraints; (2) poor access to finance and fewer legal rights; (3) lack of appropriate skills and education; (4) lack of role models, mentors and networks; and (5) lack of gender-sensitive policies.

### 1 » High share of household work and care duties and other sociocultural constraints

Across most cultures, women are primarily responsible for the household work and care duties. In sub-Saharan Africa, this is a significant burden, as it means tending to some of the largest households globally, made up of an average of five people (Kelley *et al.*, 2012). In Mozambique, women spend an average of 6.7 hours per day on domestic work, compared with men, who spend 1.4 hours (FAO, 2015).

In addition, many sociocultural norms restrict women's mobility. For this reason, the majority of women-owned businesses tend to be informal and home-based, allowing their proprietors to combine household duties and entrepreneurship, but clearly restricting their ability to grow their enterprises (World Bank, 2012). The typical business profile of a woman entrepreneur is a consumer-facing, one-woman business with no employees, and low potential for growth. Women entrepreneurs are more likely than men to operate businesses without employees, and business growth projections for women-run businesses are lower. In sub-Saharan Africa, 40 percent of new female business owners have no employees, compared with 32 percent for new male business owners; similarly, for established

businesses, 44 percent of female business owners run single-person operations versus 30 percent for male business owners (Kelley *et al.*, 2012).

Sociocultural norms surrounding family structure and interactions between opposite genders can also hinder female entrepreneurial growth (Kuada, 2009). An International Labour Organization (ILO) study in Tanzania found that husbands can be a serious deterrent to their wives' entrepreneurial development by undervaluing their capabilities, discouraging them from taking risks and from growing their enterprises. Some clients of women-run businesses demand to deal with men in business transactions. This may mean that a woman entrepreneur's husband, brother or son may have to lead the business dealings, even though he might not be familiar with the business. Direct harassment by husbands who feel insecure due to the success of their wives is not uncommon.

## 2 » Poor access to finance and fewer legal rights

Women entrepreneurs in sub-Saharan Africa are less able to access financial services than men, not because the financial sector deliberately discriminates against them, but because African women score lower than men on several relevant criteria, which are used to determine access to finance, including access to collateral, education, being heads of their households, operating in the informal sector and firm size (Aterido *et al.*, 2013). In addition, women are less likely to have a bank account than men. Over the past decade or so, there has been increasing recognition among commercial banks that targeting women is profitable, and services tailored to women-owned businesses are emerging, with talk of targeting businesswomen through existing funds or creating funds dedicated to women (Niethammer, 2013).

Difficulty securing start-up capital may be a contributing factor to women entrepreneurs choosing to start and manage firms in different industries than men. Around 80 percent of female entrepreneurs in sub-Saharan Africa operate consumer-facing businesses, as these often require less experience and lower start-up capital, though they also offer lower returns; women are often reluctant to enter other business sectors (Kelley *et al.*, 2013). Policies to increase women's access to financial services must ensure that start-up capital is accessible, if women are to reap the full benefits of entrepreneurship and expand into more profitable sectors.

Of the 173 economies covered in the *Women, Business and the Law* database, 155 maintain at least one barrier for women that do not exist for men, leaving only 18 countries that offer equal legal rights (World Bank, 2013a). These include legal rights for women and men in key areas such as opening a bank account, registering a business, getting a job without spousal permission, and owning and managing property. As many as eight countries in sub-Saharan Africa have ten or more gendered legal differences.



Women's ability to own and inherit assets, and their consequent ability to access collateral for financing, may be negatively affected by legal constraints in the area of family law and inheritance, according to the Convention on the Elimination of all Forms of Discrimination (CEDAW). The *Women's Legal and Economic Empowerment Database for Africa* reports that only eight economies include provisions which grant women the right to own property (World Bank, 2013a). It is important to note that even countries where women can legally own property often have overriding cultural values that may prevent women's access to it, and require that they secure the permission of their family members before using it as collateral.

### 3 » Lack of appropriate business skills and education

Women entrepreneurs in sub-Saharan Africa have the lowest education levels globally. Only 15 percent of women entrepreneurs have a post-secondary degree (college) or higher – a figure that is slightly higher than women who are not entrepreneurs, but still lower than that for male entrepreneurs in the region (Kelley *et al.*, 2012). Due to entry requirements in terms of capital, education and networks, few women entrepreneurs manage to move from the informal to the formal sector. However, the women who own or manage formal enterprises in sub-Saharan Africa have often had a formal education and a background of previous employment in the formal sector (Spring, 2009).

Skills development for aspiring women agripreneurs through formal and informal education should be a focus of promoting women's entrepreneurship in Africa. This includes technical skills, such as business administration, accounting and management, as well as soft skills, such as negotiation, networking and confidence. To ensure that women entrepreneurs have access to the same opportunities as men, there must be equal access to education at all levels, and business skills should be integrated into school curricula (Aterido and Hallward-Driemeier, 2011). Aspiring women entrepreneurs may also need alternative sources of training, such as the Makerere University Business School Entrepreneurship and Business Innovation Hub in Uganda, which targets individuals who may be intimidated by formal education, offering a programme for women in business, breakfast meetings and a business clinic.

### 4 » Lack of role models, mentors and networks

Knowing other entrepreneurs can be very beneficial to budding entrepreneurs and many successful women entrepreneurs have highlighted the importance of finding appropriate mentors (male or female) (See Chapter 7). Although sub-Saharan Africa has the highest percentage of women who personally know an entrepreneur (59 percent), women are generally less likely to know entrepreneurs than men (Kelley *et al.*, 2013).



The benefits of exchanging ideas and experiences with other businesswomen and men are vast. Networks are extremely important in helping entrepreneurs to find employees, obtain advice, create partnerships and secure financing, amongst other benefits. But breaking into the paternalistic business culture and the correspondingly male dominated business networks can be extremely challenging for women entrepreneurs. Unsurprisingly, women entrepreneurs generally have smaller networks than male entrepreneurs (World Bank, 2013).

## 5 » Lack of gender-sensitive policies and programmes

Policies and programmes can have a profound effect on entrepreneurial motivations for women. Research has shown that women entrepreneurs based in countries with paid maternity leave and subsidized childcare build larger and more innovative businesses, with greater economic impact and job growth (Thebaud, 2015).

Gender-sensitive policies are needed to support current and aspiring women entrepreneurs. However, mainstream research, policies and programmes are generally made by men, and frequently overlook the specific needs of women entrepreneurs (OECD, 2004). Creating equal opportunities for men and women requires women's participation in policy-making to be increased (OECD, 2004). Although the number of women in parliament in sub-Saharan African countries (23.6 percent) is comparable to the world average at 23.3 percent, these figures fall way below gender parity (UN Women, 2017).

Where legislation is gender-neutral, governments must ensure that non-discrimination is actually practised. Mechanisms should be developed to ensure that business owners, particularly women, can exercise their rights and are not vulnerable to bribery and harassment from officials (FAO, IFAD and ILO, 2010).



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## Profile of a woman entrepreneur in sub-Saharan Africa

Women must be bold, confident and courageous to overcome the cultural constraints and institutional barriers that prevent many of them from thriving in agribusiness. This chapter focuses on three successful women entrepreneurs operating in sub-Saharan Africa. Anna Phosa's case demonstrates the challenge of blazing a path in the male dominated business environment (Case 4.1). Undeterred by the reluctance of men to do business with her, Monica Musonda succeeded in becoming the first processor of instant noodles in Zambia (Case 4.2). Mariko Fadima Siby is the first woman entrepreneur to launch a food processing business in Mali (Case 4.3).



## CASE 4.1 » PIGS FOR PROSPERITY

### Case synopsis

Anna Phosa, a black South African woman, was working as a cashier in her husband’s hardware store in 2003 and grew vegetables in their home garden on the side. Then one day, a farmer convinced her to buy four of his piglets. Thirteen years later, partly as a result of a leading South African supermarket that took a leap of faith in Anna, she has been able to secure a USD 1.8 million contract and grow Dreamland Piggery to a business with a 4 000-pig capacity. Thanks to her passion and determination to learn the business, she has become the country’s first and only black female commercial pig farmer.



Anna Phosa and worker, Dreamland Piggery, South Africa

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### The early years

The fifth of seven children raised by a single mother in Mpumalanga, Anna always had an entrepreneurial spirit – even selling sweets at school as a young girl. After completing her basic schooling, she initially wanted to become a nurse, but was unable to continue her education because she had to work to help support her large family.

After her marriage, Anna worked as cashier in her husband’s hardware store. Her mother and mother-in-law had taught her to grow vegetables, in order to help feed her family. She had never dreamed of becoming a farmer until she and her husband purchased their second home in 1997. It was on a small plot of land, but it was enough for Anna to expand her garden and begin selling her excess produce to her neighbours.

Determined to expand her small enterprise, Anna began exploring ways to increase her garden’s yield, and she subsequently began attending networking sessions to gather further information.

Peer-to-peer business networks are valuable resources for the introduction of business ideas and creating linkages with potential entrepreneurs. It was at one of these sessions that Anna met a pig farmer, who was a friend of her parents-in-law. In 2004, he sold Anna her first four piglets, which she began to breed just six months later.

According to Anna: *“When you network, you hear about how others started their businesses, and you get motivated and confident enough to wake up tomorrow morning and continue knocking on doors.”*

“Farming pigs was not my dream,” she admits. But Anna saw the opportunity she had been given and proceeded to research pig farming as much as she could on her own. When she exhausted the information available to her, she sought assistance from the Department of Agriculture, which helped to develop her farming and business skills, upgraded her farming infrastructure and provided free veterinary services for disease control of her pigs. “As a small farmer, the Department of Agriculture holds your hand, taking you through the steps, and they have played a significant role in assisting small farmers (including me),” she says.

### Starting and financing the business

South Africa’s pork industry is relatively small compared with its beef and chicken sectors. As of 2011, pork accounted for only seven percent of the country’s total meat consumption, largely due to the higher price of pork. The majority of South African consumers prefer processed pork, such as bacon and ham, which is more expensive than raw cuts of meat. This, coupled with the fact that there is a shortage of locally raised pigs, means that most pork products are imported.

Despite the fact that pork was not as popular as other meats, there was a local market demand for pigs, and this drove Anna to focus on pig farming. After she bred her first four pigs in 2004, Anna sold them to a local abattoir, and began to see her venture grow.

*“I started loving it,” she says. “It is just like any other farming. If you can do chicken farming, why not pigs?”*

But it was not until 2005 that Anna enrolled at the Agricultural Research Council to acquire more information about managing a piggery. It was also around this time that she registered her business as Dreamland Piggery, officially joining the formal market.

The Gauteng Department of Agriculture holds an annual award to encourage women’s participation in agriculture. In 2005 and in 2006, Anna won the award for Female Farmer of the Year. The resulting media coverage boosted her confidence and prompted Anna to venture into farming full time.

In South Africa, large retail chains use different strategies for procuring and selling pork. One of the country’s largest retailers uses a third-party packer, so that the pork arrives at the supermarket prepackaged. At the time, Anna’s abattoir was selling her slaughtered pigs to Pick n Pay, a leading South African supermarket that purchases whole carcasses, which are processed and packaged at the in-store butchery. At that time, Dreamland Piggery consisted of just six pigs, but Anna approached the supermarket about becoming its exclusive supplier and, in 2008, secured a contract to provide Pick n Pay with 10 pigs per week.



“Working with these farmers, I learned never to underestimate their dreams,” says Pick n Pay representative Ndivhuwo Ramaliwa. “Now here (Anna) was calling me to see her with only a few pigs and wanting to supply Pick n Pay! It seemed like a joke. Then we decided to give her the opportunity. She has passion, and even when she only had a few pigs, she used to attend the conferences like she was a commercial farmer! Looking back to see the milestones she has covered, I am so proud of her. And she still wants to achieve more.”

In 2009, Anna heard about a Danish business-to-business programme, which connected Danish and South African businesses. The Danish Embassy in Pretoria put Anna in contact with successful Danish pig farmers, who provided valuable information, and she was later able to visit Denmark several times to absorb their advice and expertise directly. “When very few doors were open with local farmers, it was amazing to go overseas and meet people so willing to share their experiences,” says Anna. “I feel that I learned from the best pig farmers – the Danish.” One of the Danish farmers, Michael Tezloff, became Anna’s prized mentor when she was starting out. In 2011, when Anna was interested in expanding to a larger farm, he bought 50 percent of Dreamland Piggery to help finance the expansion. Anna has now bought out his shares, so that she can operate the business independently through Government, Rural Development and Land Reform funding.

Anna was soon supplying Pick n Pay with 20 pigs per week. By 2010, she entered into a new contract to deliver 100 pigs per week for ZAR 25 million (USD 1.8 million)<sup>13</sup> over five years. Dreamland Piggery has since modified its original 2010 contract with Pick n Pay, and as of November 2016, supplies 300 to 350 pigs per week. Anna has been able to provide a growing quantity of pigs, both through breeding and by purchasing pigs from local farmers.



Dreamland Piggery facilities

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In order to meet the contract terms, Anna needed access to finance, so as to purchase a new, larger farm to expand Dreamland Piggery’s capacity. After eight months of searching for loans and continually being turned down, she heard about the Absa Bank’s Enterprise Development Division, which assisted owners of small and medium-sized enterprises. In the end, the Pick n Pay contract proved crucial collateral in helping to facilitate access to finance, so that Anna could expand her farm operations.

<sup>13</sup> Using the exchange rate of 1 ZAR = 0.07426. Oanda, 2018.

Absa Bank offered an innovative financing mechanism, in partnership with the USAID Financial Services Project. Rather than requiring collateral from a borrower, the bank provided Purchase Order Financing (POF). Under the terms of a POF, a borrower obtains a verified purchase order from a customer and estimates the costs required to produce and deliver the product or service. The bank evaluates the order, as well as the customer and borrower's operating records. Once approved, the bank advances a percentage of the total order value to the borrower. When the customer pays the borrower's invoice, the bank is repaid with interest. Anna's contract with Pick n Pay allowed her to borrow ZAR 12.5 million (USD 928 271) to purchase a farm, plus ZAR 2 million (USD 142 000) in working capital. As part of its strategy, Absa Bank also encourages corporate clients to use emerging suppliers, such as Dreamland Piggery.

In addition, Anna was able to borrow from the Pick n Pay Foundation, which provides small businesses with no interest financing. For Dreamland Piggery, it has been beneficial to take out a loan with Pick n Pay rather than a commercial bank, as Anna is able to negotiate payment terms that suit her financial situation. According to Anna, Pick n Pay came at the right time, when Dreamland Piggery was still nascent. The Pick n Pay Foundation was prepared to assist in Dreamland Piggery's growth, based on the potential it saw in Anna's business. In addition, Anna had the product they desired. It was in Pick n Pay's best interest to help Anna purchase a larger, more modern farm with its own upgraded abattoir, so that Dreamland Piggery could supply pigs directly to Pick n Pay rather than through a separate abattoir.

With the Absa Bank loan secured, in 2011, Anna moved her business to the new, 315 ha farm, which included an underground irrigation system, maize fields, and an abattoir on site. Anna upgraded her farm after receiving invaluable advice from many experts in her networks, and is now able to process 120 pigs per day. Furthermore, the abattoir is Hazard Analysis and Critical Control Points (HACCP) compliant and is audited yearly by Pick n Pay, and every three months by a government food safety team, to ensure that it meets food safety and hygiene regulations.

### **The company today and the way forward**

Dreamland Piggery has three main focus areas: maize production to provide feed for the pigs; pig breeding; and pig slaughtering.

Feed is one of the greatest costs in pig production, but the maize fields result in substantial savings for the company's bottom line. The area of land dedicated to maize production – 130 ha and growing – supplies 60 to 70 percent of the feed needed. Dreamland Piggery mixes its own feed, adjusting for different stages of animal growth, a practice that is far more efficient than purchasing standard premixed feed from outside suppliers.



According to Anna, her high-quality product sells itself, and she has not had to do any outside marketing, as Pick n Pay accounts for the majority of Dreamland Piggery's business. However, she is preparing to diversify to other buyers, so as not to, in her own words, "put all my eggs in one basket." As of late 2016, demand outweighed Dreamland Piggery's supply to such an extent that Anna had to purchase pigs from other local farmers in order to fulfil her orders: Dreamland Piggery currently supplies 300 pig carcasses per week to Pick n Pay, and up to 100 to other customers.

Dreamland Piggery's management team consists of two directors, Anna and her partner Michael Tezlaff (though the company is now owned by Anna and her family), and three operational managers: Anna's daughter, in charge of pig production; a maize production manager; and an abattoir supervisor. Anna's husband is the maintenance manager, and his experience as an electrician enables the company to avoid the high costs of contracting with external repair and service providers. In addition, Dreamland Piggery employs 30 permanent staff, all of whom have completed artificial insemination courses, and 10 seasonal workers for the maize harvest.

In order to increase production, Anna's goal is to renovate the piggery and breeding house. She would also like to expand the abattoir beyond the provision of whole carcasses to processing prime cuts, so as to supply an assortment of customers, such as restaurants. Furthermore, she intends to purchase refrigerated trucks so that she will no longer have to rent them.

Anna plans to continue her level of involvement for another decade or so. Meanwhile, she is grooming her daughter – who has a degree in animal production – and her son to take the helm at some point in the future. Anna's youngest son is currently studying business at university, and she is keen for him to run his own business one day.

## Challenges

Dependence on local pig farmers for supplies can cause problems, because market demand outstrips the volume that they can produce. Furthermore, it is important that the pigs meet Anna's high standards. Pick n Pay contributes to overcoming this obstacle by providing quality assurance through farm audits of the farms that supply pigs to Dreamland Piggery. Anna's objective for the near future is to triple the size of her piggery, so that she can supply 90 percent of the pigs she sells, thereby reducing her reliance on local farmers.

With the Pick n Pay contract, Anna is able to forecast her sales, but she must still operate the business efficiently to meet her monthly financial targets. The abattoir has numerous overhead costs, so Anna tries to ensure that it is always running at maximum capacity. In addition, food safety standards are constantly changing, requiring the piggery to update continuously.



Anna is able to save on the cost of feed by growing her own maize. However, only half of her land is irrigated, meaning that the other half is in a precarious situation, dependent upon unpredictable rainfall. A recent drought threatened the harvest, but fortunately the rain arrived just in time.

Pig production presents various environmental challenges, since it produces massive volumes of manure. Processing pig manure has a strong negative environmental impact due to the methane gas it produces. Typically, the manure is mixed with water and stored in pits to decompose until it can be safely used as fertilizer for soil. But if stored incorrectly, the manure can contaminate nearby water sources. In the case of Dreamland Piggery, some of the decomposed manure is used for fertilizer, and plans are also in hand to produce biogas for energy.



Nursing pig and piglets at Dreamland Piggery

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The recognition and awards that Anna has received have helped to develop her business. Requests for interviews, advice and mentoring make increasing demands on her time, but Anna is keen to support upcoming pig farmers, and tries to balance her public relations efforts with the operational aspects of the business. Determined to oversee all business operations, Anna is known for her hands-on style. Her managers report to her on a weekly basis, but her abattoir manager maintains that she makes regular visits to check every detail herself. This is unique in their industry, as other farm owners rarely set foot on the abattoir floor.

“If you are willing to get into farming, you must be patient and you must be prepared to be hands on with whatever you are doing, because farming is not about sitting and watching,” Anna explains.

*“You need to dirty your hands. You need to be there with your workers just to see that they are doing the right thing at the right time. You cannot remote control it.”*

### Fostering future farmers

Anna mentors black farmers who have been given land through the Department of Rural Development and Land Reforms Programme. Some also sell their pigs to the Dreamland Piggery abattoir, so as well as offering mentoring, Anna is providing financial support to them through market access. Anna explains that she finds it distressing to see jobless people, sitting on valuable land that could be used for farming. Anna also liberally shares her maize seedlings with her neighbours, and instructs them in the art of planting and cultivating crops. Anna’s dream is to educate her community in the productive use of land.



“The advice I can give to small-scale famers is that it is good to start small as we are learning, and that step-by-step you get where you are because farming is not an overnight thing,” says Anna. “You cannot just wake up today and set up a farm and have an income tomorrow.”

*“Baby steps led [me] to where I am now.”*

The majority of Dreamland Piggery’s employees are young black men who never completed their education. Without this opportunity, many of them would otherwise be struggling to find jobs. According to a representative from the Department of Agriculture, the jobs Dreamland Piggery provides “make a difference in people’s lives, when employment is such a challenge in South Africa.”

### On being a female entrepreneur

When Anna was named 2006 Gauteng Female Farmer of the Year, she quickly discovered that there were certain opportunities available to women farmers and business owners, in contrast with the past, when commercial farming was largely inaccessible to black South Africans, especially women.

Anna’s success in the South African pig sector is even more exceptional, given that the industry is dominated by white males. Forced to turn to these farmers and business owners for guidance in the early days, she was undeterred when several refused to help. When some did offer their assistance, she took full advantage of their expertise. According to the official from the Department of Agriculture, Anna’s biggest challenge as an entrepreneur has been proving her worth as a woman farmer and earning the respect of her peers.

She is now widely recognized as a prosperous pig farmer and effective agripreneur. In 2013 and 2014, Anna won the National Emerging Farmer Carcass Award from the South African Meat Industry Company (SAMIC), and in 2015 she was runner-up for the National Commercial Farmer Carcass Award. In 2016, she won the Standard Bank Top Woman Award for the agriculture sector.

## Questions for discussion

- 1] How can Anna's story be inspiring to other entrepreneurs, especially women?
- 2] Explain how Anna took advantage of networks to help develop her business.
- 3] Discuss some of the main risks that Dreamland Piggery is exposed to, and the possible mitigation strategies.

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## CASE 4.2 » USE YOUR NOODLE

### Case synopsis

As of late 2011, Monica Musonda was a highly successful lawyer working for one of the most affluent men in Africa, Nigerian business tycoon Aliko Dangote.<sup>14</sup> Both her boss and mentor, Dangote drew Monica’s attention to the lack of Zambian-run and owned businesses. Unhappy with the realization that Zambians were essentially allowing foreign-owned companies to drive Zambian businesses, Monica left her job and returned home to the capital of Lusaka to start her own company.

In the following year, lawyer turned entrepreneur Monica Musonda became the founder and CEO of Java Foods, which now supplies the leading Zambian brand of instant noodles. Over the next few years, using her core strategy of gradual and consistent growth, Monica has built a successful business, despite design and marketing challenges in the male dominated Zambian business world.



Monica Musonda,  
Java Foods, Zambia

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### Studies and early career

Monica is the daughter of a professor turned diplomat, who encouraged her to pursue a traditional and less risky career in law. She heeded her parents’ advice, practising law for several years after graduating with a law degree from the University of Zambia in 1995, and qualifying as a lawyer one year later.

For two years, Monica worked on the privatization of state-owned enterprises in the Office of the Attorney-General in Zambia, before moving to the United Kingdom, where she worked at a multinational law firm while obtaining her master’s degree in commercial and corporate law.

Future moves took her to high-level legal positions in South Africa and Washington DC in the United States of America. It was on a trip to Nigeria in 2007 that she met business tycoon Aliko Dangote, who offered her a position in his fast-growing manufacturing conglomerate. Despite the risk, and against the advice of friends and relatives, Monica took the job and was later promoted to General Counsel of the Dangote Group, directly advising Dangote while developing insights into the manufacturing industry.

<sup>14</sup> In 2015, Aliko Dangote was listed as Africa’s richest person by Forbes magazine.

## The Nigeria experience

Monica's position at Dangote was challenging. She was directly involved in Dangote Cement's USD 13 billion listing on the Nigerian Stock Exchange, and assisted the group in raising debt instruments in the international market in excess of USD 3 billion. Monica was also the project lead responsible for the group's USD 500 million investment in Zambia to build the country's largest integrated cement plant. Although the job at Dangote was exhausting and challenging, she learned to adapt and think on her feet, skills that she would later need for her business venture.

It was during a business trip to her native Zambia that Dangote asked Monica: "Where are your people, Monica? We've been coming here for years. Where are the Zambian banks? The Zambian insurance companies? The Zambian suppliers?"

*"And that is when it hit me," she recalls. "I was living in Nigeria and seeing that Nigerians run their economy, and in Zambia, we were just spectators in our economy."*

Monica decided that if she was going to work this hard, it should be for her own company and for her own country.

## Return to Zambia and the launch of Java Foods Limited

She returned to Zambia in 2011 after 13 years abroad, eager to begin the next chapter of her life as a businesswoman. She could still hear the words of her Nigerian mentor ringing in her ears: "Zambia has so much natural wealth, yet Zambians do not take advantage of this. Most businesses are foreign-owned. This is a great opportunity! When you go home, do not go back into law. Go into manufacturing. Start small, do not bite off more than you can chew, and learn from it."

Following Dangote's advice, and the thoughtful, gradual approach she had applied throughout her legal career, Monica did not rush the development of her own business. As a parallel step, with aid from her solid network and based on her rich business experiences thus far, she decided to become a board member of several companies, allowing her to gain an insider view into the business and finance world of Zambia, so as to better understand it and expand her networks.

Then, at the age of 37, when she felt the time was right, she started Java Foods. Monica's vision for her company is for it to become a leading food manufacturer in Southern Africa, committed to providing convenient and affordable fortified food products made from local raw materials.

*"It was like a baptism by fire," she says. "I knew nothing about manufacturing, fast-moving consumer goods, marketing – nothing."*



## The product

At the outset, Monica did not know what product her business should focus on. She initially considered bottled drinking water or processing tomatoes into paste, but decided against both because the bottled water market was already glutted, and she believed that she could not compete with imported tomato puree.

She again recalled something Dangote had said: “So much wheat is produced around Lusaka, yet this wheat is exported – while at the same time, wheat products like pasta and noodles are imported. Why are Zambians not exploiting this opportunity?”

The idea came to Monica that she should produce instant noodles, since they are similar to pasta in terms of cooking method, are a low-priced product, and the instant noodles market was still relatively small, with no established brands – leaving a space for her business to flourish. Monica checked out the stores, did some market research and found that there were only a few imported noodle products on the supermarket shelves, and that these received little or no brand support, while in the food retail outlets, where low-income households bought their food, instant noodles were almost entirely absent. There were also no Chinese instant noodle imports at that time. Most importantly, there was not a single local brand in the whole of Southern Africa (although Maggi produces some of its instant noodles at a plant in South Africa).

Instant noodles were a largely unknown product with a small market in Zambia, so many people discouraged Monica from producing them, but she saw how they had become highly popular in Nigeria, particularly among the growing urban population, which was fueling demand for affordable and convenient foods.

Monica was convinced there was similar growth potential for instant noodles in Zambia. Safe (from a food safety perspective), affordable and a meal on its own, instant noodles could become a convenient alternative for busy working parents looking for something quick to make, or a cash-strapped young person wanting a high-energy meal.

## Production and packaging

Initially, Monica directed all her energy and attention into creating a viable business plan, but when her mentor Dangote observed that she was investing too much time in this planning phase, he advised her to get started, test the waters, and find out for herself what works and what does not. In fact, after she started operations, she soon realized that many changes would have to be made to her initial business plan.



While Monica wanted to manufacture the noodles at her own plant in Zambia, she learned from Indomie, the company that has 70 percent of the instant noodle market in Nigeria, that it was important to establish sufficient market volume before investing in a production factory. With this in mind, she travelled to China, where she met a leading noodle manufacturer to discuss options for producing instant noodles for Java Foods. The processor referred her to a partner firm that manufactures instant noodle processing equipment.

Back in Zambia, Monica met up with friends and family to develop the specifics of her product, including brand, flavour and packaging. They suggested the name eeZee, and Monica registered the name and trademark in Zambia, Malawi, Tanzania and Zimbabwe.



Monica Musonda, Java Foods, Zambia

© Lionesses of Africa

Based on the ingredient options available from the Chinese manufacturer, the budding businesswomen used tasting trials to establish flavours that would appeal to Zambian consumers. She decided to start with just two of these – beef and chicken – for reasons of operational costs. To enhance the nutritional value, she decided to add minerals, proteins and vitamins.

No detail was overlooked when it came to the packaging: photos rather than drawings were used to differentiate her product from the rest, fewer colours were used to hold down costs, and the word ‘cook’ was written in the directions rather than ‘boil’, to appeal to Zambian consumers’ preference for cooking instant noodles, although it is technically not necessary to do so as they are precooked.

### Financing the business

Monica decided on an all-equity option, combining her own savings (from her 15 year career as a lawyer) and funding from six members of her network, who each agreed to provide USD 50 000 (part loan, part equity). She also had to obtain operating licences, which turned out to be a cumbersome and costly process, lease and refurbish a 500 m<sup>2</sup> warehouse in Lusaka, and purchase vehicles to transport the products to markets.

Monica’s initial agreement with her Chinese partner firms was to start with a trial shipment of one container of 3 000 boxes of instant noodles, followed by a contract to supply two containers per month for one year. This would be followed by the procurement of equipment to be able to begin manufacturing in Zambia. However, the plan proved to be over-optimistic.



## Sales challenges

Once the product started to arrive in the autumn of 2012, Monica hired additional staff, but the sales staff ran into challenges. Targeted buyers either did not know what instant noodles were, or were confused about pricing because they were used to purchasing 40-packet boxes, instead of the 60-packet boxes that Java Foods was selling. In the first three months, Java Foods sold only 300 boxes, none of which was bought by supermarkets. Monica herself went to several supermarkets to understand the issue, learning that they only accept products that have at least three months remaining on their sell-by date. Although Monica’s shipment had a 12-month sell-by date, it had been in transit for six months and spent three months in the warehouse, so she could not meet the supermarkets’ requirements. However, she still had to move the remaining 2 700 boxes from the trial shipment. She sold some at a discount and gave some away to schools – a move that turned out to be effective, albeit costly marketing.

Monica changed her order with her Chinese supplier to a product with an 18-month sell-by date and cut back to a container-by-container supply rather than a fixed two containers per month. She had learned the hard way that sales were not going to come quickly or in huge volumes.

Because the less formal retailers, such as small stores and street vendors, supply the bulk of the food market in Zambia, Monica had her sights set on them for sales. Since they handle much smaller volumes and carry little inventory, Monica had to adapt by selling to them in much smaller packs. While this increased packaging costs, these were partly offset by the fact that these businesses operate on a cash-on-delivery system, so she did not have to wait months for payment as she did with supermarkets.

Despite having a smaller share of the Zambian market, supermarkets are growing in number and will probably dominate the market in the near future. They offer the most reliable repeat sales opportunity, and they provide product visibility, which builds consumer confidence in a brand. The latter is true even for lower-income consumers, as they perceive products that are sold in supermarkets as having a higher quality, even if they purchase them from less formal retailers.

Monica knew that without supermarket sales, Java Foods would never become the brand leader for instant noodles. She initially targeted Shoprite, Africa’s largest supermarket chain, trying to convince the owners to carry her product using every argument she could think of, including the fact that Java Foods was a female-owned Zambian business, as she was well aware that Shoprite was sensitive to gender issues. In January 2013, Shoprite finally agreed to make space on its shelves for eeZee instant noodles – at the initial rate of 10 boxes per store, with repeat orders



eeZee instant noodles product packing

© Java Foods

based on sales. Every Shoprite store has reordered since then, and Monica soon attracted other supermarket customers. Two years later, in the first four months of 2015, Java Foods sold as many packets as it had the entire previous year.

Today, eeZee brand noodles can be found in all Zambian supermarkets, which represent 80 percent of Java Foods' sales. The remaining 20 percent is sold through wholesalers to less formal retail markets, and some is exported to neighbouring countries such as Malawi.

### The road to in-house manufacturing

With instant noodle sales clearly taking off, Monica turned her focus to the second phase of her plan: to build a noodle manufacturing plant in Zambia. Java Foods was expanding its product line under the now well-established eeZee brand, by introducing new products such as SupaCereal instant porridge in 2016. Monica followed the advice of key business partners to take a staggered approach, and first set up a small production line in her warehouse to manufacture instant porridge at a cost of USD 200 000, compared with the USD 2 million needed for a noodle plant. This approach allowed her to gain experience in manufacturing and procuring local raw agricultural materials, without risking a much larger investment while she was still learning.

Even with a small production facility, the challenges, were formidable. It was difficult finding and retaining qualified staff, dealing with intermittent power and procuring quality raw materials.

*“In Africa, everything takes much longer than you think. Bringing in equipment, fixing stuff, getting power pulled into your premises – it never happens as you planned.”*

Monica engaged a South African recruitment firm to hire a qualified food technologist in the region, but she knows that staffing will always be a challenge due, in part, to Zambia's still small food processing industry. As support, Monica has access to advice and technical assistance from Dangote Noodles in Nigeria, and to an engineer from her Chinese equipment supplier.

Zambia's hydropower system is insufficient, requiring scheduled temporary shutdowns, so Java Foods could only run its porridge line for a few hours a day. Running the line for a full workday would require the purchase of a powerful diesel generator, which would increase overhead and operational costs.

Monica has worked to ensure compliance with food safety regulations and obtain the required Hazard Analysis and Critical Control Points (HACCP) certification, which involves procedural changes and physical safety elements, such as workers' clothing, toilets, and dressing rooms for both men and women. This move has also proved important for sales, as consumers often perceive locally manufactured products as having inferior quality and greater food safety risks.



She also hired a production manager skilled in HACCP compliance, who is now training all the staff and has set up a small lab at the warehouse, with a technician to test product quality.

She obtained a grant from Partners in Food Solutions – working in partnership with USAID and TechnoServe – which provided food experts and improved technologies to help develop a porridge formula that is palatable to Zambian consumers. Recipes were tested both in-house and in schools.

Today, Java Foods carries out in-house production of all three flavours of its eeZee SupaCereal, a fortified product made from soya and maize flour. Monica eventually hopes to use more nutritious grains such as sorghum and millet for the SupaCereal, and is working to identify interested Zambian farmers to supply the grains. In May 2017, she also launched a snack product called Num Nums.

### The noodle plant

Opening a Zambian-based noodle plant has been far more challenging. While sales are on track for the instant porridge and Chinese manufactured noodles, and local manufacturing (at the right scale) will reduce unit production costs and address problems linked to fluctuations in exchange rates, a Zambian plant will require substantial capital to build and operate. Even with Monica’s gradual step-by-step approach, the noodle plant will be a big, bold and risky step. If not well executed, it could cause the demise of Java Foods.

Monica identified a suitable location for her plant: 12 acres of land in a special economic zone that provides tax incentives such as exemption from import taxes on equipment and free export within the Southern Africa Development Community (SADC) region for a period of five years.

The biggest hurdle is finding funding – she needs USD 600 000 for capital equipment and USD 2 million in working capital. She is being assisted in developing a solid investment proposal, but it remains difficult to find a backer willing to invest millions of dollars in a company that started only a few years ago, and has a short track record in manufacturing. Monica might have to start with smaller investors, who will provide conditional pockets of funds that could eventually lead to a larger, longer-term investment.

In the meantime, she is focusing on building capital. Because inflation driven price increases have stalled supermarket sales growth, she is increasing her



eZee brand noodles are stocked on supermarket shelves

© David Neven

efforts in the less formal retail sector that caters to lower-income consumers in high-density urban areas.

Monica is also expanding the noodle selection, and has added vegetable flavoured noodles in response to consumer demand and to keep up with the competition. She is looking at export market opportunities, most notably in the Democratic Republic of Congo, Malawi and Zimbabwe.

### Business impact

While still a small company, Java Foods is contributing to the Zambian economy with roughly half of the USD 1 million in annual sales remaining in-country (as opposed to going to a foreign firm). It employs around 60 staff, including several with a higher level of expertise, and reinvests profits to increase shareholder value. It will eventually generate significant tax revenue for the Government. While the current rapid growth of the company necessitates high levels of reinvestment and it takes advantage of tax incentive programmes, Java Foods is a growing formal business, and is expected to realize significant profits, which are subject to Zambia's 35 percent corporate income tax. This is likely to generate several hundreds of thousands of US dollars for the Government coffers on an annual basis.

Java Foods already provides competitively priced, nutrient fortified food for Zambian consumers. Creating nutritious products has always been one of Monica's major goals.

*“Despite Zambia being such a big agricultural country, people are not eating right, and not because they can't afford to,” she says. “It is because nutritional foodstuffs are not readily available.”*

Both Java Foods' instant noodle and porridge products are fortified with vitamins and minerals, and Monica sits on the Global Advisory Board of the Scaling-up Nutrition (SUN) Business Network, an alliance between businesses, government, civil society and other stakeholders to promote better nutrition.

*“What makes it all worthwhile is when I visit a supermarket, and someone tells me that they are buying my products, that their children love to eat them, that you are making a difference in their lives – that is so gratifying.”*

### On being a woman entrepreneur

Being a woman entrepreneur in Africa brings additional challenges that male counterparts do not have to face. Men dominate the business world and the networks on which it thrives, and for a woman, it can be intimidating to meet with and reach out to men. However, Monica has no qualms in picking up the phone and calling male business counterparts when she needs something.



With her bold personality and international experience, she is not discouraged by the initial reluctance of men to do business with her.

*“You have to deal with male domination in business. They will push you back the first time,” she says. “But you just keep coming back. Eventually, they will have to deal with you.”*

The challenge was particularly daunting in Zambia, where, unlike Kenya, Nigeria and South Africa, there were few strong female business leaders. Monica was surprised to hear remarks such as: “A black educated woman works for other people,” or “Does she really own the business herself? There surely is a husband or father in the picture somewhere who is financing the business.”

Women’s business networks in Zambia are few. Monica sought the help of a male counterpart in finding such support, and was introduced to a South African businesswoman who helped her. “The great thing was that I heard from other women entrepreneurs that the experiences I was going through (involving challenges in operating in a male dominated industry) were normal, and that despite the challenges, the journey would be worth it, and the challenges would be overcome in time,” she says.

Slowly, the sociocultural elements of the business environment in Zambia are changing. Male business leaders increasingly recognize that women are highly skilled entrepreneurs because they are used to multitasking, and are generally more precise, focused and disciplined. In some cases, support providers even target women entrepreneurs specifically for this reason.

While Java Foods is in many respects still a fledgling start-up, Monica’s accomplishments both as a corporate lawyer and business entrepreneur, achieving success in a world largely dominated by men, is inspirational and has gained worldwide recognition through her various accolades, including the World Economic Forum’s Young Global Leader award (2013), the Archbishop Desmond Tutu Leadership Fellow (2013), and Forbes Magazine and Africa Investor’s Young Power Women in Business in Africa award (2013 and 2014).

“Being the public face of the company, being a woman, has really helped to build the business and the brand,” she says. “People have engaged with the fact that, as a woman, I am building a business on my own, even though it has been hard.”

*“Women have many great ideas, but often are afraid of starting. The point is that you are not going to build a factory on day one, but you can start small with what you can manage. Start thinking about your business idea, start doing something about it day-by-day, and see what you can manage, what you can achieve.”*



### Questions for discussion

- 1] What sort of support did Monica draw on, from the time she conceived the idea to the successful position that she is in now?
- 2] What are some of the challenges that Monica faced as a woman entrepreneur in a male dominated business environment? How has she overcome these?
- 3] Monica decided to grow her business slowly, taking a gradual step-by-step approach. Why did she make this decision? Would you do the same? Why or why not?

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## CASE 4.3 » FIERCE FOR FONIO

### Case synopsis

Mariko Fadima Siby is often described as a pioneer for women entrepreneurs in Mali, admired for her courage and perseverance against many obstacles. Mariko began her business at a time when the country was not open to the private sector, much less to women entrepreneurs, given that all women were required to obtain their husband’s permission to work or pursue higher education.

Mariko overcame numerous obstacles, such as obtaining government approval and financing from banks, securing a decent manufacturing location, and surviving competition from a more financially established business, which forced her to change her product line.

Despite these hurdles, in 1988, Mariko founded the Unité de transformation et de conditionnement de denrées alimentaires (UCODAL), Mali’s first formal food processing business and the country’s first private agribusiness to be launched by a woman. Her company was also the first to export retail shelf-ready food products from Mali to Europe and the United States of America.



Mariko Fadima Siby, Unité de Transformation et de conditionnement des denrées alimentaires (UCODAL), Mali

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### On being a female entrepreneur

It is no exaggeration to say that Mariko is a trailblazer, who has helped to pave the way for other women entrepreneurs in Mali. When she initially set out, according to the country’s legal framework (Article 38 of the Marriage Code and Article 4 of the Commercial Code), women could not engage in any commercial activity without their husband’s permission. Mariko’s own husband was very supportive, so she had no trouble on that score. However, other Malian women were not so fortunate. Mariko remembers a friend who was forced to divorce her husband because he refused to give his consent for her to finish her degree.

In the late 1980s, when Mariko was considering starting her own business, Mali was facing an economic crisis. Many households could no longer survive on one income, so women began to enter the workforce. There was a decline in job opportunities in the formal sector overall, and there were virtually no opportunities for women in the formal sector. However, the informal sector, where it was relatively easy for women to create small and unregistered businesses, was flourishing.

Despite the ease of entry into the informal sector, Mariko wanted to do things above board, and establish her business in the formal sector, though this was likely to be more difficult. As well as a good education and training, both of which Mariko had, starting a new business required a combination of money, connections and luck.

*“Being the first woman entrepreneur was not easy at all,” says Mariko. “To obtain the loan (to start the business), I was fortunate to have a very understanding husband who gave me no problem with approval. Instead, he helped me a lot with his advice.”*

As a result of these discriminatory policies, Mariko went on to become a major advocate for women’s rights and created the Association of Women Entrepreneurs and Traders of Mali (AFEM). With financial support from USAID, she organized a seminar with the Government to address discrimination in marriage and business codes. Ultimately, Mariko successfully lobbied the Government to abolish the restrictive laws.

*“You had to be well known and have entries with the authorities. I have many times decried the inequalities in the sector. The registration process, obtaining the agreement and authorization to commence any activity, was very complicated. I fought hard for the cause of women in the field of entrepreneurship.”*

## Studies and early career

Mariko initially hoped to be a biologist, but she chose agribusiness instead because she wanted to select a field of study that would contribute to the economic development of Africa. After receiving her baccalaureate degree, Mariko was awarded a scholarship to study at the Humboldt University of Berlin, where she specialized in the processing of dairy products. This experience prompted her to think about processing other food products – an unusual ambition, as there was very little transformation of goods in the Malian economy, and even less in women-owned enterprises.

Mariko returned to Mali in 1974 and went to work for Mali Lait, the country’s first milk processing factory. She held several positions there, including laboratory manager, production manager, technical director, and eventually deputy director.

## Starting a business

Despite building a successful career and climbing the job ladder at Mali Lait, Mariko had aspirations to start her own business, though it seemed to be a daunting endeavour given that she was a woman with small children. “To leave my job with Mali Lait for absolute uncertainty was very risky for me as a



young woman,” she says. However, with her parents’ blessing, and her husband’s support, Mariko felt assured that it was the right time to pursue her venture.

Fortunately, at that time, the ruling party of Mali decided that any citizen (male or female) who wanted to start a private business could do so. While Mariko was waiting for the Government to establish laws governing private sector businesses, her mother died unexpectedly. Mariko was so distraught that she almost gave up the idea of owning a business, but as she recalls: “My mum knew what I was doing before she died and she gave her blessing. I needed to honour that.” So Mariko resigned from her job at Mali Lait to set up her own business.

Mariko had originally planned to set up a peanut butter manufacturing business, inspired by an incident that she witnessed one day as she was walking to work in Bamako. She saw a woman carrying a container full of peanut butter knocked down as she crossed the road, and then proceed to scoop up the spilt peanut butter from the pavement back into the container. Mariko was intrigued, and decided to follow the woman to her stall, where she watched her hurriedly combine the contaminated peanut butter with fresh peanut butter before selling it to neighbourhood housewives. “Thinking that she may have done worse than what I saw that day, I made the decision right away to do something to improve the quality of condiments that are sold in general, and more particularly to peanut butter,” says Mariko.



Mariko Fadima Siby, UCODAL

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Aware that no one else was making peanut butter professionally, though it was popular among consumers. Mariko began conducting small tests, producing different types and flavours while she waited for the Government to approve her business application. Once she received approval, Mariko established UCODAL in 1988, and slowly began investing in ingredients and equipment. She contracted Oumou Jacques Traore, a technical expert at the Industry Promotion Center (CPI), to conduct a market feasibility study. “This was a very dynamic woman, thrilled about her agribusiness activity,” says Traore of Mariko. The two women became friends, and joined forces in fighting for women’s issues over the years, particularly advocating for female entrepreneurship in Mali.

At the same time, Mariko was able to get help formalizing her business plan through a World Bank connection whom she met while working at Mali Lait. But while Mariko was seeking financing for her business, the director of a nearby edible oil mill discovered her plan at a local bank and stole her idea. He was overheard saying to a friend: “I saw a crazy woman with an idea that seems very interesting and she does not have the means to implement her project, so I will outpace her on the market.” With greater resources available to him, the businessman was able to get his peanut butter to market before Mariko.

Undaunted, Mariko switched her focus to the idea of producing a brand new product: fonio, a type of millet that is a cross between couscous and quinoa in appearance and texture. Mariko has since been described as a worldwide fonio specialist.

Fonio has been cultivated in West Africa for thousands of years. Unlike many other major cereals, it is high in amino acids, methionine, and cysteine. It is also gluten free and easy to digest, making it an ideal food for children and the elderly. Some varieties of fonio mature in just six to eight weeks – much faster than other grains, enabling farmers to produce an early season crop before their main crops are ready for harvest. Furthermore, fonio does not require a great deal of rain, a key benefit in the dry Sahel region of Mali.

When Mariko was looking for a manufacturing location, the Bamako district mayor offered her a parcel of land in Kalaban-Koro, far from the city centre. Mariko turned it down, insisting on being in the industrial area where other businesses were located. She eventually found such a site, but had to pay for it herself. “I also had a problem with access to finance,” she recalls. “But I feel that this was because the banks did not understand the agrifood sector. They did not trust the sector. They did not know how it worked. They perceived a high level of risk because food crops are dependent on the rain.”

Ultimately, Mariko was able to secure start-up funds that included 4 million CFA francs (USD 6 900) from her Mali Lait pension, 2 million CFA francs (USD 3 400) from her older brother, and a 16 million CFA francs (USD 27 600) loan from the Mali Development Bank (BDM).

In the early days of operations, sales were slow. In 1990, Mariko was selling only two shelves of her products in MaliMag, the city’s only supermarket at that time. Consumer demand was low due to the high price and limited product promotion.

By a stroke of luck, in December that year, Mariko was invited to participate in a seminar on marketing strategies for local cereals organized by the Permanent Inter-State Committee for Drought Control in the Sahel (CILSS). It was there that she was able to raise awareness about fonio and her company. As a result, UCODAL sales grew in Mali, and spread into Gabon, the Gambia, Guinea-Bissau and Senegal. Later, in 2002, UCODAL exported its first container of fonio outside the continent, to France.



The site of UCODAL, based in Bamako, Mali.



## Company challenges

Traditional fonio processing is extremely labour intensive, as the husking of the small grain is generally done by women, by hand. It can take two to three hours of shelling and cleaning to obtain enough grain for one meal. Indeed, when Mariko had the idea of processing fonio, everyone told her it would be too difficult. Determined to succeed, Mariko reasoned that since fonio was widely consumed, it had strong market potential, and that if processing it had been easy, others would already be doing it. In 1992, at a regional seminar to promote the transformation of fonio, Mariko met a craftsman who helped her to develop a shelling machine. This saved hours of work, enabling UCODAL to increase production from 50 kg to 300 kg a day.



Mariko Fadima Siby, UCODAL

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The USA and European countries eventually began to demand UCODAL's fonio, but Mariko was having difficulty paying for raw materials to fulfil the orders. Funding was a major stumbling block, as she also struggled to maintain working capital to ensure a large enough supply of raw materials to counter off-season shortages, and persistently lacked funding for new equipment and technology. Fonio does not require abundant rainfall and is well adapted to climate change, so a prime candidate for organic certification as a key marketing strategy in export markets – but there were limited funds available to invest in this.

In 2011, Mariko applied for pre-processing financing from Root Capital, acquiring up to USD 75 000. However, she found the relationship difficult due to collateral requirements and high interest rates. Securing bank loans continues to be a problem, as banks still view agricultural companies as risky investments, particularly under the threat of climate change.

Mariko says she faced a range of other challenges, including lack of spare parts and maintenance for machines, and difficulties in improving production techniques and finding skilled personnel, particularly to handle quality control and packaging. Another challenge was balancing the wholesale and retail prices. Previously, Mariko reduced the price of fonio at exhibitions to encourage traders to purchase in bulk. However, traders would then sell the products directly to consumers at lower prices, resulting in reduced supermarket sales for UCODAL. As a result, Mariko eventually stopped selling through exhibitions in order to retain her supermarket customers.

Despite the many problems that Mariko faces, she says she tries to remember the encouraging words of her mentor, a trader called Yacouba Guindo. He used to tell her to not be discouraged: “Hold on, and hang on, avoid abandoning the project because of challenges because these are inherent in all businesses.”



## The company today and the way forward

As of February 2016, UDOCAL had five full-time employees (three of whom are women), three contractors (including two women), and a dozen temporary workers. The company's key focuses are grain cleaning, washing, and milling (for flour); steaming and drying fonio; and packaging.

UDOCAL's product line includes a range of chemical-free items. There is precooked fonio, millet flour, millet couscous, granule millet, a porridge made of millet balls in cream (known as *thiakry* or *dégué*), and two nutrient-dense meals for children sold under the brand name SINBA – one based on cowpeas and peanuts for children six months and older, and another based on fishmeal protein for children nine months and older.

Packages are available in 1 kg or 0.5 kg sizes, making them affordable to a large range of customers. Initially, customers had difficulty understanding factory produced prepackaged products, and how they differed from homemade sources, besides being more expensive. Today, they have grown to appreciate the convenience and timesaving benefits of UDOCAL's products. The company promotes its products online and at international conferences.

UDOCAL purchases supplies from Bamako cereal traders and other retailers and merchants outside the capital. Fonio procurement is by credit or cash, depending on the desired volume and demand for the precooked product. UDOCAL workers inspect the seeds for quality assurance to maintain their standards, and Mariko sometimes organizes meetings with suppliers to help them improve product quality. Mariko remains loyal to her suppliers to ensure consistency, and she sets a minimum price to avoid market fluctuation. She also stockpiles cash or seeks credit before the fonio harvest, so that she can pay her suppliers even when there is unpredictable weather that could affect the harvest.

Although Mariko has plans to increase her domestic market share in specific shops, she still prefers to focus on international sales, since the export market is more lucrative. "There are lots of small processors of fonio in Mali now, and I prefer to leave the domestic market to them," she says. For that reason, Mariko is willing to assist other local companies that might otherwise be considered competitors. Local fonio producers struggle to survive because Mariko has made fonio processing look easy, leading some Malians to the false conclusion that processing the delicate and seasonal fonio is simple, and that using traditional technology does not require a large investment.

In the end, she says: "*Fonio producers come and go, and only a few persist.*"



## Nutritional impact

While Mariko does not believe that her business has a social responsibility, she knows that her products are helping to improve children's health. Mariko has worked with the World Food Programme (WFP) to distribute food to malnourished children and has supplied the Centre for International Cooperation (CECI), a Canadian NGO, with enriched flour for health centres on the outskirts of Bamako.

Some of the NGOs working to improve nutrition in Mali also choose to work with UCODAL in the production and supply of enriched flours to address nutrient deficiencies in children under five.

## Global impact and outreach

Over the years, Mariko has fought hard to help Malian entrepreneurs overcome various obstacles, especially women who aspire to start a business. As one of Mariko's former employers says, "She was able to overcome the non-support of the state to entrepreneurs in general."

Mariko cites her lack of understanding and experience of the private sector as a primary challenge for entrepreneurs like herself. She explains: "The private sector is not well known in Mali. There are a lot of difficulties with administration, although things have been resolved slowly over time." Indeed, conditions have improved thanks to her efforts, which have culminated in a one-stop shop where the process of obtaining approval to start a business has now been reduced to 72 hours, from the previous timescale of anything between a few months and a year.

UCODAL also collaborates with international organizations, such as Global Sassakawa 2000 and CILSS, through the Promotion of Local Cereals in the Sahel (PROCELOS), which promotes food processing in CILSS countries. Through PROCELOS, Mariko facilitates training and participates in awareness-raising campaigns to promote the importance of food processing.

In 1997, Mariko founded the Malian Association of Cereal Transformers, which has helped to promote the development of small agro-industries in Mali and throughout the region. She is a founding member of the African Agro Export Association (AAFEX), which represents entrepreneurs in 16 countries, providing a platform for business leaders to share challenges and promote African agricultural and agrifood exports. Mariko participated in the creation of the Organization of Industrial Employers of Mali (OPI) and was the first President of the Association of Women Traders and Entrepreneurs in Mali. In addition, she is a member of the West African Entrepreneurs Network (WEAN), and has been involved in the Association of Women Engineers of Mali and the Association of Women of West Africa. The Malian Government has honoured Mariko with the title of Chevalier of the National Order, for being a pioneer in processing and improving the value of local products.

## Questions for discussion

- 1] What challenges did Mariko face in starting a business in the formal sector? Did her gender play a role?
- 2] How has Mariko added value to her products, her consumers, and the community at large? How could Mariko sustainably increase her impact?
- 3] To what extent do you think sector/ industry associations were important in improving the business enabling environment?

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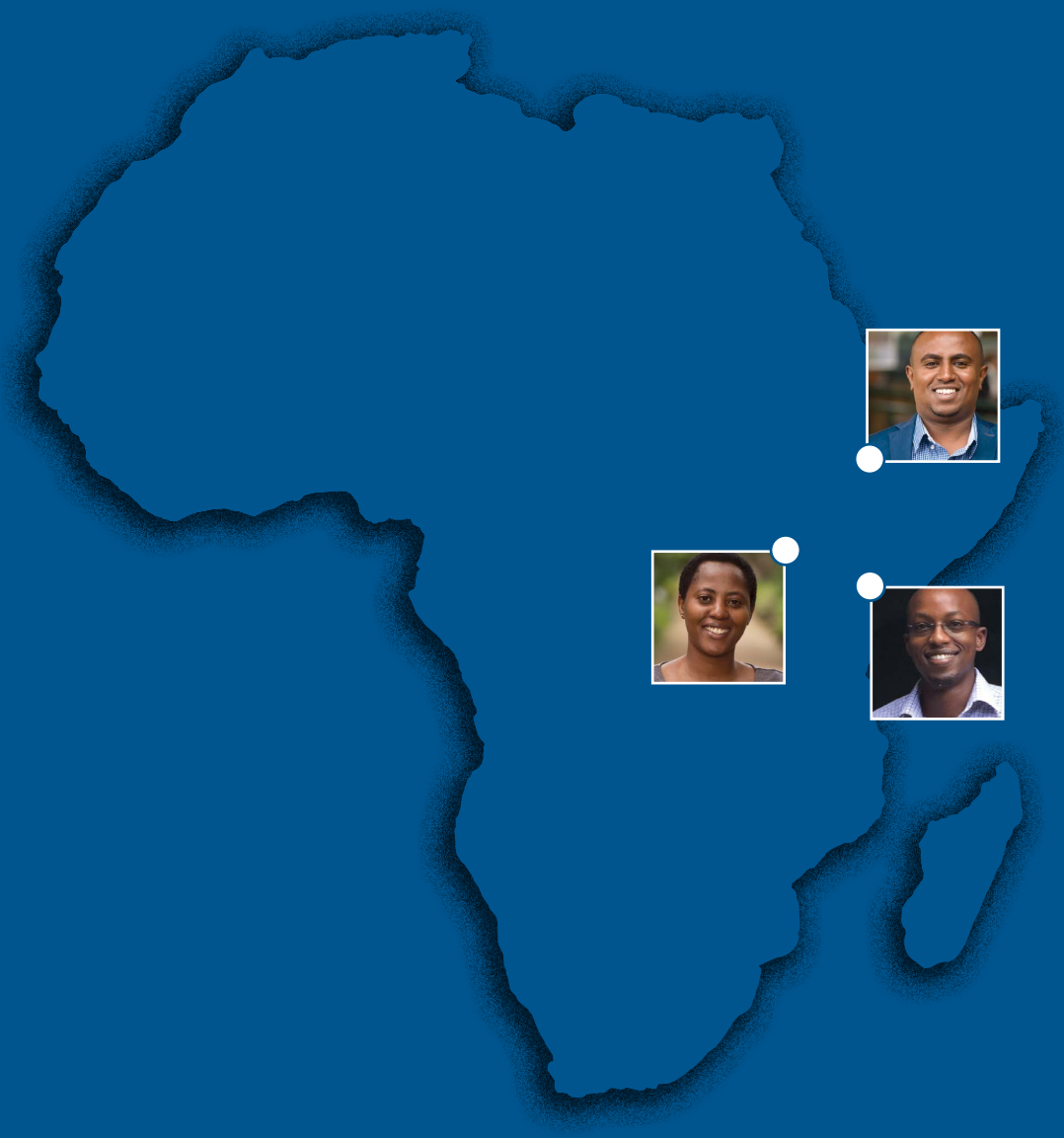
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C H A P T E R 5

# Finding success as a young agripreneur





## INTRODUCTION: YOUTH UNEMPLOYMENT AND ENTREPRENEURSHIP

Africa has the world’s youngest population, with more than 60 percent of Africa’s estimated 1.2 billion people under the age of 25, a percentage that is rapidly growing. Yet youth also account for the majority of unemployed people in Africa. About 60 percent of those without work are between the ages of 15 and 24 (AfDB, 2011). Youth unemployment therefore represents a major political and socio-economic challenge in Africa. Tens of millions of jobs will need to be created each year to support the youth bulge.

The number of young people looking for jobs is growing at a faster rate than the formal sector, meaning that many youth will have to look for an income elsewhere – in the informal sector or through self-employment or entrepreneurship (Kew *et al.*, 2013). At the same time, African farmers are ageing, making it crucial to incentivize youth to start farms and other agribusinesses as entrepreneurs. Generating jobs for youth is moving further up policy-makers’ agendas in sub-Saharan Africa, to become a key policy priority (UNDP, 2013). Entrepreneurship, and agripreneurship in particular, is a critical part of the solution. Africa needs to capitalize on the talent and drive of its large pool of young entrepreneurs to establish and grow sustainable agribusinesses and agro-industries, and create jobs for the burgeoning youth population.

More than half of sub-Saharan Africa’s youth (60 percent) believe that they have the entrepreneurial skills to start a business, perceive business opportunities in their country, and intend to become entrepreneurs (55 percent),<sup>15</sup> which is the highest rate for any region (Kew *et al.*, 2013). Indeed, the 25-34 year age bracket in sub-Saharan Africa includes the highest share of nascent<sup>16</sup> or new<sup>17</sup> entrepreneurs engaged in creating business ventures (Brixiová *et al.*, 2015). Africa has the highest level (16 percent) of youth entrepreneurship of any region in the world (GEM, 2017). Such a strong presence among African youth creates a stimulating cultural environment conducive to entrepreneurship. Africa’s youth population presents a unique opportunity, a so-called demographic dividend, which translates into 11 million young men and women.

While not all youth can and will become entrepreneurs, empowering young entrepreneurial innovators with the correct skills, and enabling them to gain access to the right contacts and capital, will greatly reduce youth unemployment,

<sup>15</sup> Young entrepreneurs are entrepreneurs between the ages of 15 and 34.

<sup>16</sup> Nascent entrepreneurs are individuals who are actively involved in setting up a business, or who already own a business but have not paid wages for 0-3 months.

<sup>17</sup> New entrepreneurs are individuals who are owners or managers of an active business that has been in existence for 3-42 months.



particularly as young entrepreneurs are more likely than older generations to employ young people. Furthermore, young people tend to be more innovative, focus more on higher growth markets, and are more responsive to new economic opportunities and trends (Kew *et al.*, 2013).

## WHAT MOTIVATES YOUTH TO BECOME AGRIPRENEURS?

All three levels, including the individual entrepreneur and his or her immediate cultural environment (e.g. family influence), social networks and the surrounding environment have a profound effect on the entrepreneurial attitudes of youth.

Young people's motivation to become entrepreneurs is linked to their perception of entrepreneurship. In some cultures, entrepreneurship is seen as an inappropriate career choice associated with high risk and instability. This is not the case in Africa, where entrepreneurship is viewed positively – though some young people may strive for a more stable career path in prestigious sectors such as medicine or law with a large corporation or in government. However, incentivizing youth to become agripreneurs will involve harnessing technology to upgrade agriculture to the digital age, and improving efficiency through mechanization. Interesting and innovative possibilities are opening up as a result of virtual platforms to present business ideas, and shared economy business models. A case in point is Hello Tractor, which functions as Uber for tractors in Nigeria. In addition, following the example of Agribusiness TV – the first youth in agriculture web TV to be launched in Africa – embracing social media and other outlets that are accessible to youth may help to incentivize youth to latch onto agribusiness.



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**Box A. Incentivizing youth to engage in agriculture****The case of Nigeria**

In Nigeria, a young start-up company called ColdHubs has set up solar-powered refrigeration units in markets and on farms, which has allowed farmers, wholesalers and retailers to store and preserve their products more efficiently.

In addition, the advent of Hello Tractor in Nigeria uses mobile technology to improve accessibility to tractors by connecting farmers with local equipment owners for hire.

Embracing technology and improving the efficiency of the agricultural sector can actually improve the creation of decent jobs, particularly for the growing youth population (IFPRI, 2018).

Factors in the external environment can also affect young African agripreneurs' ability and desire to set up agribusinesses. Poor, underdeveloped infrastructure, including inadequate road networks, unreliable power grids and an overregulated ICT sector, issues of corruption and crime, all stifle youth agripreneurship (Dioneo-Adetayo, 2006; Kew *et al.*, 2013; Brixiová *et al.*, 2015; Neneh, 2014). Although these barriers are not exclusive to young entrepreneurs, since they influence the sustainability and success of all businesses, they may disproportionately affect youth who lack experience and connections. Having the right connections is therefore an influential motivator for young agripreneurs.

**BARRIERS TO YOUTH ENTREPRENEURSHIP**

There is a need to differentiate between the age specific barriers and opportunities that youth entrepreneurs face compared with those of adults. Young entrepreneurs generally have less work experience than their elders. As a result, young entrepreneurs often report not being taken seriously by work colleagues and business contacts, as well as being subjected to age discrimination by customers and suppliers (Schoof, 2006).

At the same time, being a young entrepreneur can have its advantages. For instance, young people tend to have fewer responsibilities and obligations to consider when starting a business. They may have more flexibility and time to commit to starting their business, as they are typically unmarried and have fewer family members to support. There has also been a recent surge of support for youth agripreneurs in Africa, who may be able to access youth specific entrepreneurial support (see Annex A).

Generally, though, young entrepreneurs have to overcome greater barriers to succeed than their more experienced counterparts. The four most common challenges that young entrepreneurs in sub-Saharan Africa face are: (1) lack of capital and poor access to finance; (2) lack of appropriate skills and education; (3) weak administrative or regulatory frameworks and property rights; and (4) lack of mentors, adequate support structures, and links to professional networks.

### 1 » Lack of capital and poor access to finance

Young entrepreneurs often cite lack of capital (such as land), and access to finance as their main limitation. Indeed, more than three out of four new or nascent young entrepreneurs in sub-Saharan Africa (78 percent) are forced to lean on support from their families, friends or to dip into their own savings to fund their start-up (Kew *et al.*, 2013; Brixiová *et al.*, 2015). There are several reasons why young entrepreneurs struggle to access finance. The International Labour Organization has identified the causes of lack of access to finance as: lack of credibility; lack of business experience and skills; strict credit-scoring methodologies and regulations; complex documentation procedures; lack of knowledge, understanding and awareness of start-up financing possibilities; legal status of the enterprise; and lack of micro lending/finance and seed funding (Schoof, 2006). Limited access to assets such as land may also hinder youth's ability to access finance.

However, young entrepreneurs often over-report lack of finance as a key constraint, and underestimate other factors such as skills and training in starting and growing successful and sustainable businesses. Lack of knowledge and pertinent skills are highlighted as being limiting factors of at least equal importance to difficulties in accessing finance (Kew *et al.*, 2013; Brixiová *et al.*, 2015). One organization, Youth Business International (YBI),<sup>18</sup> is tackling the combination of factors that limit youth entrepreneurship in terms of both access to finance and entrepreneurial skills. According to YBI, start-up capital is better invested when it is combined with other non-financial support measures, such as business mentoring (YBI, 2010).

### 2 » Lack of appropriate skills and education

Many prospective young entrepreneurs lack the knowledge needed to start, run and grow a business successfully. Although education has been improving in Africa, with literacy rates for Africans above the age of 15 at 64 percent as of 2016, compared with 50 percent in 1986, this has remained well below the world average at 86 percent in 2016; illiteracy rates in sub-Saharan Africa are the highest in the world (AfDB, 2011; World Bank, 2018). Poor education remains one of the main barriers

<sup>18</sup> Youth Business International (YBI) is a global network dedicated to helping young people start and grow businesses, as well as generate employment opportunities.



for youth, including the potential pipeline of young entrepreneurs and jobseekers in sub-Saharan Africa. Improving education, starting with primary school, is an urgent requirement for Africa, where children are attending in large numbers, yet not learning. Two in five children leave primary school without learning how to read, write or do simple arithmetic (ACPF, 2018). Low levels of literacy and numeracy skills, and high levels of school dropout rates in sub-Saharan Africa leave youth entrepreneurs less prepared to compete in the business environment (Kew *et al.*, 2013). In addition, the quality of the education provided at all levels must improve to keep pace with the rapidly changing global food environment, which requires innovations in information and communication technologies, agroprocessing and mechanization. The education offered in vocational schools and higher education programmes may no longer provide the skills needed in the private sector.

Entrepreneurial skills can be learned or improved through specific education. Advanced business training at university level is highly relevant for young entrepreneurs, and has a positive impact on their performance (Brixiová *et al.*, 2015). Youth who have attended entrepreneurship courses are more likely to create their own business (Schoof, 2006). Training bodies and universities may consider setting up advisory consulting services to provide entrepreneurs with the right information at the right time, particularly for youth who may not have a background in agriculture or business. Equally, governments must ensure that relevant agricultural and business training is part of national curricula, and establish and support well designed and affordable training and mentorship to build the entrepreneurial skills of youth.

The past couple of decades have seen massive growth in entrepreneurship education, and a growing focus on youth. To be effective, courses and training need to be targeted and adapted to their audience, with adequately trained teachers and suitable learning methods. Traditional curricula and study programmes could benefit by including courses on entrepreneurship or entrepreneurial skills development. Increasing the links between business and education would also support young entrepreneurs (see Chapter 8).

### 3 » **Weak administrative or regulatory framework and property rights**

Budding entrepreneurs often encounter bureaucracy, corruption and lack of government transparency or accountability when navigating the complexities of administrative processes for starting a business, especially in developing countries (Schoof, 2006; Kew *et al.*, 2013; Neneh, 2014). Regulatory and administrative procedures must be simple, clear and transparent to facilitate rather than hinder entrepreneurship; support services should be available for those who need assistance. This is true for all entrepreneurs, but youth are often particularly intimidated by complex administrative and regulatory frameworks, or concerned about the possibility of violating national laws. Challenging

business registration procedures and related costs can become a significant barrier for young entrepreneurs. Young people often lack the experience and networks required to overcome the challenges that put fledgling businesses at risk. In addition, gaining access to land and securing property rights for agricultural production, storage or processing facilities may be particularly challenging for youth, depending on national land use policies.

#### 4 » **Lack of mentors, adequate support structures and links to professional networks**

A young entrepreneur has improved chances of building a successful business if she or he has access to appropriate support and business development services. One-third of youth in sub-Saharan Africa lack business-minded role models or external support, which can be a crucial influence on young entrepreneurs launching a business, leaving them exposed to greater risks associated with business start-ups (Kew *et al.*, 2013). Fortunately, the number of support centres providing suitable business advice, training and other relevant services for youth appear to be on the rise, as exemplified by networks such as Ye! Community and Ypard.<sup>19</sup>

Professional networks can be an invaluable source of information and business links, especially for budding young entrepreneurs who may need additional fostering and development (Kew *et al.*, 2013; Brixiová *et al.*, 2015). Access to effective and knowledgeable mentors is also strongly linked to entrepreneurial success (Kew *et al.*, 2013; Schoof, 2006). In 2011, YBI interviewed more than 1 000 young entrepreneurs from 21 countries and found that one-third said that their mentor had a more significant positive impact on their business than access to capital (YBI, 2011).

Furthermore, training and mentoring can make up for the lack of experience and collateral that excludes young people from mainstream lending (YBI, 2011). A combination of appropriate finance and non-financial support such as mentoring, training, online forums, networking and technical assistance is critical to helping young entrepreneurs launch and run successful businesses (Turton *et al.*, 2013).

The three young entrepreneurs featured in this section all fit into the category of young inspiring entrepreneurs. Eric Muthomi had already started three businesses by the age of 29, and now produces fortified porridge and banana flour in Kenya (Case 5.1). At the age of 25, Senai Wolderufael saw an opportunity to export Ethiopian spices to Europe and the United States of America (Case 5.2). Lovin Kobusingye started her business aged 28, pioneering the production of fish sausages in Uganda (Case 5.3).

<sup>19</sup> For more information on these and other resources for youth entrepreneurship, see Annex A – Focus on youth.



## CASE 5.1 » USING PASSION TO PROCURE PROSPERITY

### Case synopsis

When Eric Muthomi was a young boy growing up in Meru, Kenya, he saw the obstacles that local banana growers faced trying to get their produce to market before it spoiled. The storage facilities and transport services were simply inadequate to meet the farmers’ needs. Now, at the age of 29, Eric is the founder of Stawi Foods and Fruits Limited, an innovative food processing company that initially began with the aim of processing green bananas into flour to be used for pasta, food fortification, pizza crust and more, and which could be sold throughout the year.



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Eric Muthomi,  
Stawi Foods and Fruits Limited,  
Kenya

With the help of government, foreign, and private partners, Eric has built Stawi Foods into one of the premier food processing brands in Kenya. In 2013, Eric was featured on the Forbes List of Young African Entrepreneurs. This young agripreneur has always seen Stawi Foods as more than just a production company. He has a broader vision of building a healthy food company that creates jobs, improves farmers’ livelihoods and acts as a symbol and source of inspiration for Kenya’s younger generation. Too often, young Africans associate agriculture with ‘something our parents used to do’. By starting his own agribusiness, Eric hoped to change this generational bias and encourage agripreneurs.

### An entrepreneur’s education

Even as a boy, Eric aspired to start his own manufacturing business. Prior to pursuing higher education, Eric and a friend built a successful company making handicrafts for export to South Africa and Uganda. He eventually moved on from this venture to study law at the Catholic University of East Africa. Despite still being in law school, between 2009-2011 Eric set up a construction company that worked with the Government to maintain roads in rural and peri-urban areas outside Nairobi. The contract-based company was able to secure several tenders, and proved highly profitable, but Eric questioned how this business model, which left a great deal of spare time between jobs, would work on a full-time basis. It was during this time that Eric, then 23, discovered that bananas could be processed into flour, crisps and wine, and his third business idea took hold as a result.

Eric recognized that bananas are essential to many local communities in Kenya, as more than 60 percent of the 400 000 smallholder banana farmers earn their entire income solely from banana production, without having to diversify into other



crop production. When he visited his rural hometown of Meru, where banana production was a key livelihood for many low-income farmers, Eric saw that nearly half of the bananas harvested each year were discarded due to their short shelf-life, lack of storage, and other transport challenges. Those that were sold fetched rock-bottom prices, given the oversupply on the market after the harvest.

Eric believed that increasing the value of agricultural produce would increase the number of market channels and the months in which the produce could be sold. This led to the idea of Stawi Foods (stawi means ‘prosperity’ in Swahili). From the outset, Eric reached out to Kenya’s Ministry of Agriculture, which provided him with initial guidance on producing banana flour. The ministry further recommended that he approach the Kenya Industrial Research and Development Institute (KIRDI)<sup>20</sup> and Jomo Kenyatta University of Agriculture and Technology (JKUAT), both of which helped Eric explore technologies that could be used to grind dried green banana chips into flour.

A Ministry of Agriculture representative recalls her first meeting with Eric: “At this point, Eric was still a student. Surprisingly, he was doing law, not anything in the line of food. We really wanted to know what his interest was in food processing. He had a different perspective... he used to see a lot of banana going to waste... and he thought some business could be started around it.”

After taking advantage of assistance from KIRDI in researching processing technologies for his first production prototype in 2011, Eric teamed up with two farmers in Meru to supply the bananas. Using a small facility, Eric was able to obtain green bananas from the farms, clean, dry and process them, then package the banana flour for shipment to Nairobi. In 2012, after completing a self-funded entrepreneurship certificate programme at the United States International University (USIU) in Nairobi, Stawi Foods began operating as a more formal company. The first batch of products from the small production facility in Meru was released onto the market in March 2012. In late 2013, Eric moved the processing facility from Meru to its current location in the Roysambu neighbourhood of the capital, Nairobi.

Today, Stawi Foods has three key products:

- 1] Banana flour: a nutritious, gluten free flour made from processed green bananas, which are still sourced in Meru, and is primarily used to make cakes, breads and pizza.
- 2] Nurture Junior: a precooked and fortified porridge made from a blend of maize, soya, millet, wheat and milk powder, fortified with vitamins and minerals containing protein, carbohydrates and minerals for infants and children between 6 months and 5 years.

<sup>20</sup> KIRDI is a Government institution with processing equipment (e.g. millers, dryers and juice extractors); individuals are able to bring raw materials for processing for a subsidized fee.



3] **Nurture Family:** a precooked and fortified porridge made from a blend of maize, millet, sorghum and amaranth, fortified with vitamins and minerals that meets the nutritional requirements of all members of the family.

Eric recognizes the value of education, and takes as many opportunities as possible to learn more about his industry, gaining invaluable skills and knowledge through professional networks as a result. Eric was accepted as a 2014 Mandela Washington Fellow and participated in a two-month entrepreneurs' fellowship at US university Clark-Atlanta, including a visit to Washington DC, the highlight of which was meeting President Obama. In 2015, Eric attended a two-week intensive business course in South Africa, which he accessed through the African Leadership Network (ALN), a network that identifies promising African entrepreneurs and provides mentorship, investment opportunities and business services. He later attended a two-month social entrepreneurship programme in Sweden. Since 2015, Eric has been relying on the Demeter Network, which provides entrepreneurs with a personal advocate or mentor to help run their business. Through this network, Eric found a mentor who has assisted him with areas such as human resources and fundraising.



Workers package Nurture porridge

© EcoVentures International

The Demeter Network has helped Eric to forecast production and understand different scenarios as the company has grown. Even when it comes to writing business proposals, Eric thinks outside-the-box. In 2014, he engaged two students from the USA's Harvard University to review his proposal, a move that helped Stawi Foods to win a USD 25 000 grant from the United States African Development Fund (USADF). Eric also takes on interns, to acquire supplementary short-term capacity, new skills and fresh ideas.

### Overcoming financial and supplier challenges

During the early phases of the business, one of Eric's first major challenges was accessing enough capital to get the venture up and running, and particularly covering the hefty costs of research and development for the product and equipment prototype. To raise the funds needed for his new endeavour, Eric tapped into several sources. He used USD 5 000 of the profits from his early construction company as start-up funds, and asked his parents for a loan of USD 10 000 during the first two years. He also tried to make savings where possible. For example, KIRDI gave Eric access to Government equipment at a subsidized rate. But he still had to purchase the raw materials and needed

more investment capital, so he sought outside funding, applying for financial support from international agencies. He also took courses to learn how to design a business plan, subsequently competing in and winning USD 25 000 in grant money from three business competitions throughout the country.<sup>21</sup>

Challenges with suppliers forced Eric to look for creative solutions. Since Kenyan banana farmers struggle to acquire capital, Stawi Foods has had to develop individualized payment systems, such as cash on delivery for specific suppliers. For example, if the farmers are asked to produce 1 000 kg of bananas, they are paid a deposit equivalent to 300 kg once that amount is produced. As Eric explains, most of his supplier relationships are built on trust. “There are some cases where the groups have given us credit, after we’ve got to know each other,” he says. “In some instances, if I’ve travelled, they will wait for me to come back later and then pay them, although they have delivered the products.” In the future though, as Stawi Foods expands, it will probably have to move to a credit arrangement.

For the cereals used in the porridge products, Eric relies on a bulk trader as a middleman, rather than purchasing directly from farmers. “If we went and bought from the farmers, we would maybe save 20 percent per kilogram,” he explains. “We would like to source cereals and legumes directly from farmers to empower them, but need support to acquire precleaning and destoning equipment.”

Since one of Eric’s initial drivers for starting his business was to improve the livelihoods of farmers by offering them a market to sell their bananas, he wanted to be sure that the trader offered a fair market price to the farmers. He therefore did his own research, travelling to Busia near the border with Uganda, to understand the pricing of cereals.

The next major obstacle was securing shelf space in one of Kenya’s large supermarkets. In 2012, Stawi Foods gained its first key account – Nakumatt – the largest supermarket chain in Kenya. Another large chain, Uchumi, followed. Each month, Nakumatt buys at least 1.2 tonnes (or 1 200 packets of porridge). In a good month, such as December, Nakumatt purchases nearly 6 tonnes. Uchumi usually takes 1 tonne per month. In total, Stawi Foods products are sold in approximately 100 outlets in Nairobi. Nakumatt and Uchumi comprise 40 of these, while the remaining 60 are smaller outlets.

<sup>21</sup> The grants won include the Nefund Business Plan Competition in 2011, the Jitihada Competition in 2012, and the US African Development Foundation (USADF) YALI Grant in 2014.



## Reaching the market

Although he now had shelf space, Eric needed to let consumers know that Stawi Foods was in their stores. No stranger to marketing, before embarking upon Stawi Foods, Eric studied the industry and became an expert in Kenyan consumer tastes. As Stawi Food's first investor and current chairman of the board says: "[Eric was] very forward thinking to create a product based on local tastes and local food that Kenyans are familiar with, and taking the initiative to conduct focus group discussions and consumer studies to understand Kenyan consumers."

Given the fierce competition from imported flours produced by multinationals such as Nestlé, Eric knew that Stawi Foods would either thrive or wither, depending on the effectiveness of its marketing. In 2015, he therefore secured a stand for Stawi Foods at a Mothers' Fair in Nairobi, which featured large companies such as Huggies. Eric wanted to target middle-income consumers, primarily parents, and mothers in particular, as they offered strong marketing potential through word of mouth. Otherwise, Stawi Foods primarily uses in-store promotions to sell its products, as well as social media.



Eric Muthomi with Stawi Foods products

© Stawi Foods

In 2014, Eric received an in-kind grant from USAID for USD 20 000, which consisted of machinery and assistance for marketing campaigns. In the same year, he raised his first equity investment of approximately USD 40 000. More recently, Eric was honoured with the Thomas J. Bata Legacy Award for young responsible entrepreneurship in East Africa, which came with a USD 15 000 prize.

## Growth brings more challenges

At present, Stawi Foods cannot dry enough bananas on time to meet demand. The current method of using solar dryers is slow but inexpensive, costing an average USD 1 000 per machine, compared with USD 120 000 for a more efficient commercial dryer. Purchasing a commercial dryer and the supporting equipment would solve the problem, but aside from the considerable extra expense, it would require a larger space. Moreover, even if Eric could access the best equipment available, the electrical grid is not reliable in Kenya. As Stawi Foods becomes equipped to meet the export demand and expand this side of the business, it is likely to face other stumbling blocks, such as fluctuating exchanges rates.

Cash flow is another major issue. Growth requires more employees, and having more staff means that Eric needs to have the money to pay them. Once Stawi Foods has supplied all its customers – most of whom buy on credit – the

company has little cash to meet the monthly payroll. It is one of those enduring challenges that “keep me up at night,” he says.

A variety of issues have to be addressed resulting from spikes in orders, particularly during the holiday season. One year, a machine broke down and it took a great deal of time to find someone to repair it, so that orders could be fulfilled.

*“These are very challenging times because you can’t really force the thing to happen, you just have to wait maybe two days for a spare part to be brought,”* explains Eric.

Developing the packaging for Stawi’s new contract buyer has taken three times as long as projected. The packaging factory burnt down, so the supplier had to purchase new machinery and materials. In this case, Stawi Foods had already committed more than USD 5 000 to the packaging factory, so it had no alternative but to wait for the factory to be repaired.

### The company today and the way forward

Eric hopes to grow Stawi Foods to offer up to 20 products, including breakfast cereals and healthy snacks, and to be among the leading brands of healthy foods in Kenya, and Africa in general. His immediate plan is to move to a larger space, to land owned by the company. The contract with the current landowner only allows the company to build semi-permanent structures, and in any case, Stawi Foods must expand into larger headquarters if it hopes to continue growing.

“We try to process and deliver just in time, since we do not have much storage,” says Eric, looking at a full storage room. “We hope to have these sold by Friday.”

“It is very challenging to develop all of this because I am the only person running the company, and I have so much to do on a daily basis – from dealing with suppliers, employees, government, stakeholders, and more,” he adds. “However, once the brand gets out there and we are in the markets, we can easily scale from there.” Beyond expansion, the company is currently beginning to specialize in three different areas: supermarkets, informal markets and export markets.

### Supermarket expansion

The four national supermarkets in Kenya have recently begun stocking competing products under their own private labels, which are often sold at a cheaper price. Local, large millers are another competitor. These are financially stable, allowing them to run large promotions, against which Stawi Foods cannot compete. In addition, they can purchase raw materials in bulk, saving on costs. Imported flours, such as those from Nestlé and Tiger Brands, have an advantage in packaging and positioning within retail outlets. There are also numerous substitute breakfast products for porridge within households, such



as cornflakes, milk, tea and coffee. Nevertheless, Eric hopes that Kenyans will take notice of his local, farmer friendly start-up, whose products are he believes superior to the major brand names, particularly as the porridge is easier and quicker to prepare, since it is precooked.

### Informal market

A major opportunity for expansion and tapping into informal markets lies with the Base of the Pyramid (BoP) Innovation Center, through the International Fertilizer Development Center (IFDC). The BoP Innovation Center is an independent foundation, launched by a consortium of partners to create a one-stop shop for businesses, investors and advisors with a clear interest in inclusive businesses. BoP's 2SCALE project is intended to connect farmers to markets and allow small and medium enterprises (SMEs) access to the BoP market in Nairobi, and enable farmers to supply these. Currently, Stawi Foods' price point for most of its products is too high for BoP consumers, who, on average, earn USD 3 to 8 per day. Eric knows that he needs to adapt his pricing structure to make Stawi Foods' products more affordable to BoP customers. One possible solution that he is exploring is to lower his price point by introducing smaller packets.

The next big hurdle is to bring these products to the BoP market in Nairobi, where competitors, such as Unga Limited and Nestlé, are already established. Eric must either partner with a distribution company or invest in motorbikes to reach Nairobi. Either way, he knows that the investment would be worth it. Between September and December 2015, Stawi Foods was able to sell nearly 4 tonnes to two main BoP markets in Nairobi, which is more than the company sells to Uchumi in six months.

### Export market

Currently, Stawi Foods is only exporting its banana flour to Europe, which is in high demand due to the recent trend for gluten free diets in western countries. "(Exporting) is a business in itself and is challenging, but also promising in terms of volume and profitability," says Eric. In the export market, capacity is the biggest difficulty. The raw materials are plentiful, aside from the time required to dry the volume of bananas necessary to fulfil large export orders. The other complication with expanding Stawi Foods' exports is certification. If Stawi Foods wants to export to other markets, Hazard Analysis and Critical Control Points certification is required. Obtaining this requires extensive regulatory compliance, as well as high costs. Eric has kick-started the process by bringing in a consultant in 2015, with assistance from the Catholic Relief Services' Farmer-to-Farmer Program.

Eric sums up his export dilemmas succinctly: *"It is one challenge at a time for export. All these bring challenges, but they are good problems to have."*



## A positive force in Kenya

Part of Eric's plan for Stawi Foods is to make it a company that consciously works to improve economic, nutritional and farmers' conditions in Kenya. The company employs 10 permanent staff in sales, accounting, quality control, and storekeeping, and hires an additional 40 seasonal workers, mostly women and youth, to peel bananas. As a food processing business, Stawi Foods also helps to provide a market for smallholder farmers, creating employment within agriculture and curbing rural-urban migration.

Eric has designed all Stawi Foods' products to be nutritious and hopes that his company can play a role in preventing malnutrition. Given that bananas are rich in nutrients, its flour products have far more nutritional value than conventional flour. Stawi Foods' precooked porridges are fortified with vitamins and nutrients, offering a healthy, nutritious option to consumers. As well as turning Stawi Foods into a global name in healthy food, Eric also hopes to improve the food and nutrition security of his fellow Kenyans.



Stawi Foods products marketing for porridge

© Stawi Foods

Above all, it is Eric's wish that Stawi Foods will protect and promote Kenya's smallholder farmers. Witnessing local farmers work so hard to produce their harvests, and receive so little in return, has made Eric determined to improve their livelihoods through his company. The challenge is that, given the technology it currently uses, there is limited capacity for Stawi Foods to increase direct purchases from smallholder farmers. However, once Stawi Foods has access to a commercial dryer, it will be able to expand its export business, leading to greater demand for raw materials such as bananas. There are also plans to expand into drying fruits and spices for the domestic and export markets.

For Eric, Stawi Foods is more than just a business. He believes that the company has the potential to become an agent of change for Kenya, and for Africa as a whole, and that agribusinesses such as Stawi Foods can support local farmers, create long-term jobs, and expand the country's agro-industry by providing consumers with African produce.

*“Passion is very critical because it will help you overcome some of the challenges you face,” he observes. “Every day when I get up, I am driven to keep the company going, because I see the potential in impacting the country in those three areas.”*



## Questions for discussion

- 1] What opportunities did Eric take advantage of when starting his business? How would you suggest doing things differently (if at all)?
- 2] To what degree do you think his age had an impact on his business development?
- 3] What is Stawi Foods' greatest impact – economic, social or environmental? How could Eric increase his impact?

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## CASE 5.2 » A TASTE OF ETHIOPIA ABROAD

## Case synopsis

An entrepreneur is constantly searching for his or her next business endeavour, embracing opportunities as they arise. So when Senai Wolderufael worked in customer service for Ethiopian Airlines, he noticed how travellers would often come to the airport carrying bags filled to the brim with Ethiopian spices, to take back with them to Europe and the USA. The bags were so overpacked that occasionally the spices – *berbere* and *shero* – would spill out onto the floor and coat other baggage with the spicy reddish orange powder that tingles the nose. To anyone else, the informal export of traditional domestic spices would go unnoticed, but to Senai, who had to charge these travellers hefty fees for checking the extra baggage weight, this presented a valuable business opportunity. Not only that, but it was a chance to promote Ethiopian culture through its unique flavours and “feed the world from the green plants of Ethiopia”.



Senai Wolderufael,  
Feed Green Ethiopia Exports,  
Ethiopia

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That is how Senai came to start Feed Green Ethiopia Exports in 2012 at the age of 25. By the end of its fifth year, Feed Green had a gross revenue of more than USD 400 000, exporting to 19 direct clients. Its products can be found in more than 50 shops in 17 countries worldwide. Senai and Feed Green are currently at the forefront of an explosion of interest in Ethiopian culture worldwide.

## Entrepreneurial dreams

Even as a young boy, Senai had dreams of becoming a businessman. While most of his friends hoped to become doctors or lawyers, Senai’s goal was to build something special; he wanted to become an entrepreneur, though, at the time, he did not fully comprehend what that entailed. His parents, who Senai says, “were of very humble means,” understood that any dream begins with a good education. Although money was tight, they sent Senai and his brother to St. Joseph’s in Addis Ababa, one of the finest international schools in the country – and its reputation is well earned. With the motto ‘If you come to St. Joseph’s, you will never fail,’ the school boasts some notable graduates, including Noah Samara, founder of WorldSpace, Africa’s first satellite radio system.

From St. Joseph’s, Senai went on to the University of Addis Ababa, where he earned a degree in business administration in 2009. The moment he graduated, Senai tried to pursue his entrepreneurial dreams, only to meet the cold, hard face of reality. Senai’s first business venture, purchasing and selling office equipment, mainly computers and other electronics, was a flop, and Senai found himself



in debt with an outstanding loan of 150 000 Birr (USD 6 600). He was forced to put his aspirations on hold until he had paid off his debt. Fortunately, Senai accepted a position in the customer service department of Ethiopian Airlines, a job that would inspire his business idea and change his life forever.

While working for the airlines, Senai noticed how often Ethiopians would lug their bags to his counter, overflowing with spices. For three years, Senai watched this day after day, until he decided that what he was really witnessing was a business opportunity. Senai wondered why these people were packing all these spices, and where they were taking them. Was it because shipping was too expensive? Were they selling it at the other end? Senai did not have the answers yet, but this bright, young entrepreneur sensed there was an opportunity on which he could capitalize. The idea was simple enough: Senai would open an export business to sell Ethiopia's unique spices all over the world. But when he shared his idea with his parents, who according to Senai are not 'business people', they pleaded with him to stay in his job and climb the corporate ladder at the airline, where he was earning a decent and reliable wage of USD 150 per month. Explaining to his parents that he had identified a unique opportunity, Senai left his job and launched Feed Green.

### The early days

In the beginning, all Senai really had was his idea. He had no money, and perhaps more worryingly, he did not know how to make the spice blends that he intended to export. Fortunately, Senai's mother is extremely talented at blending spices, so he sought her expert advice and used her as his primary resource. In fact, Feed Green's most popular product is a blend of spices that uses his mother's recipe, which has been handed down in his family from generation to generation.



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Senai Wolderufael, speaking as part of a panel at the Agripreneurship across Africa Knowledge Exchange Workshop, organized by FAO and EVI in 2018. Andrew Bamugye, Senior Investment Manager at the Trade and Development Bank, is featured in the background

Senai's parents, though initially reluctant, were eventually convinced by Senai's idea and provided him with the USD 2 000 he needed in start-up funds. Senai and his business partner Eyob Weldegabriel set up a small office in Addis Ababa. Even without any sales on the books, Ethiopia requires a company to have an office in order to obtain a business licence. Feed Green was little more than a name for several months, but Senai still had to pay rent on his office. This was a stressful time, as finances were extremely tight.

The other major problem at this stage was identifying and contacting his future customers. Senai relied on family connections, people who frequently travelled to and from Europe and the USA, who might be able to give him the names of a few companies. They did, but it was a slow process. Most firms were not interested in doing business with an unknown spice exporter from Ethiopia. Senai was constantly on the phone to potential customers, at all hours of the night to account for the extreme time differences, only to receive rejection after rejection.

Then, Senai changed his tactics, and began shipping free samples all over the world. Combined with the long distance telephone calls, this proved to be extremely expensive, but his persistence slowly paid off. Customers began buying his spices and, within a year of operation, Feed Green was earning USD 100 000 in revenue. It has continued to double its income every year since then.

Gaining those first few clients required a huge investment of time and money. At the outset, Feed Green was small and sold mainly to Ethiopian-owned companies abroad, but Senai's client base rapidly expanded, including an Ethiopian restaurant in Belgium. This is a perfect example of the success of Feed Green's word-of-mouth marketing: a customer who dined at the restaurant in Belgium noticed the spices and contacted Feed Green directly, becoming its latest client. Feed Green's reputation for providing high quality products proved to be invaluable in spreading the word and growing his customer base.

## The products and processes

Feed Green is based in the Ethiopia capital Addis Ababa. It sells a variety of spices, as well as spice blends, which are made up of specific configurations of approximately 20 dried herbs and spices,<sup>22</sup> some of which are seasonal. The most popular, and Feed Green's signature product, is a blended spice called *berbere*, which is a key ingredient in Ethiopian cuisine and used as a universal seasoning. It is made of local chili, sun-dried shallots, ginger, garlic, holy basil (known in Asia as *tulsi*),<sup>23</sup> cardamom, rue, and other herbs and spices. Feed Green also makes products such as *shero*, which is a blended chickpea flour with turmeric, shallots,

<sup>22</sup> For more information, visit <https://feedgreenethiopia.com>.

<sup>23</sup> For more information, visit [https://en.wikipedia.org/wiki/Ocimum\\_tenuiflorum](https://en.wikipedia.org/wiki/Ocimum_tenuiflorum).



onion, ginger, garlic and sacred basil; and *mitmita*, a powdered seasoning mix, containing African bird's-eye chili, chili peppers, cardamom, cloves, salt and other spices such as cinnamon and cumin. The spices are packaged in a range of sizes, from 0.5 kg to 20 kg, depending on client preference. The chili peppers for Feed Green's primary spice (*berbere*) are grown 200 km away from Addis Ababa, on 8 ha of leased land. In the past, securing quality produce for the spices was a key challenge for Senai, as Feed Green primarily sourced its spices from farmer-suppliers, buying their harvests in exchange for a fair, competitive price. However, the quality of the farmers' produce was variable, and prices fluctuated wildly, partly due to seasonal variation, but mostly due to middlemen who bought up produce and regulated the supply so that they could inflate prices. By leasing land to grow his own spices, Senai overcame the issues of both quality control and pricing.

Feed Green still occasionally acquires its spices directly from farmers, or at the informal wet markets, which are commonplace in Ethiopia, to supplement the produce that Senai harvests from his own farm. An inspection of the collected spices is carried out, and these are then washed at Feed Green's facilities before being sun-dried and packed. These two critical steps, washing and sun-drying, are key to Feed Green products' exceptional quality. The spices are then blended and ground – unless they are sold as a raw spice – using washing tanks, a sun bed, and a milling machine. Sun-drying the spices takes a full day, or longer depending on the season. Although machine drying is a faster method, Senai says that even as demand grows, Feed Green will continue to rely on sun-drying because it produces a superior product. However, the company will need to obtain more land in the near future to accommodate this procedure, due to rising demand.

For exports, Feed Green transports goods by both air and ship. Senai secured a contract with Ethiopian Airlines, guaranteeing a certain volume of products for shipment over a specified period, at a special rate.<sup>24</sup> As a result, exporting by air is the least expensive option for Feed Green. Shipping by sea is more costly and complicated. Since Ethiopia is landlocked, the products must first be sent to Djibouti, where they are shipped to other countries. This is a lengthy and expensive process, adding approximately USD 2 000 to each shipment, increasing product prices and reducing market competitiveness as a result. As a point of comparison, a container sent to Baltimore, Maryland with the MAERSK Line shipping company cost USD 0.80 per kg and takes 50 days to arrive, while by air with Ethiopian Airlines, the price is USD 1.88 per kg, and includes one-day shipping.

Feed Green now has 19 clients worldwide, the majority of whom are in Europe and North America, though some also in the Middle East and Southeast Asia.

<sup>24</sup> It should be noted that Senai's former employment at Ethiopian Airlines had nothing to do with this arrangement.



Feed Green primarily sells to distributors, who in turn sell Feed Green products to restaurants, supermarkets and other food retail outlets. Typically, a distributor may buy up to 1 200 kg of spices in one order, but larger amounts, of up to 11 000 kg, are not unusual.

Senai is committed to fostering and maintaining good relations with his clients, connecting with each one at least once a week. To date, he has not lost a single customer. He believes in investing in his clients, and helping them build their businesses – an approach that makes solid business sense. If Senai’s clients’ businesses grow, it follows that they will purchase more of his products. As proof of this business logic, monthly imports ordered by one of Senai’s Canadian clients grew from 100 kg to 1 000 kg in just 16 months, as a result of mutual growth.

Another customer, a Virginia-based distributor in the USA, says of Senai: “I am Ethiopian myself. I was referred to Senai by a friend of mine. I sent Senai an email and our relationship started from there. We have now been working together for five years and talk one to two times a week by email.” Senai believes that this constant communication and good rapport will help him to overcome the branding challenges he faces later on down the line. Many of his clients repackaged Feed Green products, so consumers may not be aware of the Feed Green name, but he hopes that through good communication, and by ensuring that his clients are satisfied with his products, he will be in a better position to address the branding issue in the future.

As well as marketing through word-of-mouth, Senai actively markets his business by attending trade exhibitions around the world, where he can directly engage with importers from abroad. Most recently, he was invited to a trade show in South Africa organized by Terrapinn<sup>25</sup> – a conference and events company for major industry gatherings – and took the opportunity to engage with potential South African importers with whom he had been corresponding through email. Although none of these leads led to actual sales, Senai firmly believes that this is a smart way to manage trade marketing.

### Growing the business

“Spices are the backbone of the business,” says Senai when talking about expanding. “And our demand is growing.” The entire stock of spice production is used for the export market. Originally set up to serve the Ethiopian diaspora in Europe and the USA, the company has since found new markets in Australia and New Zealand, as well as other African countries, such as South Africa, Sudan and Uganda.

<sup>25</sup> For more information, visit [www.terrapinn.com](http://www.terrapinn.com)



Once he had been in business for a little over a year, Senai decided to expand into coffee roasting, which has deep roots in the Ethiopian culture, with Ethiopians roasting their own coffee at home. Always looking for new business opportunities, he established a brand called Tukia coffee. *Tukia* means good coffee in the local language in Sidama, one of the provinces where the coffee beans are sourced. The beans are brought in from the rural areas and roasted at Feed Green's production facility in Addis Ababa. Senai plans to open outlets and a chain of cafés to sell Tukia coffee in the future.

Senai negotiated a new deal to export vegetables to Sudan, meeting a potential client through social media. Although negotiations to lease a separate 22 ha piece of land 300 km from Addis Ababa to the south of the city, to grow cabbages and an array of other produce were unsuccessful, Senai and Feed Green did manage to export vegetables through suppliers – with vegetable exportation becoming the third leg in Feed Green's empire, alongside growing spices and coffee.

But Feed Green's growth won't stop there. Senai is planning to diversify into teff, a grain endemic to Ethiopia, which is normally ground and used to make *injera*, a pancake-like sour fermented bread, which is a food staple in Ethiopian cuisine. Teff had been banned from export since 2006 by the Ethiopian Government under the rationale that exporting food causes national food shortages and local food price surges. However, in 2016 the ban was lifted. The Government has allowed 27 commercial farmers to grow teff for export. Senai is in negotiations with the Government to obtain approval for Feed Green to become an official teff producer, processor and exporter, but only in powdered form.

To help pursue these dreams, Feed Green has been seeking a foreign investor in order to secure the necessary equipment, such as tractors and new processing and packing machines. Until now, the company has financed itself through its own revenue, aside from Senai's parents' initial investment. Senai is not just looking for a venture capitalist to provide funds. He is interested in finding a long-term investor to help the company expand, perhaps through connections in key markets, as well as a lender who would share Senai's vision. In the meantime, he will try to secure medium-term financing from local banks.

### On being a young entrepreneur

Senai started Feed Green at the early age of 25. "I was a kid," he says, "but I wish I started even earlier." As he soon discovered, there are some advantages to being a young entrepreneur, including access to specific types of assistance, networks and opportunities. For example, in 2014, Senai was named by Forbes as one of the 'most promising young entrepreneurs in Africa'. In March 2015, he won the United Nations Development Programme (UNDP) Young Male Entrepreneur Award in Ethiopia, which included USD 10 000 in prize money, one of only seven entrepreneurship awards given in numerous categories.

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Also in 2015, Senai met with Child and Youth Finance International, based in the Netherlands, which matches young entrepreneurs between the ages of 16 and 30 with potential investors.

Nonetheless, Senai admits that it can be difficult to run a business at an early age, especially when interacting with clients. He claims that there is a perception that a young entrepreneur could not be in charge of a company such as Feed Green. For this reason, when dealing with large companies he introduces himself at meetings as an employee, instead of the chief executive officer.

*“When I am dealing with a large company, I go into meetings as an employee. I never tell them that I own the company.”*

“I may tell them that I am the assistant marketing manager or something like that, because I want them to have the perception of us being a big company.” In Ethiopia, as in many other countries, there is a widely held assumption that only older, experienced people can run successful companies.

Feed Green now has 18 full-time staff members, but Senai is closely involved in all aspects of management, from distribution to marketing and production. “In Ethiopia, the biggest challenge is that you have to be involved in everything or it will go wrong,” he says. Finding middle-managers remains a challenge, as there are not many in Ethiopia with the right qualifications. Senai may work in production all day long, and then stay up all night communicating with clients online. On the positive side, this keeps him in constant communication with his customers, who remain the most important part of Feed Green’s business.

Senai’s childhood friend describes him as being fervent in his search for local business opportunities, to create something of his own and positively impact Ethiopia. Feed Green is promoting value addition, ensuring that value stays in the country, and bringing in foreign currency, which is helpful as Ethiopia imports a significant amount of foreign goods, such as machinery and fertilizer. He is providing a market channel for smallholder coffee and spice farmers to sell their produce, generating employment in the agricultural sector and curbing rural-urban migration. Furthermore, Feed Green employees are primarily women, as Senai has made it his mission to increase job opportunities and wages for women. In the area where the Feed Green farm is located, there is a gendered wage discrepancy. However, Senai has made it his mission for women to receive equal pay for equal work, and hopes to lead by example, so that other firms will increase women’s wages in the future.



© FAO/Buletin Dorin Golan



*“Create a company where you would like to be an employee.”*

Senai believes that if he had the chance to start again, he might do things differently: “I started with spices, then went on the coffee and now I am considering doing vegetable farming,” says Senai. “In fact, I always wanted to do different products to promote Ethiopia, so if I did it all again, I would have started off with the farming and then expanded from there.” Although Senai never dreamed of owning an agribusiness at first, he eventually concluded that agribusiness was a prime opportunity to flourish and have a major impact on Ethiopia’s development, and that is what he will continue to do.

### Questions for discussion

- 1] How has Senai overcome challenges of being a young entrepreneur?
- 2] What sparked the idea for Feed Green Ethiopia? How can this be a lesson for other aspiring entrepreneurs?
- 3] How important is customer service to Feed Green Ethiopia?

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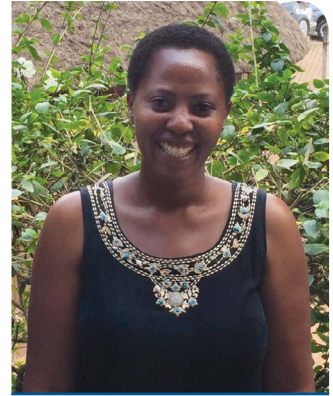
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## CASE 5.3 » FISHING FOR OPPORTUNITIES

### Case synopsis

In 2011, Lovin Kobusingye, then just 28 years-old, cofounded Kati Farms in Kampala, Uganda, with just USD 800 of personal savings. Today, Kati Farms is worth USD 1 million, primarily producing fish sausages, though it has a total of 17 product lines. Lovin, who won the Rising Star Award of the Uganda Women Entrepreneurs Association in 2012, has become an inspiration for young entrepreneurs across East Africa.

Still the only producer of fish sausages in the region, and also selling whole fish, fish fillets and fish samosas, Kati Farms has become a major buyer for more than 1 000 small-scale fish farmers who had previously struggled to find a market. With products sold in 13 countries to more than 300 clients, Kati Farms, with a young woman at the helm, thrives in a difficult entrepreneurial environment where financing is tight, storage and processing facilities are often inadequate, and many supplies are only available through imports.



Lovin Kobusingye,  
Kati Farms Ltd., Uganda

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Lovin demonstrates that against all odds, even for a young woman with little business experience who started out as an office attendant and cleaner, entrepreneurial success is possible.

### The agripreneur's story

Raised in a rural area of western Uganda, Lovin first visited Kampala to search for work so she could earn money to attend university. Eventually, she found a job as an office attendant and cleaner for a Kampala law firm. This was to prove instrumental in her development, because she credits the firm's secretary with influencing her decision to study administration at Makerere University. After her studies, however, the job market proved to be tough for young people, even for college graduates, and Lovin struggled to find work. For two years, she applied for jobs commensurate with her education, but was turned down time and time again, until she finally accepted a position as secretarial administrator for the Walimi Fish Farmers Cooperative Society (WAFICOS) in April 2008.

With no experience of working with farmers, much less fish farmers, Lovin began her new job feeling nervous, but she was humble and curious, and eager to learn more. Despite the low pay, Lovin was drawn to the mission of improving livelihoods for farmers, and was determined to help. When she joined WAFICOS in 2008, there were only 34 members. One of Lovin's top priorities



was to increase these numbers, which required developing strong relationships with farmers – an experience that would later prove useful. Through training support from USAID’s Fisheries Investment for Sustainable Harvest project, the cooperative membership had grown to 315 members by July 2010, a ninefold increase in just two years. Although the cooperative’s membership increased, as did productivity – thanks to WAFICOS and Lovin’s efforts – this led to a surplus of fish for which there were no buyers.

As Lovin soon discovered, the lack of available markets presented WAFICOS with an existential crisis.

*“If we (did not find more markets), then we would become irrelevant as a cooperative if we did not find solutions.”*

Taking a deeper dive, Lovin quickly realized that vendors were not interested in farm-raised fish that weighed less than 1 kg (with farm-raised tilapia and catfish averaging 0.5 kg), and that Uganda’s processing plants were only interested in Nile perch.

If she was going to help the fish farmers and save WAFICOS, Lovin would have to re-strategize.

## Aquaculture in Uganda

To fully appreciate Kati Farm’s place in Uganda’s fish industry, it is important to know a little about the history of farm-fishing in this country. Introduced to Uganda in the 1950s, aquaculture had an immediate impact on the fish industry, with production peaking at 11 000 ponds nationwide in the 1960s. However, during the reign of Idi Amin, many of the ponds were abandoned. Thereafter, fish farmers struggled to regain their place in the market, as consumers shifted their interest to freshly caught fish, mainly from Lake Victoria.

For this reason, cooperatives such as WAFICOS were created – to help fish farmers pool their resources and recapture the market share. More recently, the Government of Uganda has prioritized the development of the aquaculture sector, with a goal of increasing production from 90 000 tonnes in 2013, to 300 000 tonnes by the end of 2016, through the development of Aquaculture Parks (APs). These have been defined as concentrated aquaculture production areas, and are being implemented through public-private partnerships. Currently though, aquaculture production in Uganda is characterized by low production and productivity, which fails to meet domestic and international market demand.

The creation of APs aims to increase fish production to meet demand, and these should be capable of handling more than 5 000 tonnes of fish annually. As of 2012, the fisheries sector accounted for 12.6 percent of the country’s agricultural share of gross domestic product (GDP), with 1.1 million jobs in both the formal and informal sector.



In terms of diet, about 75 percent of Ugandans consider fish to be a key part of their traditional diet. The national average for fish consumption is 8.3 kg per capita per year, above the sub-Saharan average of 6.6 kg per capita. However, most Ugandans prefer to eat fish or fish products from Lake Victoria, rather than farm-raised fish. In terms of access, fish tends to cost much more than a similar quantity of meat – gram per gram. From an environmental sustainability perspective, a shift to farm-raised fish is important, because overfishing has been depleting fish stocks in the natural lakes, particularly as demand for fish has increased alongside the country’s population growth and rising incomes.

Developing new markets for farm-raised fish is therefore critical, but Uganda’s fish farmers do not produce enough fish throughout the year to sustain a steady market for themselves. Cooperatives such as WAFICOS are of considerable help, enabling farmers to work together to stagger their production and provide quality fish throughout the year. However, as Lovin soon discovered, the difficulty of selling surplus fish, and building a viable farmed fish industry, remained an important challenge to improving the livelihoods of smallholder fish farmers.

### The sausage solution

Lovin’s solution to the surplus crisis was to make sausages, more specifically, fish sausages. During her research into how other meat industries handled surpluses, Lovin discovered that many suppliers use excess products (waste) to make sausages. Lovin believed that producing fish sausages was a good way of using most of the fish, leaving very little to waste. More importantly, this would create a market for the Ugandan fish farmers’ surplus product – ensuring their livelihoods were upheld.



A sample of Kati Farms’ cooked products



“What if I started to do this?” she asked herself. “The tricky part was that fish sausage had never been done before in Uganda.” There was beef, pork and chicken sausage, but fish sausage was non-existent. Did that mean it could not be done? Not exactly, though there was no one in Uganda who knew how to produce it. “The only source of information on making fish sausage then was the Internet,” recalls Lovin.

For nearly a year, Lovin continued to research the process of making fish sausage, although she admits it was a slow process. Early in her research, she visited a local university to ask someone in the agricultural department, only to be told that, while fish could be made into sausage, it would taste terrible. Undeterred, Lovin visited the Uganda Industrial Research Institute (UIRI) on the advice of a friend, where she met the head of production, who found Lovin’s idea to be unique and interesting. Lovin applied to UIRI’s local business incubator programme and was accepted onto a two-week food processing course. But by the end of the course, Lovin had not learned anything more about the process of making fish sausages.

A UIRI trainer agreed to help Lovin, on the condition that she supplied all the raw materials for trials. Using her life savings of USD 800, Lovin purchased the necessary supplies and started experimenting with various fish sausage recipes. “The first products were terrible,” she recalls. At first, she had been using the more marketable Nile perch, but unsatisfied with the results, Lovin decided to switch to the farm-raised catfish supplied by WAFICOS. The results were far better: the sausage was clean, soft, and, most importantly, delicious. Thus, in 2011, Kati Farms – named after Lovin’s father’s farm – was launched.

### Growing pains

With Lovin’s product finalized, she began to introduce the fish sausages into the market by selling them to friends and small street sausage roasters. The response was positive, and word of mouth helped to generate enough demand for Kati Farms to begin producing 500 kg of sausages a week at the UIRI facilities, free of charge. Moreover, Lovin managed to save money through her contacts in the WAFICOS fish farmers’ network, who allowed her to purchase fish on credit based on goodwill. The fish suppliers agreed to give their raw material on credit, and receive payment after a few weeks.

Lovin encountered difficulties when she sought financing from banks. Fish sausages were an entirely new product in Uganda, and the banks considered Kati Farms too risky. In the meantime, Lovin advanced with the support of the WAFICOS fish-farmer network, which had grown to 1 000 by 2011, driven by the new market created by Kati Farms and the fish production training programme.

Lovin also struggled with losses from small hotels that she targeted in the beginning, as they would ask for free samples and express a positive response, but would end up not placing any orders. Although frustrated, young Lovin persisted.

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When a representative from the Food and Agriculture Organization of the United Nations (FAO) Programme for the Implementation of a Regional Fisheries Strategy for the Eastern and Southern Africa – Indian Ocean Region (IOC-SmartFish) visited, Lovin seized the opportunity to showcase her innovative product. The FAO official was impressed and invited Lovin to attend a trade exhibition in Zambia in 2012. “I had a passport, but I had never travelled before,” Lovin recalls, smiling. The trip allowed Lovin to showcase her product to an international audience, which attracted new customers from abroad. Soon afterwards, Kati Farms began receiving orders from Kenya and Rwanda. Meanwhile, back in Uganda, the Department of Fisheries Resources heard about Lovin and her fish sausages, and began inviting her to promote her products at local trade shows and events.



Kati Farms' frozen products

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In the same year, Lovin won the European Markets Research Centre's (EMRC) Rabobank Project Incubator Award, which came with a USD 15 000 prize. She invested the money in much needed equipment, including coolers and freezers at multiple distribution points across the capital city.

As demand increased, the business soon outgrew UIRI's production facilities. Consequently, Lovin began selling whole fish to a processing plant in the Democratic Republic of Congo (DRC), which circumvented the need to undergo the costly and more technically demanding process of upscaling the production technology and gutting the warehouses. Today, almost 60 percent of Kati Farms' sales go to DRC in whole fish form. The income from the sale of whole fish to the DRC has helped Kati Farms to sustain the production and marketing of sausages, and the company is expanding into whole fish sales in Rwanda – all delivered in refrigerated trucks.

Lovin also experimented with using small distribution points throughout Kampala – a total of 500 – in the form of mini-freezers in small shops and at food stands. This method allowed Kati Farms to save money on delivery expenses, including the costs of fuel, transport and drivers.

### Further challenges

Despite Kati Farm's early success, significant challenges remain. For example, Lovin soon found that sourcing local, good quality, yet affordable packaging materials is difficult in Uganda. Importing the materials is one solution, albeit an expensive one. Kati Farms also struggles with the country's underdeveloped sanitary system, as untreated waste can sometimes end up in waterways and undermine the safety of the fish caught.



Kati Farms has outgrown UIRI’s processing facilities, which is, first and foremost, a training institute, rather than a business hub. The institute is only open Monday through Friday from 8 am to 5 pm, which meant that Lovin had to fit all her production activities into this timeframe. Selling whole fish is a relatively simple affair, in contrast to producing fish sausage, a time-consuming and expensive process that taxes UIRI’s limited facilities. In addition, UIRI’s facilities were not developed for fish processing, but rather for meat processing. Therefore, many of the resources Lovin required, such as chillers and coolers, were not available.

Shipping whole fish directly to the DRC helps to alleviate some of the pressure, but Kati Farms still must move to larger, more suitable premises to meet growing demand. Moving out of UIRI has assisted Kati Farms in expanding operations. As fish sausages are the flagship product of Kati Farms, Lovin has since moved the fish processing operations to its private plant in the Wakiso District. The factory processes 10 tonnes of fish per day, five days a week. The process for producing the sausages is as follows:

The fish purchased from farmers are cut to separate fillets, trimmings and fatty tissues; all are cut into small pieces. The fish fillet and fats are ground separately in 3 mm mesh. The resulting fish mince and fats are chopped together with ice, spices and food additives and chilled to 12 °C. This mixture is stuffed into sausage casings of 26-28 mm diameter, and sausages are linked and twisted to form 50 g individual pieces. The sausages are packed in plastic pouches to reach



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Lovin Kobusingye speaking as part of a panel at the Agripreneurship across Africa Knowledge Exchange Workshop, organized by FAO and EVI in 2018. Also featured: Catherine Edusei of Eden Tree in Ghana, and Eric Muthomi of Stawi Foods and Fruits.

the retail weight of 0.5 kg (10 pieces) or 1 kg (20 pieces). Finally, the packed sausages are frozen to -18 °C, at which temperature they can be stored for three to six months. It is recommended they be heat-treated only before consumption.

One of the biggest challenges Lovin has encountered is cultural. Farmed fish is not part of the regular diet of most Ugandans, so the idea of processed farmed fish, especially in sausage form, requires heavy product promotion. Lovin has found that customizing the products to customer tastes and needs is helpful. For example, Kati Farms exports large, gutted fresh fish to the DRC, and smaller fish are filleted or smoked for consumers unable to afford whole fish. Many Ugandans, surviving on low wages, are unable to afford whole fish, so fish products must be available in smaller sizes and at affordable prices. This is what ultimately led Lovin to start offering other precooked fish products, such as fish samosas, fish spring rolls and a fish powder, an inexpensive way of adding nutrients to food for lower-income consumers.

In 2015, Kati Farms supplied 28 hotels and restaurants across Kampala, with an ambitious goal of supplying twice as many the next year, and growing from there. However, Kati Farms' main customers are still the informal street roasters and consumers in Kampala, who purchase two-thirds of the weekly production. Lovin notes that accessing crucial assistance as a private company can sometimes be cumbersome, as aid agencies often want to support government or NGO programmes. She also observes that private businesses such as hers make important contributions to national socio-economic development, which should not be overlooked.

### Impact on the community

More than just a young entrepreneur, Lovin is working hard to bring about improvements for her community. For example, one of her projects is the Women Fish Network, the fruit of her own experience in facing challenges as a female entrepreneur in Uganda. Lovin and other women united in late 2015 to help one another succeed in the fish sector. Just one year later, the network had 115 members representing the entire value chain. Headquartered in Kampala, the network is still strong. The Women Fish Network is a space for women to gather and learn about running their own businesses and overcoming the challenges that women in business face. Through the network, Lovin supports women fish farmers by providing them with training, quality feeds and new markets for their products. In addition, the network supports young women fish farmers. For example, in April 2016 in conjunction with the Government, the Women Fish Network hosted a Uganda Fisheries and Aquaculture Conference under the banner of Championing Women and Youth in Transforming the Fisheries Sector.



Lovin continues to work with the WAFICOS fish farmer network to address their needs and concerns. Kati Farms purchases approximately 75 percent of the cooperative's total production, amounting to nearly 15 tonnes of fish per week, which is then processed into sausages and other products such as chilled gutted whole fish, chilled fish fillets, fish samosas, fish burgers and fish mince for pet food.

Given her newfound fame within Kampala and Uganda's fish industry, Lovin has tried to channel the attention she receives toward productive ends. Her approach to these 'distractions', as she refers to the interviews, visits and meetings for which her presence is increasingly requested, is that she will only partake if it is socially or economically beneficial for the business. In her words, "you have to balance between being at work and that fame, which may bring unnecessary attention."

Lovin realized from an early age that it was up to her to work hard to achieve her dreams. She says: *"Life is not handed to you on a silver plate. You have to use the available resources in order to realize your dreams."*



## Questions for discussion

- 1] What were the main drivers behind Lovin choosing to make fish sausages?
- 2] Lovin took advantage of UIRI to start her business. What were the pros and cons of this support?
- 3] How is Lovin benefiting society, especially women and youth? How can this be a lesson to other aspiring entrepreneurs?

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C H A P T E R 6

# Agripreneurship in challenging environments







## INTRODUCTION: BUSINESS ENABLING ENVIRONMENT

All businesses operate within an environment comprising political, societal, economic and environmental elements (FAO, 2014). The environment in which an enterprise operates strongly influences its chances of flourishing. It is this bigger system that can help to promote entrepreneurs as change agents to create jobs and sustainable development. Even the most skilful entrepreneur will struggle to succeed if he or she operates in an uncondusive environment. Enabling business environments are defined as sets of policies, institutions, support services and other conditions that improve a business environment for business activities to develop and thrive (FAO, 2013). The public sector plays a crucial role in shaping the enabling environment by implementing and enforcing economic, fiscal, sectoral and labour policies. Government institutions also set food safety and quality standards, and engage in inspection services, while providing valuable agricultural information through crop research, extension services, data collection and market research. The enabling environment includes natural environmental elements, to which governments permit access (e.g. land), while also allowing their use and ensuring their protection.

Countries in Africa have some of the least business friendly regulations of all economies, with issues of land tenure, access to finance and regulatory burdens looming large. Expensive transport and energy services, as well as complex bureaucratic requirements, make the cost of doing business too high for many small and medium enterprises in Africa (Grow Africa, 2016). If issues within the business environment are not addressed, interventions at enterprise level are unlikely to result in optimal results and sustainable development.

Creating an enabling environment through well designed policies, regulations and processes is essential if agricultural entrepreneurs are to be able to create and upscale agribusinesses and the agro-industry. Laws and regulations can make special provisions for start-ups and small firms, such as less costly legal dispute handling and simplified and lower-rate tax systems. Strategies to support agripreneurship include fiscal incentives, such as tax cuts and tax holidays, fostering competition, promoting the stability of raw materials, and providing support services, including research and development, quality and safety standards and information systems (FAO, 2011). Governments may also be able to provide a guaranteed market for agribusinesses through institutional procurement (e.g. school feeding programmes) (FAO, 2017a).

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The following can be identified as important elements within an environment that influence the success or failure of businesses (ILO, 2007; FAO, 2018c):

- » **Political elements:** peace and political stability, good governance, social dialogue<sup>26</sup> – the rule of law and secure property rights (e.g. access to land) – as well as respect for universal human rights and adherence to international labour standards.
- » **Economic elements:** sound and stable macro-economic policy, good management of the economy, trade policies, fair competition, and sustainable economic integration,<sup>27</sup> an enabling legal and regulatory environment, access to financial services, and land.
- » **Societal elements:** Entrepreneurial culture, physical infrastructure, services, ICTs, education, training and lifelong learning, social justice and social inclusion,<sup>28</sup> as well as adequate social protection.
- » **Natural elements:** responsible environmental stewardship in the provision of access to and protection of natural resources, including clean air and water, preservation of soils, ecosystems and genetic resources, as well as climate adaptation and mitigation.

## 1 » Political elements

### Peace and political stability

Peace and political stability are critical for the creation and sustainable growth of enterprises. Conflict greatly hampers the ability of agripreneurs to start businesses under instable and unclear regulations. Not surprisingly, conflict countries in sub-Saharan Africa are at the bottom of the list in the region for ease of doing business – the bottom five being the Democratic Republic of Congo, the Central African Republic, South Sudan, Eritrea and Somalia (World Bank, 2018). Post-conflict countries must invest heavily in rebuilding educational institutions to support youth. A specific focus should be on agriculture and agribusiness, to reinvigorate the sector with practical and fresh skills and target the often dire food security situation.

<sup>26</sup> Social dialogue includes all types of negotiation, consultation and exchange of information between government representatives, employers and workers on issues related to economic and social policies.

<sup>27</sup> Economic integration is the reduction of trade barriers to advance the economic interests of two or more states.

<sup>28</sup> Social inclusion is the process of improving how individuals and groups take part in society, by enhancing the ability, opportunity and dignity of the disadvantaged.



## Good governance

Governance is understood as the traditions and institutions through which authority is exercised in a country (Ott, 2014). Good governance generally involves democratic political institutions, transparent and accountable public and private entities, effective anti-corruption measures and responsible corporate governance. Good governance has a positive effect on a company's performance as it provides stability, reduces uncertainty and cuts costs, thus reducing the volatility and variability of profits, leading to higher returns and lower-risk investments (Ngobo and Fouda, 2012).

## Social dialogue, human rights and international labour standards

Social dialogue, or public-private dialogue, requires political will and commitment, institutional support, and strong, independent workers and employers' organizations with technical capacity and access to relevant information (ILO, 2017b). The provision and protection of workers' rights, such as the right to organize and to bargain collectively, reduces labour conflicts, encourages positive working relationships, and supports fair remuneration and equitable distribution of wealth, thus increasing social stability (ILO, 2007; Samuel, 2014). Governments can support improved coordination through laws that facilitate collective action and market linkages for smallholder farmers (e.g. cooperative law or contract farming laws).

Governments also have an important role to play in setting and enforcing labour standards, and decent working conditions, including wages and fair remuneration. Decent working conditions that respect human rights and international labour standards improve productivity and economic performance (ILO, 2017c). Adherence to well developed health and safety policies increases productivity and ensures that the workforce is able to perform its duties, motivated by the knowledge that work does not pose a risk to health. A living wage, reasonable working hours, respect for equality and robust safety standards lead to healthier and more satisfied workers and lower staff turnover (Samuel, 2014).

## 2 » Economic elements

### Sound and stable macro-economic policy

Macro-economic policies have a huge impact on entrepreneurs and their fledgling companies. A stable macro-economic environment, including a steady foreign exchange rate (FOREX), low inflation rates, low interest rates, and a competitively priced and reliable supply of energy, utilities and infrastructure, is important. Rapid changes in these factors can quickly wipe out the profits of start-ups, and thus stall their growth or even push them into bankruptcy.



## Good management of the economy

Economic policies related to banking, government spending and taxation, and exchange rates should guarantee stability. Effective management of the economy should result in sustained job creation, controlled inflation, and the provision of policies and regulations that result in long-term economic growth.

## Trade policies, fair competition and sustainable economic integration

Economic integration and the impact of trade policies on employment must also be considered. Trade policies should balance food imports with supportive policies to give national brands a fighting chance. If due attention is not given to local development, the barriers will remain too high and the standards will be unobtainable for local firms, allowing imported products to continue flooding local markets, shutting out local actors. Preferential tariffs and industrial policy incentives, such as tax incentives and tax havens, are tools that can encourage local business development and provide protection from international competition.

## Legal, regulatory and administrative framework

An enabling legal and regulatory environment has regulations that are well designed, transparent, accountable and well communicated. A legal system that encourages fair competition, guarantees that contracts are honoured, ensures that the rule of law is respected and protects property rights, will attract investment and encourage entrepreneurship. However, many countries have poorly defined or protected property rights, copyright, patent and trademark regulations. For example, the existence and enforcement of contract farming laws are an important mechanism for protecting the rights of agricultural buyers and sellers. Governments should work to improve and enforce laws such as these.

Inadequate regulations may also create bureaucratic burdens and encourage informal business operations and unethical behaviour, such as corruption (Schoof, 2006; ILO, 2007). Complex administrative and regulatory frameworks, such as timely and costly business registration procedures, discourage entrepreneurship. For example, the time needed to set up a limited liability company (LLC) can range from half a day in New Zealand to 84 days in Eritrea. There are no monetary costs to set up a business in Slovenia, but in South Sudan the costs is more than 305 percent of annual income per capita (World Bank, 2018). Other common administrative burdens include unsupportive tax regimes, bankruptcy laws, ineffective competition law, and regulatory framework changes (Schoof, 2006).



## Access to financial services

Access to finance is crucial for a growing and dynamic private sector, but it is one of the primary challenges that entrepreneurs face. The issue is even more prevalent in sub-Saharan Africa, where less than 25 percent of adults have access to formal financial services and are 40 percent less likely to have access than other regions (Hallward and Driemeier, 2013; IFC, 2013). Entrepreneurs often have to deal with disinterested and risk-averse banks that demand unrealistic collateral, credit arrangements and contracts.

## Access to land

Land is an essential productive resource for agripreneurs, whether for primary production or otherwise (e.g. a space to build a factory for agroprocessing, or storage facilities). Issues surrounding access to land and land rights, particularly for youth and women agripreneurs, undermine sustainable development. Land tenure rights must be transparent, enforceable and stable to promote agricultural investments and permit the setting up of land markets, so that land can be used as collateral (FAO, 2013).

### 3 » Societal elements

#### Entrepreneurial culture

The culture for entrepreneurship depicts changing societal attitudes towards this sector. The entrepreneurial activities carried out by individuals in some cultures and contexts, and the positive or negative perceptions of these activities, can strongly influence aspirations towards entrepreneurship (GEM, 2017). In some countries, where entrepreneurs are linked to corruption or unethical conduct, entrepreneurship is seen as an inappropriate career choice. The societal image, reputation and credibility of entrepreneurs in a country are decisive factors in gauging whether entrepreneurship is considered a viable career path.

#### Physical infrastructure and information communication technologies

Physical infrastructure encompasses roads, public transport systems, schools, hospitals, access to water and energy, and to supporting industries. The quality of the physical infrastructure available has a direct impact on the sustainability of enterprises and community development. Access to information communication technologies is also critical for the success of a business in a globalized and interconnected world.

### Education, training and a commitment to learning

Education and management skills are two important measures of successful entrepreneurs (Aterido and Hallward-Driemeier, 2011). Low levels of literacy and numeracy skills leave entrepreneurs in Africa less prepared to compete in a business environment (Kew *et al.*, 2013). Education, training and a commitment to lifelong learning not only increase the chances for entrepreneurial success, they also create skilled workers, which companies need to operate effectively. A common thread that runs throughout this publication is lack of skilled personnel.

### Social justice, social inclusion and adequate social protection

The development of sustainable enterprises is more likely to occur in equal, inclusive societies, where discrimination is addressed and removed. Cultural barriers restricting women's access to resources and assets must be addressed. Equal opportunities in the workplace ensure that workers are hired because of their qualifications, where social inclusion improves the ability, opportunity and dignity of disadvantaged groups to take part in society. Social exclusion can be costly – not only socially and politically in terms of human capital development, but also economically. Productivity is also increased by access to social services such as quality health care, unemployment benefits, maternity and childcare services and a basic pension.



© FAO/Giulio Napolitano



#### 4 » Natural elements

Natural environmental elements include natural resources such as soils, air, water and biodiversity (FAO, 2014). Sustainable natural resource management is crucial for the well-being of populations and for businesses to flourish sustainably. Soil degradation and loss, polluted waterways, poor air quality and deforestation result from unsustainable development and poor environmental management, with negative consequences for communities and local businesses.

Broadly speaking, natural resources and the environment are at higher risk of degradation in developing countries due to lack of regulations and monitoring mechanisms, inadequate enforcement of prevailing laws, lack of education, inadequate access to information systems, as well as poorly maintained equipment and machinery (Thundiyl *et al.*, 2008). The focus on economic development to improve the wealth of a nation often supersedes environmental concerns at policy level. In conjunction with weak environmental legislation and relatively low use of environmental impact assessments, the environment is often degraded for short-term economic gains, without consideration for the negative long-term consequences.

Robust legislation and functioning regulatory systems must be implemented and actively enforced by governments to ensure responsible environmental stewardship. Incentives such as tax cuts and public procurement procedures can be useful in promoting the sustainable use of natural resources.

The following case studies present the stories of three agripreneurs who overcame a challenging business environment. Erick Rajaonary had to confront a political uprising that ousted the President of Madagascar, leading to economic paralysis (Case 6.1); Marie Diongoye Konaté has steered her business through two violent political conflicts and an environmental crisis (Case 6.2); and Simone Zoundi struggled with political regime changes in Burkina Faso (Case 6.3).

## CASE 6.1 » MAD ABOUT GUANO

**Case synopsis**

Erick Rajaonary was an accountant working to privatize 40 state-owned companies for the Government of Madagascar when political instability cut his career short. This unfortunate turn of events ultimately culminated in a more prosperous path for Erick, who became the founder and owner of Guanomad, the number one seller of guano fertilizer in Madagascar.

Known locally as the ‘green visionary’, and nicknamed ‘Batman’, Erick Rajaonary and his business have transformed fertilizers in the island country of Madagascar. In the decade since the company was first formed, Erick has dealt with government instability and corruption, as well as prejudice against using organic products in a nation that continues to struggle economically.



Erick speaking at an event

© Erick Rajaonary

**The entrepreneur's early years**

Erick was born in Paris, where his father practised medicine, but his family moved back to Madagascar, where Erick was raised until he was ready to enter university. Erick returned to Paris in the mid-1980s to study accounting and in 1990, he started his own accounting firm in Lyon, France, the first Malagasy to do so.

In 1998, the Madagascar Government hired Erick as a financial advisor to help privatize 40 state-owned companies, which were primarily involved in the petrol industry. His position came to an abrupt end in 2002 when the incumbent President Didier Ratsiraka was ousted following a contested national election. As a result, Erick became an independent consultant, spending the next three years traveling between Madagascar and France on missions for topics such as audits, organization and corporate strategy, restructuring and privatization.



Erick poses in front of GUANOMAD products while producing a promotional video

© Erick Rajaonary

**Start of the business**

In 2006, Erick had a conversation with a friend about the ecological benefits of using guano as a fertilizer in Latin America. This sparked Erick's entrepreneurial spirit, and prompted him to research the potential of starting a similar business with bat guano fertilizer in Madagascar.



Madagascar's physical detachment from Africa as an island state has meant that unique flora and fauna have flourished, including a dozen varieties of bat. These bats produce plentiful nitrogen-rich<sup>29</sup> excrement (guano), which, when mixed with limestone, creates a rich fertilizer. Guano serves as both a fertilizer for crop health and a soil conditioner, which makes it an environmentally friendly alternative to chemical fertilizers, which strip the soil of nutrients and organic matter.



© Erick Rajaonary

Erick meets regularly with various partners, including the Government and clientele

Globally, guano has been mined for fertilizer since the 1920s. For about a decade, individuals in Madagascar had been mining it for personal use, but no one had yet attempted to turn this into a business. Erick knew that there were many undiscovered bat caves in Madagascar, and saw the potential for such a company. He also found the aspect of becoming the first mover in the market highly appealing.

Erick sent samples of the guano to laboratories in Madagascar, Réunion Island and France for analysis, and gave samples to his friends and family to trial in their home gardens. They all reported outstanding results.

Erick found that requirements and process for creating a business were relatively simple. The name Guanomad was Erick's idea, based on blending 'guano' and 'mad', the first three letters of Madagascar. Erick signed several 10 to 15-year extraction agreements with local communities, which allowed him to excavate the bat caves in exchange for a fee based on the amount of guano mined, and to hire local workers to extract the guano.

Guanomad was officially launched in 2006 with a very small team. Erick had five collaborators, who were agricultural engineers, three of whom are still with the company.

Erick financed his new business with EUR 100 000 (USD 110 000) in personal savings, which was matched by a local bank in the form of a loan. He did not encounter any difficulty in acquiring the financing since his business was already registered; he provided half the capital himself, and the banker was coincidentally familiar with the practice of using guano from seabirds for fertilizer. In just two years, Guanomad's profits were more than sufficient for Erick to repay the bank loan in its entirety.

<sup>29</sup> The nitrogen content of guano ranges from 0.4 percent to 9.0 percent, and the phosphorous pentoxide content can be anywhere between 12 and 26 percent.



Erick founded the company with a partner – who had initially helped him to develop the idea of using bat guano as a fertilizer. The partner invested EUR 3 500 (USD 3 850) – less than 2 percent of the company at the time. Just two years later, this partner left Guanomad, selling back his interest to Erick in what amounted to one-third of the business for EUR 60 000 (USD 66 000), a handsome profit to make in such a short time. While obviously not pleased with a situation that might have been avoided by using a vesting agreement,<sup>30</sup> Erick has decided not to dwell on the matter.

*“Doing business means taking risks,” he says. “I took the risk and that is why Guanomad is still here.”*

Initially, it was very difficult to break into the domestic market, where chemical fertilizers dominated, and the guano-based fertilizer products were relatively unknown. The idea of organic or environmentally sustainable products was a brand new and unfamiliar concept. For this reason, Guanomad had to be highly strategic and effective in its marketing and advertising, so as to draw in customers. At the outset, guano was sold for half the price of chemical fertilizers. Guanomad hit the market retailing at MGA 900 (USD 0.27)<sup>31</sup> per kg, while a chemical-based alternative retailed at MGA 2 000 (USD 0.62) per kg.

Fortunately for Guanomad, in 2008, the Government established a national policy – called the Green Revolution – which promoted the use of organic fertilizers over chemical fertilizers. Under the programme, the World Bank funded a 50 percent government subsidy for organic producers, such as Guanomad. Farmers purchased the fertilizer from the Government at a subsidized rate, and the Government paid Guanomad in full. This programme more than quadrupled Guanomad’s sales from 300 tonnes in 2006, to 13 000 tonnes in 2008.

However, the subsidies ended abruptly in 2009, due to a political uprising led by military leader Andry Rajoelina, which ousted President Marc Ravalomanana and left the company in difficulty. The end of the subsidies meant that some farmers could no longer afford to buy Guanomad products. Furthermore, the social and political instability led to an economic paralysis that threw many farmers into deeper poverty. From this point forward, Erick’s focus became the reduction of Guanomad’s dependence on any form of aid.

Subsequently, Erick began his pursuit for new clients, including those outside Madagascar. In 2010, he successfully certified Guanomad products as Ecocert, one of the most reputable organic certifications, and one of the main requirements

<sup>30</sup> A vesting agreement is a legal contract by which a company sells shares. Under this agreement, the company has the right to buy back the unvested shares at the original purchase price, and may also have the right to buy back the vested shares at fair value.

<sup>31</sup> Using the exchange rate of 1 MGA = 0.00030. Oanda, 2018.



for exporting products to the East Africa, the European Union (EU) and the USA. Erick explains that an Ecocert certification means that Guanomad's clients are confident that their products are truly organic, and meet the standards set by the global Ecocert framework. This certification enhances Guanomad's authenticity, and thus its competitiveness in the global market.

However, this, on its own, was not enough. Until 2012, the EU banned imported guano due to a mad cow disease scare and the fact that Malagasy slaughterhouses were not up to health and safety standards. In response, Erick lobbied the Malagasy Embassy in Brussels to differentiate guano from meat products. His efforts paid off, and the ban was finally lifted, opening the export market to Guanomad. During this period, Guanomad also played a pivotal role in introducing legislation in Madagascar that regulated the extraction and production of bat guano fertilizer at national level.

In 2012, Erick began searching for a financial partner, and in 2013, he received funding and technical assistance from Databank's African Agriculture Fund (AAF) SME Fund, which specializes in the development of agricultural value chains. AAF purchased 40 percent of Guanomad and helped to improve Guanomad's export and marketing and distribution strategy on the African continent.

That same year, in 2013, Erick was awarded the Outstanding Small and Growing Business Award by the African Leadership Network (ALN), which included a USD 50 000 prize. This award provided valuable recognition for Guanomad, and Erick was invited to the Massachusetts Institute of Technology (MIT) to share the story of his company's success. In addition, a team from MIT spent a month at the Guanomad facilities, and helped the company to establish clients in the US market, which happen to be the two largest distributors of guano in the USA.

### The company today and the way forward

Today, Guanomad is the leading seller of guano fertilizer in Madagascar. Chemical fertilizers remain its number one competitor, primarily because they have had a longstanding presence on the market, and are a product with which farmers are familiar. By contrast, farmers are slowly realizing the benefits of organic products.

Guanomad has six products, four of which use guano:

- 1] Guanomad: for all types of cultivation, and its best-selling product;
- 2] GuanofertiN: nitrogen-enriched fertilizer for grass and leafy plants such as tea;
- 3] GuanofertiK: potassium-enriched fertilizer especially recommended for fruit trees, sugar cane, and beets;
- 4] Guanosol: recommended for vegetable gardens (leafy and root vegetables) and fruit trees;

- 5] Coque de cacao: made from the cacao shell (rather than guano), and widely used for mulching and professional landscaping; and
- 6] Tourteau de Ricin: a by-product of castor oil production, this non-guano fertilizer is ideal for vegetable gardens.

Additionally, since 2011, Guanomad has produced *à la carte* products tailored to the individual market needs of their customers. For example, some clients prefer a nitrogen rich guano, hence Guanomad developed a unique blend that includes either blood meal or zebu (cattle) horn. Another big seller for the export market is a phosphorus-rich product.

Guanomad has two facilities, a warehouse in the capital city of Antananarivo, and another, which includes processing and a transformation line, in Tulear, southern Madagascar. All the processing machines are built locally, but they are slower than the newer models from China, so Erick is considering upgrading some of his machines.

In the beginning, Guanomad extracted 20 tonnes of guano every two weeks from its bat caves. Today, the company is able to excavate 20 tonnes per cave per day. Guanomad has contracted 120 caves, of which only 30 are actually mined. This is due in part to Erick's foresight, signing pre-emptive agreements with communities that were known to have bat caves, even though he did not plan to mine them straight away. In so doing, he deliberately shut out potential competitors, as the remaining bat caves are limited. Erick's exemplary reputation has resulted in the loyalty of local communities, who alert Guanomad first when they discover new bat caves. Moreover, Erick has the benefit of years of experience, whereas newcomers to the business are often less versed in guano extraction regulations, and often find themselves in violation of the law.



Guanomad products

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Extraction is not possible during the rainy season, so the production line is operational for only six to eight months of the year. However, Guanomad maintains a healthy supply of reserve guano. As of March 2016, the company's reserves totalled 350 000 tonnes, worth an estimated USD 300 per tonne, and was projected to reach nearly 800 000 tonnes by 2018, as more regions are explored for bat caves. The process is sustainable, because extracting guano from the caves means that bats are able to return and use them as their habitat again.

Guanomad's partner, AAF, has provided invaluable assistance in the form of market research, which has enabled the company to target specific countries and focus on particular regions for export. East Africa was one of the first regions to be explored because of its heavily agriculture-based economies. Customers are attracted to Guanomad's products due to the fact that they are organic and competitively priced. The organic aspect is a bonus, helping with exports destined for the European market, which is keen on organic products. Guanomad's products also cost significantly less than organic fertilizers from other regions. And its rapid delivery, at least in the African marketplace, is a major plus, as products from Madagascar arrive faster than from other countries in Africa.

The export market continues to grow, accounting for 40 percent of sales, with the USA and Europe serving as major markets. Over the past several years, the export growth strategy has been to target specific countries in order to build and

nurture client relationships, especially in Kenya and the USA. In the case of the latter, it took one year of relationship building on the part of Guanomad to cement its credibility. The company promoted its products by registering them in the USA, and using US laboratories to create and distribute product samples.

More recently, Erick's focus has been on expanding distribution down to the farmer level in Madagascar. It was brought to his attention that although farmers had heard of Guanomad products, they were unable to find them in the marketplace. In an effort to resolve this problem, the company devised a plan to enhance its relationship with existing distributors, and has also increased the number of distributors from 10 to 50 in Antananarivo alone. Guanomad now has 250 distributors, who are paid a commission on sales.

Under the terms of its agreement with AAF, Guanomad's partnership was set to lapse in 2018, making the company financially independent. It is envisioned that



Erick poses with a bag of Guanofert, a GUANOMAD product

© Erick Rajaonary

Guanomad employees will be allowed to purchase shares in the company from then on, further strengthening Erick's team, which already receives year-end bonuses. Erick speculates that the company may consider adding other financial partners in the future. Meanwhile, Guanomad has diversified into several other areas, including a hotel, a Vietnamese restaurant, a real estate company, and a document security company. The original Guanomad team was relatively small, but today, the company employs 120 staff, of whom 60 percent are women, plus between 400 and 500 seasonal workers, who are hired for guano extraction.

### Ongoing challenges

In the early days, farmers believed that guano was unsafe to use as a fertilizer, due to the possibility of introducing viruses from the guano, not realizing that microbes and beetles transform the bat droppings, eliminating most viruses. The pungent odour was another obstacle that Guanomad had to overcome, although once it is processed as a fertilizer, guano has very little scent.

To overcome these hurdles, Erick needed to communicate the benefits of guano to often illiterate smallholder farmers across the island. To do this, he undertook analyses to alleviate their concerns, and designed marketing campaigns to explain the advantages of organic fertilizers, including the long-term benefits on soil health for crop cultivation, as well as the lower cost.

In the short-term, organic fertilizers produce a lower crop yield compared with chemical fertilizers. However, since organic fertilizers replenish the soil, the long-term benefits of organic fertilizer, in terms of environmental sustainability for both crop and soil health, outweigh any short-term yield deficits. Even so, many farmers have been unwilling to change their habits, tending to prefer short-term higher yields, and this continues to be a major problem in Madagascar.

Erick is exploring alternative forms of marketing, so as to get closer to the end users and educate farmers on the benefits of Guanomad's products, through advertising on the radio, television and in newspapers, as well as on social media and billboards.

While there is an abundance of guano, Guanomad sometimes has difficulty obtaining the supplementary materials needed for the *à la carte* products – such as blood meal – in sufficient quantities.

In addition to the struggling national economy and the dwindling purchasing power of the people, the main challenge appears to be the policy environment, which can make or break a business. Guanomad struggles to compete with cheap imports, as there is no policy to protect local producers from competition. A financing policy to boost business and physical infrastructure is also lacking. Erick believes that the public sector desperately needs policy intervention, and that the state should establish a national development policy to improve agriculture.



Another major impediment is corruption, which is widespread in Madagascar, stemming from the political leaders and trickling down to citizens, the majority of whom are very poor. According to Guanomad's Chief Financial Officer, 75 percent of the company's turnover is still linked to agricultural development and poverty reduction projects, or programmes that are affiliated with the Government and international donors, which are correspondingly sensitive to political instability. The company's strategy is to strengthen exports, which are consistent year-round and relatively immune to Madagascar's political unpredictability. Erick has grown into more of a public figure and, for this reason, he has seen that fewer people attempt to charge him illegal fees or ask for bribes.

### Impact of the business

Guanomad has educated farmers about the advantages of organic fertilizer through seminars and other training programmes, and has provided free seeds and samples of its products. The company helps farmers to acquire land for crop cultivation, and each year at an international fair, Guanomad invites loyal farmers to showcase and sell their products. Guanomad gives back to the communities where it mines the guano by donating a portion of the guano to them, and educating the residents on how living bats can make a positive contribution to their livelihoods, in an effort to discourage communities from killing the animals for food.

Although Guanomad struggles with hiring, training and retaining the often illiterate, seasonal workers who extract the guano, they provide field training for all workers before extraction. The company provides seasonal jobs to hundreds of workers who live in a remote area at the southern tip of the island, where the majority of the country's bat caves are located. Erick prioritizes hiring young people, whom he strongly believes are competent and hard workers with the ambition to develop and fuel the company's growth. He provides them with training, sending many of them abroad, at the company's expense.

Guanomad's organic fertilizers provide critical nutrients, nitrogen and potassium, which benefit both the country's soil and crop health. Organic fertilizers such as Guanomad improve the soil structure, which has positive impacts in terms of water and nutrient retention, preventing soil erosion, and increasing soil fertility in Madagascar.

Erick's vision for Guanomad is based on four fundamental themes: food security, organic farming, rural development and environmental protection. His mantra has become, *“Organic is good for fauna, flora, and human beings.”*



## Questions for discussion

- 1] What are the greatest challenges that Erick faced in setting up and growing his business? Could any of them have been avoided?
- 2] How has the political and business enabling environment of Madagascar hampered or supported Guanomad over the years?
- 3] What benefits does Erick's company Guanomad bring to Madagascans? How could Erick upscale his economic, social and environmental impacts?

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## CASE 6.2 » FORTIFYING THE FUTURE GENERATION

## Case synopsis

Marie Diongoye Konaté chose to give up a promising career in architectural engineering to start a company that produces fortified infant cereals, a goal driven by her desire to fight malnutrition and her belief that Africans should have easy access to quality, local food rather than relying on imports.

In the 20 years since she founded Protein Kissée-La (PKL) S.A. in Côte d'Ivoire, Marie has dealt with one challenge after another, including an armed rebellion that split the country in two and cut off access to raw materials, post-presidential election violence that led to an economic shutdown, a toxic waste dump that forced Marie to temporarily close her factory, laws that forced her to change the way she marketed her products, and international agency procurement policies and aid that hampered local production. Remarkably, Marie has managed to survive all these challenges, and in 2016, she was recognized by *Jeune Afrique* magazine as one of the 20 most inspiring African women in the world.



Marie Diongoye Konaté,  
Protein Kissée-La (PKL) S.A.,  
Côte d'Ivoire

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## Studies and early career

The daughter of a former finance minister of Mali, Marie was born in Paris and raised in Mali. She studied in Mali, Belgium and Geneva, where she received master's degrees in engineering and architecture. Marie had planned on a career in architecture, but an internship she took in Brazil in 1980 planted a seed that changed her mind and her future.

Marie understood that Brazil was emerging as the world's largest supplier of soya, sugar and beef, and saw that it was able to produce enough to feed its entire population. She recalls how her time in South America brought her to realize how dysfunctional the agricultural system was in Africa, with cash crops such as coffee, cocoa and cotton being produced for export, but not food for consumption. This notion of food security and international trade stayed with Marie, and she would eventually go on to do something about it.

*“How ridiculous it was that, in Africa, countries imported the food they eat because they produced what the exporters were interested in, and exported all the crops they grew”*, she mused.

Initially, Marie worked in the fields of engineering and architecture in which she had been trained. Following the completion of her higher education, Marie worked for a construction company managing road construction and other public infrastructure in Côte d'Ivoire, which abutted her Malian homeland. In the 1990s, Marie was recruited for a project that focused on the production of soya in Côte d'Ivoire, funded by the African Development Bank, the Brazilian Cooperation Agency, the Ivorian Government and Ivorian farmers.

Then in 1994, after working in the public sector for six years on the soya project, Marie decided to make a dramatic move, leaving her comfortable, well paid career to open a small business that would later become hugely prosperous. Many of Marie's friends and family could not understand her decision to leave a stable position as deputy director of the soya project, which offered a good salary, housing and a company car, to launch a small business in the corner of Côte d'Ivoire.

### Launch of an enterprise – Protein Kissée-La S.A.

Marie envisioned a food business that would specialize in the production of nutritious fortified cereals made from locally grown produce, particularly soya, to combat the extensive child malnutrition prevalent in Côte d'Ivoire. Meaning 'proteins from the seed' PKL's mission is to improve nutrition in poor communities throughout the country, and to address rural poverty by sourcing and buying food crops such as soybeans, rice and maize from local smallholder farmers. Although a commendable mission, Marie would face more obstacles in setting up and growing the business than she could have ever imagined.

Marie had considered returning to Mali to start her new business, where she had not lived for more than a decade. However, this country was experiencing extensive power outages, and Marie would need to make substantial financial investments in gas generators to enable stable production. It also turned out to be difficult in Mali to find the engineers, technicians and nutritionists that Marie needed.

*“I was no nutritionist or agro-food expert,”*

Marie admits. *“I was an architect by training!”*

Marie, ultimately, decided to remain in neighbouring Côte d'Ivoire to save on the initial operating costs of setting up a business. Côte d'Ivoire had the minimum inputs, infrastructure, and human capital necessary to support a food production business, including water, electricity, roads to transport raw materials, and a supply of potential workers. Ultimately, Marie decided to rely primarily on soya to manufacture her cereals, since this crop was grown in abundance and was already familiar to local consumers.



Marie acquired the knowledge of how to set up a formal business from a book. She was already planning ahead, and knew that if she needed to attract financial partners as her business grew, her company had to be legally registered. PKL is ISO 9001 and 2 certified, which means that she can provide relief aid to international agencies.

In the early days, Marie had difficulty getting financing for her business. Commercial banks and international finance institutions such as the African Development Bank and the International Finance Corporation found Marie's business idea fascinating, but only fund projects of scale and with substantial collateral. The banks demanded unrealistic collateral, credit arrangements and contracts. Furthermore, Marie's investment opportunity was too small for international agencies, which were not in a position to finance SMEs.

*“Passion and determination turn an idea into a business – not money,”* explains Marie.

However, the lack of financing did not stop her. Marie took a lean start-up approach at the outset, with the intention of learning along the way. “I wanted to show that I could start with a very small amount of my own funding,” she says. With just EUR 600 (USD 684),<sup>32</sup> Marie rented a modest processing workshop and basic production machinery in the capital Abidjan. She received priority approval for PKL from the Investment Promotion Centre in Côte d'Ivoire (CEPICI), which allowed her to set up the business in under six months, and provided the company with tax and customs benefits.

Next, Marie took out her first loan with the French Development Agency (formerly the Caisse Française de Développement (CFD- French Development Fund)) for 40 million CFA francs (USD 66 500). But Marie's financial breakthrough came when Swiss friends of her parents provided a loan that was enough to expand the workshop and purchase much needed equipment.

Marie launched PKL with a small team, consisting of just two other members – neither of whom had received much formal education. Marie hired an intelligent young man who left school at the age of 14 to handle the marketing. She also engaged a young woman to help in the kitchen and with the cleaning, though this new staff member quickly surprised Marie with an aptitude for engineering, when she deftly reassembled one of the machines she had taken apart for cleaning.

*“I really like people who take initiative,”*  
Marie reveals. *“Degrees do not matter to me.”*

In the beginning, PKL processed several different types of food for bulk sales. Then, in 1997, Marie received her first sizeable order from the European

<sup>32</sup> Using the exchange rate of 1 USD = EUR 0.878. Oanda, 2018.

Union for 980 tonnes of maize soya blend, the powdered product that would eventually be used in her infant cereal. Following food quality certification tests in Brussels, Marie received another 590 tonne order. Thanks to a partnership with the Institut de recherche pour le développement (IRD) in Montpellier, France, PKL created its fortified infant cereal, which Marie called *Farinor*, and it was launched on the market in 1998.

### Surviving crises

Establishing a new processing company was challenging enough, but numerous political and environmental crises threatened to put Marie out of business in the early years.

In 2002, an armed rebellion split the country in two between the Muslims in the north and the Christians in the south, making it difficult for Marie to access raw materials. In addition, during the five-year conflict, outside businesses and investors avoided Côte d'Ivoire, thereby restricting opportunities and development. By 2004, many foreign business owners, including Nestlé, had left the country, due to the destabilization and insecurity. Despite the turmoil, Marie persevered with PKL, and would even reap rewards from the instability later on. In 2016, when PKL was desperately searching for young, qualified engineers, she decided to hire some of Nestlé's senior local engineers as business advisors to train her team. They had been forced to retire early due to the destabilization and political problems. Marie recalls, "I saw his CV (curriculum vitae) and I could not believe what I was reading!"

In the midst of this strife, in 2006, Marie discovered that a waste handling company had dumped toxic waste from a container ship into the Gulf of Guinea in the Atlantic Ocean, less than 100 metres from her factory. Marie had to shut the plant down for several months to avoid contaminating her infant cereal. The Ivorian state reimbursed less than one-third of the 1.5 billion francs (USD 2.5 million) that she lost during the environmental disaster. Even though the closure lasted only a few months, PKL's revenue was halved, to an annual 1.3 billion CFA francs (USD 2 million), and profits never bounced back to the levels of the past.

Reflecting on this period, Marie says, *"Since 2006, there was toxic dumping. Then came the toxic politics."*

The following year, in 2007, leaders of the political conflict signed an agreement to end the crisis. But three years later, the long delayed presidential elections took place, leading to yet another crisis. The 2010 run-off election was disputed and resulted in violence that left 3 000 people dead and 500 000 displaced. Over the next six months, the violence in Abidjan resulted in an economic shutdown, as there were high-risk zones where the movement of people and goods were restricted. Despite these setbacks, Marie and PKL survived.



Franck Adingra, the PKL Director of Sales and Market Development, remembers this time well. “In 2011, when things were falling apart, Marie was a mother to us all. From the beginning, she put in place security protocols. She had wanted us to stop working for our safety but we had insisted on continuing. There was an open channel of communication. She especially took care of those who were travelling around and out of town.”

Says Marie: *“During the crises, the banks closed, and it was too dangerous to keep money on the premises. So, I had to bury money in the ground.”*

Marie needed to keep the money close to her factory, as “farmers were coming from far and wide desperate to sell their crops. I had to help them. So, I had to think of a way of paying them.” These seemingly never-ending crises have taught Marie to be wise, and measured in her plans.

*“Although we can put a plan together for the business, there is no guarantee that we will get there. What if there is another war, another coup d’état? These are economic and social realities that affect the achievement of the business,”* Marie declares.

## Growing the business

Despite the hardships, there was some good news during this period. In 2009, PKL received a USD 2 million investment grant from the Global Alliance for Improved Nutrition (GAIN) for the construction of a new production facility, packaging machine, delivery vehicles, packaging design, and branding. GAIN recognized that PKL had already penetrated the infant cereal porridge market, and was an established market brand. Given that PKL aimed to provide for the Base of the Pyramid (BoP), this aligned with GAIN’s goals. In the end, “about 80 percent of the USD 2 million of GAIN’s investment went to constructing the new plant and purchasing new equipment, with only 13 percent allocated to distribution and 7 percent to marketing.”

The new packaging machine allowed PKL to produce smaller-sized cereal packets at more affordable prices, which was critical given that the political and economic crises had reduced consumer purchasing power.

## More challenges

In 2013, a law was passed that prohibited the advertising of baby formula, seeking to encourage women to breastfeed their babies. The law was a blow to PKL’s *Farinor* product, which was marketed as an infant cereal to complement breastfeeding. At six months, infants begin to need supplementary nutrition, up to the age of two, and PKL’s infant cereal is crucial for children in this age group. Marie explains that the product packaging depicted a beautiful smiling



and laughing African baby on the label with big letters and pictures to reach its many illiterate consumers. However, this type of packaging with the image of the baby was now forbidden by law, leaving PKL forced to redesign its packaging. The law and consequent labelling change affected product promotion and led to confusion among consumers. Therefore, Marie launched a campaign to help consumers understand that the product was the same, and that only the packaging had changed.

Marie's biggest hurdle, throughout her two decades of running PKL, has centred around international food aid agencies, and their policy of importing food rather than sourcing it locally.

As Marie explains, it is easier for these organizations to order large quantities of food from outside the country – often from their own countries – rather than to work with local businesses, as their procurement systems are set up this way. This is exacerbated by the fact that international agrifood industries lobby governments in the West to promote their international products for food support to developing countries. Marie believes that if international and local development organizations and NGOs were more open about the demand and the specifics of the micronutrient products they needed, local businesses could easily deliver them themselves.

In 2005, Marie worked with the World Food Programme (WFP) on a report proving that for every USD 100 spent on food aid that is sourced locally in Côte d'Ivoire, USD 60 goes to smallholder farmers and USD 40 is dispersed to the rest of the economy in the form of salaries and taxes etc. This report has been widely published and used in lobbying for increased sourcing of food aid within local countries or the region, rather than through imports from more developed western countries.

The crises that have ravaged Côte d'Ivoire actually provided a business opportunity for PKL, which has since won several contracts to provide a total of 5 000 tonnes of food aid, valued at EUR 1.8 million (USD 2 million), to WFP for Côte d'Ivoire – a significant feat for any local food processing company. Marie has also supplied products to food aid programmes, such as the President's Emergency Plan for AIDS Relief (PEPFAR), the International Rescue Committee (IRC), and some national NGOs. By and large, international aid agencies still tend to purchase food aid from large multinational corporations. However, Marie argues that international aid agencies should be required to source at least 30 percent of their products locally. Working with local businesses will help them to meet international standards and accelerate development by providing a secure market. Importing untaxed food aid means that local firms cannot compete.



Protein Kissée-La's (PKL) Farinor is sold in local shops and pharmacies



Although the crises have presented a business opportunity for PKL, Marie questions whether it has been worth the effort from a business standpoint, due to the extensive time and energy required to meet the compliance and quality expectations of working with international agencies. In 2013, PKL went through a rigorous USAID inspection and verification process to gain approval to supply fortified foods. Indeed, PKL is one of the few businesses in West Africa to be certified as a local supplier for USAID. Although this allows Marie to provide fortified food to USAID programmes, it was a time consuming process that has yet to reap any benefits. “Orders from most of the aid agencies (aside from WFP) have been negligible,” says Marie.

Primarily for this reason, Marie does not rely on international agency food aid purchases in her business model. And despite her achievements in securing procurement contracts with international development organizations, she considers it is unseemly to set up a business to serve the food aid industry and pray for a catastrophe, war or drought for the sake of profits.

### The company today

Today, PKL produces infant cereal under three brand names: *Farinor* (infant cereal), *Nutribon* (*Farinor* in smaller, less costly packages), and *Nutrifort* (family cereal). They are sold in more than 800 Abidjan pharmacies and small shops, as well as in most of the city’s supermarkets. The company is in the process of seeking funding to add *Attiéké Maman*, a ready-to-eat cassava couscous for pregnant and lactating women, to its inventory. About half of the company’s sales are through pharmacies, which is important to Marie. “There is trust in food for children that is sold through the pharmacy,” Marie affirms. “People believe in it.”

Marie’s principal competitors in Côte d’Ivoire are the well established international brands, specifically Danone’s *Blédine* and Nestlé’s *Cerelac*. However, PKL products are low-cost and have higher nutritional content than their competitors’ products. For example, PKL products have additional minerals to alleviate the symptoms of mosquito related diseases, such as malaria, although it is difficult to know whether local consumers understand these differences.

Currently, PKL has an estimated 35 percent of the Côte d’Ivoire infant cereal market, the third largest share in the country, despite a much smaller budget for marketing than its international competitors. The company also has a sales branch in Senegal, and distributors in Burkina Faso, Cameroon and the Democratic Republic of the Congo.

Marie has built a team of 74 permanent staff, including industrial engineers, nutritionists and researchers, and roughly 35 percent of employees are women. A further 200 temporary workers are hired during the peak production season.

Marie has dismantled the traditional hierarchical business structures to reduce barriers between her and her staff. All employees are free to express their opinions, and can meet with Marie and one another whenever they wish. “Any one of my directors can take up my seat in the future” she says. “What I prize is personal initiative. If someone wants to move roles, why not?”

### Business impact

Buying from local farmers, transforming produce into highly nutritious food, and selling it at an affordable price to the poor are Marie’s passions, and the primary motivation behind PKL.

Since 2014, Marie has held the post of President of AAFEX, a platform for business leaders to share their challenges, and she promotes agricultural and agrifood exports from African enterprises. According to Marie, “no matter where you export, be it outside of Africa or within Africa, all Africans should be able to consume good quality food products. So, the idea of quality standards for export should be quality standards for all food for Africans too.”

Marie participates in a number of institutions and sits on several boards for the development of the Côte d’Ivoire business environment, as she feels companies need to band together to lobby for changes in business policies. However, she claims that such collaboration can often be burdensome, as she finds it inefficient to participate with groups that operate in silos, only interested in their own businesses. As a passionate, powerful woman who wants change and has much to share, it can be difficult to tolerate the status quo. “I am explosive. I am not diplomatic. I shout!” Marie acknowledges.

### Nutritional impact

Many children in Côte d’Ivoire have a diet lacking in important nutrients needed for healthy development, to the extent that more than 30 percent under the age of five are considered stunted. This impacts their educational abilities, work performance, and ultimately the potential income for future generations. The promotion of breastfeeding and appropriate supplementary food at the age of six months is estimated to prevent over 800 000 deaths.

Since 2010, Marie has been working with GAIN, which provided the grant that enabled her to broaden her production facility to source its ‘premix’ – a powdered blend of 40 nutrients, which are added to PKL’s *Farinor* cereal. The goal is to provide fortified cereal for approximately one-fifth of the country’s young children. One key strategy, in which GAIN has assisted, is repackaging the product into small, more affordable sachets.



More recently, in 2014, Marie participated as a panelist in the SUN Movement Global Gathering (SUNGG), an intergovernmental conference supported by WFP, the World Health Organization and FAO. She spoke on behalf of local African SMEs, to focus global attention on addressing malnutrition in all forms.

### Smallholder farmer impact

During her time in Brazil, Marie realized that paradoxically, in countries where people suffered from malnutrition, soya beans were often used to feed livestock rather than people. PKL made an effort to change that by purchasing soya beans from local farmers for its infant cereal products. Between 2005 and 2009, more than 12 000 tonnes of agricultural products were purchased from Ivoirian farmers for a total value of 2.5 billion CFA francs (USD 4 million).

Marie estimates that she helps 100 000 Ivoirian smallholders and their families by purchasing more than USD 1 million of raw agricultural materials from them each year, the profits of which go directly into the pockets of the producers.

### Growth strategy

Marie wants to expand into the Asian market, and is planning to double the size of her facilities. In order to accomplish this, she has announced plans to raise 3 billion CFA francs (USD 5.2 million) from international investors.

Hawa Berete, the Head of Information and Communication at AAFEX, believes that Marie will succeed. “Marie has an ambition to be like Nestlé. If she can grow to the level of Nestlé, this will be the inspiration for others to make small investments and grow like she did”, she observes.

*“In 10 years, I want to be in the top 10 agrifood businesses in the whole of West Africa!”*

For all that, Marie is not in business just for the money. “If this business was about the money,” Marie points out, “I would have done something else with my life.” She worries that in the end, potential investors will not understand her company’s dual mission of achieving social and economic goals, and that many are short-term investors, which leaves PKL vulnerable to being bought by a larger company with pure profit interests, and constantly having to search for new financing.

Distribution and warehousing in agricultural areas are challenges, as distributors are often not aware of the availability of goods beyond fast-moving consumer commodities such as soap, cooking oil, rice and sugar. Rural consumers are also not as familiar with the various brands, and do not therefore request products such as those from PKL. The amount of marketing needed to fuel this demand

will be substantial and expensive. Ultimately, Marie believes marketing to be a worthwhile investment. “Consumers, who are informed, will ask the shopkeeper to stock it and the shopkeeper will ask the distributors to send it, and the distributors will ask us to sell it,” she says. For this reason, Marie will devote part of PKL’s resources to marketing efforts in the future, particularly to reach rural consumers.

Marie’s business has struggled – and survived – through years of political upheaval and unrest in Côte d’Ivoire, while maintaining tremendous company growth. She admits that small businesses, such as PKL, continue to face difficulties, and are still waiting for the economy to rebound. Marie’s passion for agribusiness runs deep, and she is clearly devoted to the development and well-being of West Africa and its people.

At the end of the day, Marie remains optimistic remarking,  
*“We hit the bottom over the last 10 years, but I trust in the future! Africa will not develop without the ideas in the head of entrepreneurs. So be brave!”*

### Questions for discussion

- 1] How did political instability and the mismanagement of natural resources impact Marie’s business? In your opinion, what was the most difficult challenge she faced and why?
- 2] What do you think is the greatest impact of Marie’s business (economic, social and environmental)? How could the impact of her business be increased?
- 3] What are the greatest risks her business currently faces, and how could they be mitigated?

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CASE 6.3 » **BETTER BURKINABE BUSINESS****Case synopsis**

Simone Zoundi grew up in a large family in Burkina Faso where she learned to bake at her mother's bakery, an experience that sparked the development of her own business. Simone's company, Société d'Exploitation des Produits Alimentaires (SODEPAL), produces biscuits, pastries, fruit-based sweets and baby food, using mostly locally produced ingredients. Simone is one of only a few women in Burkina Faso to have ventured into agribusiness in the late 1980s, when the country was experiencing civil unrest, and Simone's SODEPAL is the only enterprise of its kind that is still in business.

The 74 year-old Burkinabe entrepreneur, sometimes referred to as the 'pioneer of the agrifood industry', was the first to create a private food processing company in Burkina Faso during a period of civil unrest following a coup d'état, which forced her to shut her business down temporarily.

Simone is dedicated to helping her country become economically productive, undeterred by the challenging environment. Her perseverance and ability to deal with the many obstacles that came her way over the years have ultimately led her to become a highly successful businesswoman. As a result, she has become a role model for other entrepreneurs who are starting their own businesses, especially women.



Simone Zoundi,  
Société d'Exploitation des  
Produits Alimentaires  
(SODEPAL), Burkina Faso

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**Studies and early career**

The third of 12 children, Simone helped look after her siblings while her mother ran a small bakery producing and selling bread and honey. In her family, the girls were taught to see themselves as equal to men. She and her siblings – four brothers and seven sisters – had a fair share of household duties, with her brothers involved in cooking. The children also supported the family business, which is how Simone first developed an interest in baking.

Simone was eager to impress her mother, often rising early to prepare the ingredients and assist with the baking. Simone attributes much of her success as an entrepreneur to her mother, and believes that the practical tools to succeed should be taught during childhood.



Simone reflects: *“I am able to succeed and fight now; it is because this is what my mama showed me.”*

Simone attended a religious high school, where she received a classical education that included gym, choir, religion, art and home economics, which taught skills such as sewing and cooking. Through her cooking classes, she learned additional biscuit-making skills. In 1963, after high school, Simone continued her education in Côte d’Ivoire, but she soon became engaged and decided to follow her fiancé to France, where she enrolled in university.

Simone had considered studying medicine, but her fiancé encouraged her to choose a field that better suited her character and temperament, such as finance and accounting. As part of her studies in Toulouse, Simone learned about agribusiness and agro-industry in industrialized countries. She was particularly intrigued to learn about companies that flourished when they used local resources. During the holidays, she had the opportunity to work in a French biscuit factory, where she gained first-hand knowledge of processing and packaging. She promised herself that one day she would set up an agribusiness to support the economic development of Burkina Faso by using local resources and employing local women.

After graduating from the Business School of Toulouse in 1968 with a degree in advanced business studies and business administration, Simone and her husband returned to Burkina Faso with the hope of serving their country. There they found that the country was dominated by a turbulent political and economic landscape. Nevertheless, Simone was able to secure a job through her networks, which put her into contact with the CEO of a trans-African corporation. She was hired as assistant to the chief accountant, and later became the assistant to the director general of the Ministry of Finance. During this time, one of the first private enterprises, called SONAVOCI, was launched. Shortly afterwards, in 1972, Simone went to work as the chief of administrative and financial service for a local businessperson, with whom Simone formed a confectionary wholesale business, which eventually became the country’s first ever bakery chain. In 1974, by chance the owner of the bakery chain decided to rent out the units, and Simone was able to take over the Goughin Bakery in Ouagadougou.

In 1978, Simone obtained bank financing to set up and develop her own enterprise. She called it Levant Bakery, which means ‘rising’ in French. Initially focusing on making biscuits and infant cereals produced from maize, she subsequently left Burkina Faso to enhance her skills through several internships.



She was first given a one-month internship at the Institute of Food Technology (ITA) in Senegal, awarded by the United Nations Industrial Development Organization (UNIDO), where she learned how to integrate locally produced millet and maize flour into her baking, in items such as pastry and biscuits. She later returned to France after obtaining a three-month internship, also from UNIDO, at the biscuit company LU & BRUN. Here, she learned more about the practical side of business administration, including laboratory testing and production.



Simone Zoundi, Société d'Exploitation des Produits Alimentaires

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Now firmly convinced of the power of learning, Simone accepted a scholarship from the United States Embassy in 1980 to observe biscuit factory operations in the USA, where she learned about cereal processing and other new technologies and practices.

From the outset, Simone worked hard to create a market for Levant Bakery's products. She travelled as far as Germany to meet potential business partners. However, these were not interested, and cautioned her against pursuing her business idea without high-profile partners on board. Simone looked closer to home and began negotiating a partnership in Côte d'Ivoire, but ultimately, this too failed to materialize. "I was really discouraged," she recalls.

*"I worked day and night to develop the market and encourage retailers to sell these products."*

Despite these setbacks, Simone held fast in her belief that people must fight to make their ideas become reality, especially in the areas of the food industry and entrepreneurship. But in 1983, the situation deteriorated. The Burkinabe Revolution took place, and the new Government introduced policies that blocked private enterprise. Simone was forced to shut down Levant Bakery in 1987, after the President was assassinated in a coup d'état.

*"People were calling me an 'exploiter' because I wanted to employ people and transform local resources," says Simone. "I was blocked by the regime. They did not want people doing things for themselves. They wanted the civil servants to run the country."*

Even her husband was attacked – accused of misusing his position as a civil servant to procure the land for her biscuit business. "It was not true," she says. "But they took everything anyway." This was a very difficult time for Simone, forcing her to start again from the beginning.

## The story of the enterprise – SODEPAL

Over time, the negativity, accusations and tensions subsided. Simone believes that people finally saw the value of her work, particularly in developing the agrifood sector through engagement with organizations, such as the World Food Programme (WFP), and the Burkina Faso Chamber of Commerce and Industry (CCI), and the FIAB. “Given that the agrifood sector is vital to our economy, it is a source of jobs and wealth creation; we clearly need to encourage the government to promote it,” she says.

Since Simone was not from a wealthy family, she had to rely on her own resources, seeking funding from generous friends and building partnerships to help finance her business. In 1984, she became a consultant to the Food and Agriculture Organization of the United Nations (FAO), where she met the CEO of a large bank, who eventually loaned her the money that she needed to return to agribusiness.

Although Simone had been baking biscuits since the 1970s, it was not until 1991 that she finally incorporated SODEPAL. She began producing biscuits, pastries and fruit-based sweets – and, eventually, fortified infant cereals. The move into making infant cereals originated through a partnership with a French food manufacturing company, Nutriset. Simone met its representatives at a conference in 1991, when Nutriset was launching a large project promoting local cereal-based foods.

Soon afterwards, Simone signed a technology transfer agreement with Nutriset for the joint production of fortified infant cereals. The French company had a 25-year history in research and innovation of nutritious food products for children and it sent experts to help build the capacity of local workers, and launched the first *Vitaline* cereals to supplement the diets of nursing mothers and malnourished infants in Burkina Faso.

In 2005, Simone was recognized for her success in making all her products locally, winning a World Bank regional competition that promoted local production. She received 13 million CFA francs (USD 22 000), which she used to acquire machines needed to expand the production of infant cereals. Finding funds to expand is always a challenge for small businesses such as SODEPAL, but Simone has developed a strong relationship with her bank, and ensures that her company meets the legal accounting standards in West Africa and pays taxes.



## The company today

Today, SODEPAL produces fortified infant cereals, biscuits, croissants, cakes, pastry snacks, fruit drinks and sweets, with infant cereal sales accounting for 60 percent of the company's earnings. She believes that her products' popularity can be attributed to the focus on local consumers' taste preferences, and the attractive packaging. Her products are made with natural, local ingredients such as baobab fruit, ginger, mango, maize, millet, peanuts, soya and honey. In addition, the fortified biscuits are produced according to Codex Alimentarius<sup>33</sup> standards, and SODEPAL is HACCP compliant.

More than 20 years since starting again from scratch, SODEPAL has become a profitable, medium-sized company, and has managed to gain an estimated 45 percent market share in Burkina Faso, despite competition from major international competitors such as Nestlé and Danone. By 2014, SODEPAL produced 200 tonnes of food per year, with a sales turnover of USD 430 000. That year, the company employed 46 staff, half of them women.

On competition, Simone observes: *“I think competition is stimulating, I learned how to improve and diversify.”*

SODEPAL's infant cereals, pastries and other products are sold in supermarkets, local grocery stores, pharmacies and health care facilities, such as hospitals and clinics. The naturally flavoured baobab confectionery is sold to schools. In recent years, SODEPAL products have even been exported through international aid agencies to Mali and Niger during periods of famine.

Although at certain times of the year – during Lent and Ramadan when many of her customers are fasting – the volume of biscuit and cake sales drop dramatically, sales rebound substantially during the Christmas and New Year season.

Within Burkina Faso, there is greater acceptance of local versus imported products among consumers, in part due to the work of Simone and SODEPAL. “In the past, people thought everything that came from outside the country was better than that which was made locally,” says Jacqueline Kafando, SODEPAL's account supervisor for the distribution and quality division. “Now, things have changed, and we prefer to consume local products.” Simone's efforts have been credited with playing a major role in making this happen – catalysing local production by using local resources, and bringing affordable food products to the market in a profitable manner. In 2010, Simone was awarded the Commander of the National Order by the President of France for her efforts in pioneering the agrifood industry in Burkina Faso.

<sup>33</sup> To learn more, visit [www.fao.org/fao-who-codexalimentarius/en](http://www.fao.org/fao-who-codexalimentarius/en)

Simone relies heavily on customer feedback, and it is not unusual to see her in the marketplace testing a new product. As a result of this sort of market testing and outreach, SODEPAL started producing instant porridge.

Simone has built her successful business through a commitment to lifelong learning. Prior to the full launch of her business, she undertook as many internships and training opportunities that she could to hone her skills in processing technologies and business management. Recalling that much of her learning came from observing other businesses,

Simone takes on student interns whenever possible, to train others in the agrifood sector. “I wanted to give back what I was lucky enough to receive,” she says. She has appointed several directors, as well as staff on the marketing and supply chain side to manage the collectors and production agents. She depends on her employees to discuss their work freely during the company’s monthly meetings, together with any challenges that they encounter.

*“The communication in a business is so important. It is like blood. If you stop the flow, obstruct it, then your arm will fall off. Without communication, you will kill your business.”*

### The challenges

Ongoing difficulties with erratic power supply in Burkina Faso affect SODEPAL’s production. In addition to prohibitive electricity costs, SOPEPAL faces continuous electrical power surges, electrical blackouts and fluctuations. As a result, her employees have to work late hours, often at night, to take advantage of off-peak electricity.

The SODEPAL factory is currently located in a residential area, which puts serious constraints on production. Simone has applied for a space in an industrial zone, where she would have more room to expand infant cereal production, which requires warehouses for raw materials, and space for high-volume activities such as packaging. She would also incur lower fees and tariffs. With more space, she estimates that she would be able to grow the business by ten percent each month. Increased production would also allow her to expand sales to other West African countries, such as Côte d’Ivoire, Mali, Niger and Senegal.



Simone Zoundi discusses operations with her colleague



“Over the last 10 years, there have been reforms, but there needs to be more. The private sector needs better industrial zones that are secure and have good access to electricity and water,” says Simone. “The problems with power outages are severe in Burkina Faso. Beyond electricity, the private sector needs infrastructure. To get to small farmers in the villages, we need roads to the villages, as well as shops and a marketplace so that we can better distribute the products we have.”

One of the biggest challenges SODEPAL has faced over the years has been fluctuation in the value of Burkina Faso’s currency. Each time Simone has to apply for a loan to pay for imported goods, she has to hope that the price of the supplies does not change by the time the bank approves her financing. To help alleviate this uncertainty, she has established a solid relationship with her bank, to expedite the approval process.

Another key challenge has been volatility in the price of fuel. Petrol prices are already high in this landlocked country, and regularly change according to the exchange rate. This makes it hard to manage the price of fuel for transport and electricity, a key part of Simone’s business. In the future, Simone hopes to bring in new technology, such as solar panels, to circumvent some of the electricity issues.

### Nutritional impact of the company

Simone’s infant cereals, fruit drinks and other products have positioned her company as a major player in the fight against malnutrition in Burkina Faso, particularly in vulnerable communities. Malnutrition has far-reaching negative implications – preventing children under five from reaching their full physical and intellectual development, putting them at high risk of dying from diarrhoea or infectious disease, and eventually resulting in fewer educated adults. This leads to increased poverty and reduced social and economic development.

Local pharmacies recognize the value of the SODEPAL and *Nutriset* products because the cereals, in particular, provide the nutrition that young children need after six months, when mothers reduce or stop breastfeeding.

Simone’s products are attractive to consumers because they are made from natural ingredients, are full of vitamins, inexpensive and available to people in rural areas. The SODEPAL marketing team, which is responsible for the distribution agents and shop owners, make a concerted effort to help those in rural areas understand the nutritional value of its products. The company also relies on NGOs to distribute their products to people when there is a natural crisis, such as a flood or drought, or political instability.



## Smallholder farmer impact

The SOPEDAL supply chain consists of milk, flour, sugar, butter, maize, rice, millet and fruits from farmers with whom Simone has long-established relationships. She sources nearly all her raw materials from smallholder farmers located up to 50 km away, through aggregators who collate the produce. The only imported supplies, sourced from France, are a vitamin blend for the *Nutriset* products, and a specific type of milk needed to make the cream for wedding cakes. For the most part, the local products are from Burkina Faso, although during a drought period in 2006-2007, Simone was forced to import some raw materials from neighbouring Côte d'Ivoire. For Simone, sourcing the materials locally is important, because it generates jobs and contributes to the country's economic development.

In the beginning, finding reliable local suppliers was a challenge. "Some farmers were padding sacks of food with sand to make them heavier, to get better prices," says Simone. SODEPAL worked with the World Food Programme (WFP) under its Purchase for Progress programme, which connects smallholder farmers to markets through training and value chain linkages. Simone explains: "Now we have to have suppliers that are credible and trustworthy. They know they have to respect the rules. There needs to be rigour." Simone pays her suppliers well to ensure she has a good relationship with them, and obtains the good quality products that her customers expect.

*"At the end of the day, we all have to remember who this is for – the mother who is feeding her children," she says. "If we fail and there is no product, she will be devastated. So will her children. So, it is not worth being dishonest and almost killing each other and our businesses just to get, get, get...!"*

## Becoming a leader in a new industry

As well as running a successful company that encourages local production, Simone has been instrumental in the work of several organizations that focus on promoting her country's growth and development plans, such as helping local start-ups.

She played a key role in launching the National Federation for Agro-Food Industries of Burkina Faso (FIAB), which was set up to create a space for business leaders to meet and connect, realize their individual and country's potential, and nurture the spirit of innovation. Simone works with FIAB and the Ministry of Education to disseminate information on local food production to schools.



She has also been instrumental in founding Le Patronat, a national organization of business leaders. She was responsible for vocational training and enterprise incubators throughout 1995-2006, at a time when the country was rebuilding the economy, and she held a seat on the Burkina Chamber of Commerce and Industry (CCI). Simone played a key role in launching the Maison de L'Entreprise, a business management services organization that was set up as a business incubator to help start-ups, with over 150 participating enterprises and associations (some with thousands of members). Youth are also able to access the incubator to help entrepreneurs launch new business ideas.

*“I think what is difficult is that not everyone has the teeth to be entrepreneurs,”* says Simone. *“We have to help those who are getting ahead as entrepreneurs, and give them training in line with their efforts.”*



Vitaline cereals supplement the diets of nursing mothers and infants

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### Questions for discussion

- 1] Simone experienced challenges in the political environment when starting her first business. How would you have responded to these challenges if you were in her position?
- 2] What are the greatest impacts that SODEPAL has in Burkina Faso (economic, social and environmental)? How could these impacts be increased?
- 3] Considering the example of SODEPAL, why would a company decide to source its products locally?

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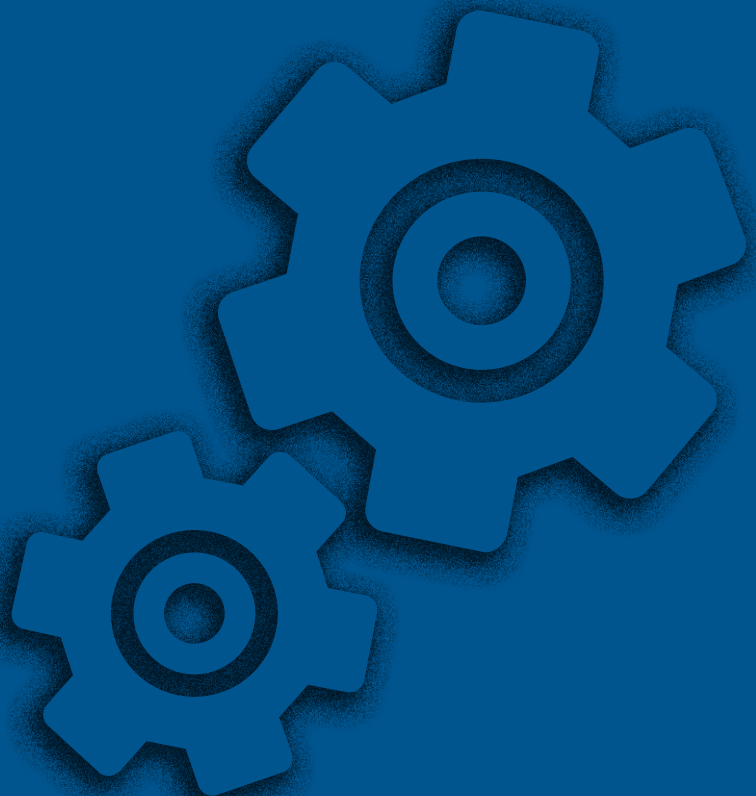
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C H A P T E R 7

Advice for aspiring  
entrepreneurs





The 12 agripreneurs and key informants interviewed have shared their insights and experiences in starting and developing agribusinesses in an effort to help other entrepreneurs efficiently transition into their respective fields. Advice includes building your network and seeking mentorship, being passionate about your business, finding your niche, starting small, educating oneself, team-building, taking risks, minding the budgets, identifying funding, and embracing ‘coopetition’ for the greater good. There is also advice specific to women and young entrepreneurs. Their guidance can assist budding entrepreneurs in successively reaching their full potential in terms of productivity, and the societal and environmental impacts of their enterprises.

### 1. Engage in networking and mentorship.

*“When you network, you hear about how others started their businesses, and you get motivated and confident enough to wake up tomorrow morning and continue knocking on doors,”* says Anna Phosa of Dreamland Piggery.

Vimal Shah of Bidco explains: *“It is important for aspiring entrepreneurs to take part in networks because you get to know about peers, people facing the same problems – you realize it is not only me facing this problem, but it is everybody else too. You also learn how they tackle the problems, and how you can tackle the problem yourself.”*

All entrepreneurs stressed the importance of networking and having a mentor. Peer-to-peer business networks are valuable resources through which to float business ideas and link-up with other entrepreneurs. Mentors can also make an important contribution by providing one-on-one support, lessons learned and advice on what it takes to succeed in creating a viable business. Aspiring entrepreneurs are advised to focus on fostering supportive relationships, find mentors who have had similar experiences, who know the industry, and are encouraging. Java Foods’ Monica Musonda says that her mentor, Aliko Dangote, a born entrepreneur who has built a multi-billion dollar business empire, had a profoundly formative effect on her, providing encouragement and invaluable advice.

Having the right contacts can provide access to resources such as knowledge, funding, technical expertise, technology and markets, if you are prepared to leverage them fully. Be creative in making use of your networks: mentors may link you to company boards to learn about best business practices; equipment suppliers may provide engineering advice; clients may link you to funders; funders may audit your business model and help install an accounting package; development partners may bring in professionals for technical assistance.



Networks require constant nurturing and development; it is important to continuously reach out to the high achievers, leaders, and experts in your industry, and not to wait until you have difficulties. Attend social events in the relevant circles; make yourself known; help others (build social capital); and, generally, keep a positive profile. Make a point of getting to know people wherever you go: the person sitting next to you on the bus, for example, could prove to be a significant resource in the future.

## 2. Do what you love. Love what you do. And do it with passion!

Monica Musonda of Java Foods explains: *“Know your strengths, what you love and have a burning passion for, and go with that. Do not follow another person’s dream, because it will not work. You have to love what you do, or you will not succeed. Once you have chosen your direction, commit yourself fully in terms of time and money and persevere.”*

Entrepreneurs agree that passion, determination and a willingness to turn an idea into a business translates more effectively into business success than finance. If you do what you love, then the money will follow. Passion is one of the most important ingredients, because it will help you to overcome the daily challenges that entrepreneurs face in the uphill journey to starting and growing a business. Being an entrepreneur means many long days and stressful nights, which as young Senai Wolderufael of Feed Green Ethiopia notes, can result in greying hair before the age of 30! But when you are passionate, it is easy to forego everything to achieve your goals.

*“I may work 14 to 15 hour days, but I am not tired,”*  
says Senai. *“I am 29, my social life is zero, and yet, I am the happiest guy because I love what I am doing!”*

Passion helps entrepreneurs to overcome hardships, it will drive you through the difficult times and give you a reason to get up every morning and build your business.

Without passion, the work will become a burden, rather than something you relish and commit to fully. Eric Muthomi took nearly four years to see results at Stawi Foods in Kenya, but his passion kept him going, because he believed in the impact he could have on his community and country.

### 3. Be an innovator and find your niche.

An entrepreneur is someone who can see an opportunity from nothing, and can deliver something unique, providing a solution to a problem that is different from the rest. Starting a business may look daunting at first, says Monica Musonda of Java Foods, but ultimately it is a case of finding something that people want (i.e. market demand) and then providing it.

Agripreneurs should consider all the opportunities available across the value chain, from inputs to farming, and from marketing to using ICTs in agribusiness. Look for unique ways to add value to readily available raw materials. Identify market gaps and opportunities and then do your research. Consult with experts or consider working as an employee for a few years in a relevant industry to build credibility, gain experience, and identify opportunities and seed capital. Be careful not to get embedded in systems that maintain the status quo. Develop a business plan, but do not overthink it. If you take too much time, someone else may get there first. Get out and start a business as soon as you have a viable and marketable product, supported by a sound plan, preferably when you are still young and energetic.

Markets are constantly changing (based on changing incomes, lifestyles, urbanization and education), so it is important to create new business opportunities continuously. In Eric Muthomi of Stawi Foods's case, bananas are common in Kenya, but banana flour is a unique product. Similarly, Eric Rajaonary of Guanomad saw a plentiful supply of raw materials that were not being used, and has created a unique business on the island state as a result, producing organic fertilizers and soil conditioners from locally mined bat guano. These are helping to improve the yields of smallholder farmers in Madagascar and beyond.

### 4. It is fine to start small, as long as you start!

Implementation is where the magic happens. An idea is worthless without the right implementation. The first step to take in launching a business is often said to be the hardest. But it does not have to be a big first step. The important thing is to take the first leap of faith.

Do not get blocked by not having the perfect idea. It is crucial to test the product or service and adapt the business model as necessary. As the business develops, the entrepreneur can continually grow through small steps. As a start-up, you will not have deep financial pockets, so you need to be sure that there is room to make unavoidable mistakes without the business going under. It is therefore recommended to start small, taking baby steps, while slowly building revenue. Let the business grow as you learn and keep reinvesting your profits until you

have the right skills and finance to upscale. Sometimes it may be necessary to embark on a smaller part of your bigger vision – but it is important never to lose sight of the larger goal.

*“Success breeds success. Start small and aim big. Once you get a little success, your confidence level builds up and, in time, you go forward,”* says Vimal Shah of Bidco.

### 5. Learn by doing and never stop learning.

It is crucial for all new entrepreneurs to learn about and develop skills continuously in their industry.

*“You should be on top of regional and global trends – you cannot afford to relax and depend on others,”* says Josephine Okot of Victoria Seeds.

Even after getting the business off the ground, there is always more to learn about the industry. It is important to be open to learning all the time, regardless of the stage of business development. Employing a variety of methods can maximize learning. An aspiring entrepreneur should not be discouraged if he or she has not had a formal business school education; many entrepreneurial skills are learned through real-world experience, and cannot be taught in the classroom. An entrepreneur could have a mentor or use networks as discussed above. Another option is to team up with a partner, who fills some missing gaps in business knowledge or technical experience.

One could also attend workshops or seminars in the same field, and if the knowledge is unavailable domestically, study tours and training opportunities from similar industries abroad can be an important entrepreneurship development tool. A mix of these creates a recipe for success. Vimal Shah of Bidco explains that learning by doing is how he gained his technical expertise, underscoring the fact that one does not need a degree to become an entrepreneur. When Eric Muthomi started Stawi Foods, he had no experience in food processing; most of the knowledge that he has acquired has been through his networks, learning by doing and trial and error. Although a formal degree is not an essential ingredient for success, education at business schools will undoubtedly be helpful. For example, Josephine Okot undertook various business programmes while managing Victoria Seeds in Uganda, at Purdue University, Harvard Business School and Stanford Graduate School of Business.

## 6. Invest in building your team.

Agripreneurs cannot go it alone; they need a good team of skilled and dependable managers and staff. Identifying good employees and finding ways to finance and train staff is key. It is important to define a strategy to build and maintain a star team. To attract qualified personnel, it can be helpful to negotiate variable goal-based salaries (for example, related to sales and margins). Providing stock options can also be a good incentive for employees.

CEOs should ensure that the company and its employees have a shared vision and invest in staff development, particularly for middle management. Agripreneurs can engage in peer-to-peer mentoring and coaching with middle management in each other's companies. Even simple arrangements for site visits with other companies can immediately boost morale and inspire agribusiness staff. To manage risks related to production and quality problems, Bagoré Bathily of LTB invests heavily in building staff capacity, stating: **“My team needs to be solid.”**

## 7. Do not be afraid to take (calculated) risks.

Entrepreneurship depends to some extent on willingness to take risks, and starting a business has implicit risks. An entrepreneur must believe in him or herself and the business. Erick Rajaonary of Guanomad in Madagascar explains that his accomplishments are the direct result of taking chances, and standing out from the crowd.

Monica Musonda of Java Foods further advises: *“Do not be discouraged by those who do not know entrepreneurship and think you are foolish for taking risks. If something does not work at first, learn from the experience, adapt, and then try it again!”*

## 8. Watch your pennies!

Managing working capital and cash flow is critical and requires constant, careful attention, especially in the beginning when growth is rapid. Some studies suggest that careful cash management is one of the top three reasons for business failure (CB Insights, 2018).

Agripreneurs who receive funding upfront sometimes expand too quickly, and then find themselves in debt. Do not squander scarce funds on expensive cars or fancy office space; every penny is needed to pay for stocks, salaries and other expenses. It is normal for businesses not to be profitable in the beginning, but it is always crucial to monitor cash flow. Even profitable businesses go bankrupt when they run out of cash. Negotiate fair and favourable payment terms, as the later you can pay, the better. At the same time, do not forget to pay yourself. Even if managing the company is your primary focus, do not sacrifice more than necessary.

## 9. Identify alternative sources of financing.

Many of the agripreneurs featured here relied on initial start-up funds from savings and funding from friends and family. However, many also had access to external funding from NGOs and international organizations offering prizes and grants. Even though it may be difficult, alternative sources of capital exist. For example, as a start-up, you may be able to tap into business plan competitions set up by challenge funds, matching grants and loan guarantees or engage in programmes for economic growth and financial management managed by NGOs. In Nigeria, some farmers have accessed finance innovative peer-to-peer financing mechanisms called Farmcrowdy<sup>34</sup> and ThrivAgric.<sup>35</sup>

## 10. Embrace 'coopetition' and be a change maker!

Entrepreneurs emphasized the need for a change in mindset among African agripreneurs. Collaboration twinned with competition, or 'coopetition', can ensure that all agripreneurs have a common vision towards growing the 'value pie', so that everyone can have a bigger piece. Agripreneurs must be ready to share information and not fear plagiarism if they are to compete. At the same time though, agripreneurs called for more protection for technological innovation and the prevention of counterfeit products. However, agripreneurs should, "stop lamenting and start actively lobbying!" Where policies are lacking (for example, copyright laws) or are hampering small business growth, agripreneurs should band together to advocate for change, and even include collective action in business models.

<sup>34</sup> For more information go to [www.farmcrowdy.com](http://www.farmcrowdy.com)

<sup>35</sup> For more information go to [www.thriveagric.com/about-thrive-agric](http://www.thriveagric.com/about-thrive-agric)

### Specific advice for women entrepreneurs

In the small and male dominated African agrifood sector, women should **lead by example**, and inspire others to start their entrepreneurial journey. African women may be reluctant to start businesses because they carry so many responsibilities, but women have many good ideas, and the women agripreneurs profiled herein noted that they should start small. No one is going to build a factory in one day; see what you can manage and go from there. As Monica Musonda of Java Foods says: “Do not be afraid. Challenge yourself and realize that we, as women, are capable of running a business. We often doubt ourselves more than we should, so we have to be more confident in our abilities, and just start.”

Women must **be courageous**, as there are many unknowns and often still strong stigmas against women in business. Women are often seen as soft targets, and may have to work harder in negotiations. There will undoubtedly be risks, so it is important to believe in yourself and your vision, especially as a woman entrepreneur.

As the first female boss for some men working under her command, Simone Zoundi of SOPEDAL says that as a woman entrepreneur, you must **be strong**. “Do not be weak and feeble. Respect yourself! You are in charge, so play the role. Do not behave as if you are already disqualified. Be firm but be flexible. Listen to others. Be smart. Be on top of your business, and others will see you as the person who is on top.”

It is particularly important for women to **leverage networks** to find a supportive financial partner and other resources. “Women should use their networks to get counseling or mentoring if they need it, to get the appropriate contacts, references, etc,” says Josephine Okot of Victoria Seeds. She further notes, “anywhere you see a woman succeed, she has probably worked three times harder than a man to get there.”

Women entrepreneurs may be able to **take advantage of opportunities catering specifically for women**. Anna Phosa of Dreamland Piggery was able to capitalize on government training and favourable laws for to start her own business – which she says was a significant factor in her success. Funding from the Pick n Pay Foundation and Absa Bank gave Anna the credibility she needed to access additional financing.



### Specific advice for young entrepreneurs

Although **mentorship, networking and training** are important for all aspiring entrepreneurs, this is particularly true for youth. Networks can help young, often inexperienced agripreneurs with decision-making and provide the necessary encouragement and support to help youth overcome challenges. There are numerous networks and associations dedicated to young entrepreneurs. For example, the Young African Leadership Initiative (YALI) provides skills, a network to meet other like-minded young people with a commitment to Africa, and a platform to learn about potential opportunities. Eric Muthomi of Stawi Foods learned about a business competition through YALI, which he applied for and won.

Aspiring entrepreneurs, especially youth, **should be resourceful and do their research**. For Lovin Kobusingye of Kati Farms, this meant taking advantage of a government institute for her production facility. Thus, Lovin demonstrates the importance of being resourceful, flexible and adaptable to achieve one's entrepreneurial dreams.

Youth should **consider agriculture a viable option**, although it is often viewed negatively as 'something our parents used to do' and associated with drudgery. There are many specialized areas of agriculture in support services and other value chain stages, beyond the farm level. These include processing and breeding, marketing, logistics and financing. The introduction of new technologies for on and off-farm activities (see Box A) – for example off-grid cold storage facilities – has opened up many interesting and innovative options to help youth become engaged in agribusiness and agro-industry, and to upgrade the sector to the digital age.

The agripreneurs profiled in this publication encourage youth to **stay motivated**. Often, the reality of implementing a business idea seems overwhelming – the burden of administration and the fear of corruption can take its toll. The agripreneurs emphasized that young entrepreneurs must learn that there is no substitute for hard work, and no such thing as a free lunch. If one operates under easy conditions with cash handouts, the dynamism and sustainability of the enterprise will be at risk. Mariko Fadima Siby of UCODAL encourages young people to be steadfast, even when times are tough. **“Do not abandon your ideas and hope. With every idea and innovation, there is difficulty and the risk of failure. When things do not work out as you had hoped, understand that this is life. Simply reorient your thinking and try again.”**



C H A P T E R 8

# Policy implications



These 12 entrepreneurs and various key informants have dealt with different operating environments when launching, running and growing their businesses. The policy environment can make or break a business. The agripreneurs have shared thoughts on areas that policy-makers should focus on to improve the enabling environment for agribusinesses to flourish. These include tackling issues such as: (1) improving education; (2) skills development and training in business and modern technologies; (3) access to finance; (4) access to information; (5) implementing tax reforms; (6) curbing corruption; (7) improving infrastructure; (8) simplifying procedures; (9) improving coordination through public-private partnerships; and (10) taking a holistic approach.

### 1. Target the technical skills gap, especially among (rural) youth

*“We need agricultural workers that are specialized to be able to exploit opportunities. We need people with modern skills. Let’s train people in modern agriculture and technology, and put in place the institutions and policies needed to support agro-food,”* says Franck Tapsoba, Managing Director of the Burkina Faso Chamber of Commerce and Industry.

Educational institutions such as public universities across Africa should improve education at all levels, and offer more specialized programmes to produce graduates with the technical and managerial skills needed by prospective employers, particularly in private sector agribusinesses. A major overhaul of skills development training is needed to inspire creative thinking and problem solving. The absence of skills development in modern agricultural methods, quality control and new technologies is one of the biggest impediments to agripreneurship. Key capacities are required to enable agripreneurs, especially rural youth, to participate effectively in competitive agricultural value chains. These include skills in certification schemes (e.g. GlobalGAP, HACCP and ISO), which regulate some important export markets, as well as the skills and training to operate, maintain and repair updated technology and equipment needed in the sector for on and off-farm activities. In addition to theory, education systems must provide youth with practical, experiential knowledge through vocational training. Recognizing this, the Government of Senegal has created a dedicated institution, the Ministry of Vocational Training, Apprenticeship and Crafts. Many players in the agricultural sector feel that when young graduates are recruited – even those with master’s degrees in agriculture – they need further training, as few practical skills are taught in schools and universities. Preparing youth to engage in the workforce should therefore involve public-private dialogue, so as to understand private sector needs in the development of curricula.

## 2. Create and support incubators, research institutes, networks and associations

Given the central role of entrepreneurs in job creation, it is fundamental for governments to establish and support entrepreneurship with well designed and affordable training, business incubator programmes, food innovation centres, research institutes and networking platforms. Due to increased demand for value-added agricultural products, and the nascent nature of the agro-industry in many African countries – with most enterprises lacking the resources to bear the cost of training in-house – the onus is largely on the public sector to provide agro-industry development support, while working with the private sector. Accessing facilities, services and networks at government research institutes can sometimes provide aspiring entrepreneurs with valuable opportunities to help their businesses getting up and running. Programmes offering business incubation, networks and associations, access to equipment (sometimes subsidized), pilot processing plants and technology development centres to develop technological prototypes provide much needed support for burgeoning entrepreneurs, and deserve more government backing. Some examples of institutions offering support such as pilot processing plants and technology development centres include the Uganda Industrial Research Institute (UIRI), Kenya Industrial Research Development Institute (KIRDI), and Regional Leadership Centres (RLCs).<sup>36</sup>

Similarly, entrepreneurship training courses and short courses are needed, so that industry professionals can regularly upgrade their skills to align with the latest developments. Training should take the shape of a stepwise course along with guided mentorship. The system should be designed so that it allows for failure as part of the learning process. It should be suited to youth's learning style (applied learning, blended or classroom-based), and must be delivered in local languages, particularly to reach rural youth. For example, the Government of Madagascar is promoting youth in agro-industries by providing training with theory and practical applications, offering support in business plan development and idea pitching, followed by mentorship and country exchanges. Agricultural training institutions need to recruit role models to support young agribusiness professionals with practical skills development. This requires far more direct collaboration with the private sector, the expansion of national and international internship and mentorship programmes, and bringing entrepreneurs to the classroom to expose students to real world challenges and open their eyes to new opportunities.

<sup>36</sup> The first RLC was in Nairobi, covering East and Central Africa; the second in Accra, Ghana; the third in South Africa; and the fourth in Dakar, Senegal. [www.globalinnovationexchange.org/programs/yali-regional-leadership-centers-rlcs](http://www.globalinnovationexchange.org/programs/yali-regional-leadership-centers-rlcs)



### 3. Design finance with agripreneurs in mind

*“Some people have the skills, the courage and the drive to be agripreneurs, but when they go to the bank, the interest rate is too high, banks demand loan guarantees, with very short repayment periods. How does a young entrepreneur pay back a loan under these conditions, when the business has only been functioning for six months?”* asks Simone Zoundi of SOPEDAL.

One of the main gaps and opportunities revolves around accessing finance. The 12 agripreneurs have provided key insights into appropriate financial packages, defining the need for investment capital, working capital and capital for scaling up. Few financial products exist for SMEs, sometimes referred to as ‘the missing middle’, thereby driving agripreneurs to find alternative financing mechanisms. Agripreneurs need good financing models that are affordable, with short- and long-term options to fill gaps in both working capital and capital expenditure. Banks are unlikely to be able to solve this problem alone, and alternative sources of capital are needed (such as philanthropic, impact investment and seed capital investment). Where agripreneurs, especially women, lack bank accounts, governments and financial institutions may develop innovative solutions, such as the use of electricity and gas company payments as an assessment of creditworthiness, following the example of Rwanda (Niethammer, 2013).



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Governments must work with financial institutions to develop affordable financing mechanisms that meet both the short- and long-term needs of agripreneurs, addressing high collateral requirements such as large swathes of land or buildings, and unfair interest rates and repayment terms. This is crucial for agripreneurship, which is viewed as higher risk than other sectors. Also needed are flexible products that are designed according to the business development stage and which factor in market and environmental risks impacting agribusiness, in particular adverse weather patterns such as drought and flooding. Financial products specifically designed for women and youth are key. Packaging finance appropriately for youth (e.g. where money is provided incrementally and earmarked for particular purchases), will be crucial to managing growth and strategic risks. Generally, there is a valuable opportunity to finance agribusiness enterprises, but financial institutions must be better equipped with the knowledge of how agribusinesses work in order to maximize impact. Through blended finance mechanisms, matching grants and loan guarantees, governments and NGOs can facilitate better access to more suitable finance for entrepreneurs.

#### 4. Provide up-to-date information

Josephine Okot of Victoria Seeds says: *“If somebody asks how much land is under tomato or maize production, the data are virtually non-existent. They only become available three years later. In running a seed trade business, it is difficult to know what exists in the market to plan production.”*

Businesses need access to accurate statistics and resources to help them commercialize, plan their production, and identify target markets, particularly for export. In addition, market intelligence is essential for the sustainable development of value chains, by reducing information asymmetries among value chain actors. Many African countries lack up-to-date information on the state of the agricultural sector, as census data is often limited, outdated and unreliable. In some cases, the private sector has stepped in, but acquiring such information can be costly. Developing databases with disaggregated information may be useful to tackle imbalances and issues between men and women, young and old, as well as in specific value chains. Some entrepreneurs believe that the skills gap may be rooted in the shortage of information.

## 5. Implement tax reforms that are favourable to agripreneurship and development goals

*“Changing taxation laws does not mean that government loses. In fact, over time, they gain. Farmers will have a market, they will earn more money, be less poor, and start to buy other products. Other businesses grow and the private sector thrives. It is through the private sector that the state will recover its investment,”* says Bagoré Bathily of LTB.

Governments can give a helping hand to agribusinesses through subsidies, favourable tax conditions, and policies to protect local products from cheap imports. For example, the Green Revolution subsidies offered by the Government of Madagascar greatly helped to fuel Guanomad’s growth. Government subsidies can be beneficial to both farmers and input providers, but businesses and farmers must not depend on subsidies if their enterprises are to be sustainable. Import taxes on inputs, such as high-quality packaging material, may need to be examined. For export-oriented companies, packaging is critical, both for preservation and to stand out on the store shelves. However, import taxes are prohibitive, especially for SMEs, so businesses may be forced to forego quality packaging for local alternatives, which may affect their sales in the export market. Improved taxation laws can also create incentives for activities such as building roads, setting up electrical infrastructure, and training staff. In many instances, tax holidays are given to foreign investors, so similar packages should be designed for domestic private investors/ agripreneurs.

## 6. Curb corruption through transparency

Curbing corruption is a critically important area that needs policy improvements for economic and entrepreneurial growth. Corruption and lack of accountability are disincentives for investment, and limit the development of enterprises, stifling economic growth. Effective anti-corruption measures encourage industrial competition and reduce the transaction costs associated with opportunistic actors who try to appropriate entrepreneurs’ profits (Anokhin and Schulze, 2009; Emerson, 2006). Improving transparency in business dealings, by embracing ICTs and mobile technology, can help to stamp out corruption. In Kenya, city councils’ switch to electronic systems for business registration processes has improved transparency and leaves no room for corruption. Another method for overcoming corruption is improving education and the level of democratic rights in a country. Alongside political rights and participation, these factors lead to lower levels of corruption (Emerson, 2006).

## 7. Invest in improved infrastructure

*“The private sector needs infrastructure to reach small farmers in the villages; we need roads to the villages, as well as shops and a marketplace so that we can better distribute our products,”* says Simone Zoundi of SOPEDAL.

Start-ups are acutely impacted by the nature of and expenses associated with infrastructure, inputs and services, which largely influence the cost of doing business. These include transport infrastructure, electrical grids, internet access, and public extension services at farm level. Inadequate infrastructure, such as poorly maintained secondary streets and often overpriced electricity – with an erratic supply and frequent blackouts – can make production costs excessive. Investment in these features, either in the form of improvements or cost reductions, would result in SME growth, an increase in jobs, fiscal revenues and capital accumulation, while also bringing benefits to consumers. In partnership with the private sector, the public sector needs to invest in specialized agricultural infrastructure such as feeder roads, special economic zones (SEZ) and agro-industrial parks linked to export markets, and equipped with appropriate utilities and services (such as electricity supply, water and security) (FAO, 2017b). These types of facilities greatly increase the survival rate and growth of new companies, by sharing and reducing costs and risks, and by increasing learning opportunities and synergies.

## 8. Simplify, reduce and expedite procedures through one-stop shops

According to Senai Wolderufael of Feed Green Ethiopia: *“For entrepreneurs, the most expensive thing is time. For the government, if it takes three years for you to get your land, it is a win; but for us, during those three years you could have grown a lot and started making some money.”*

Business regulatory processes must be simple, efficient, user-friendly and accessible to people of all backgrounds and education. Efforts to simplify the administrative hurdles are needed to spur agriprenurship, particularly for women and youth. Complicated and time-consuming administrative processes, such as gaining access to land or applying for funding through the proper government channels, can be cumbersome. Time is money! For many businesses, it takes so long to procure a new licence that it may be forced to shut down in the meantime. In addition, the cost of obtaining regulatory licences can be prohibitive. Eric Muthomi of Stawi Foods says that he is currently required



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to hold six different licences,<sup>37</sup> which are expensive, and can entail a lengthy process. One solution to easing this pressure is providing one-stop business support service centres, with clear time frames and procedural costs. For example, in Mali a one-stop office allows prospective entrepreneurs to obtain the required business licence within 72 hours. Many countries offer investment promotion centres geared towards attracting foreign direct investment, which could be assessed and revamped to spur agripreneurship.

### 9. Improve impact through public-private partnerships

Policy-makers must take account of the private sector, engage youth in decision-making, appoint technical people to high-level positions and form public-private partnerships. For example, local businesses may benefit from partnering with agricultural research institutes. However, there is a great deal of mistrust between the private and public sectors, resulting in weak public-private dialogue and a lack of recognition and understanding on both sides. Engaging in dialogue and creating public-private partnerships has the potential to lead to many benefits, including leveraging financing, risk-sharing, innovation and market

<sup>37</sup> Required licences include city council, Ministry of Health, Kenya Bureau of Standards, fire certificate, employee medical, and product certification.

access, improved food security and inclusion (FAO, 2016). Indeed, improving the business enabling environment requires substantial resources, which neither the public nor the private sector can mobilize on its own. Public-private partnerships are needed to develop, test and document approaches/business models for supporting current and aspiring agripreneurs.

## 10. Take a holistic approach

*“The whole food sector needs improving. Training in commercialization will not help a business that now has to expand production to meet new market demand, without resources and funds to adequately invest in supply chains,”* says Hawa Berete of AAFEX.

Policy-makers and development practitioners alike must understand that the problems surrounding African business development require a multi-faceted approach. Other parts of the food value chain also require attention, including inputs and support services. For example, businesses suffer when countries lack production facilities for materials such as glass, and are obliged to import jars to package their products. A food systems approach is needed, where different line ministries and industry actors come together to identify root causes and solutions to problems. A holistic approach will foster consistency in food and agriculture related policies.



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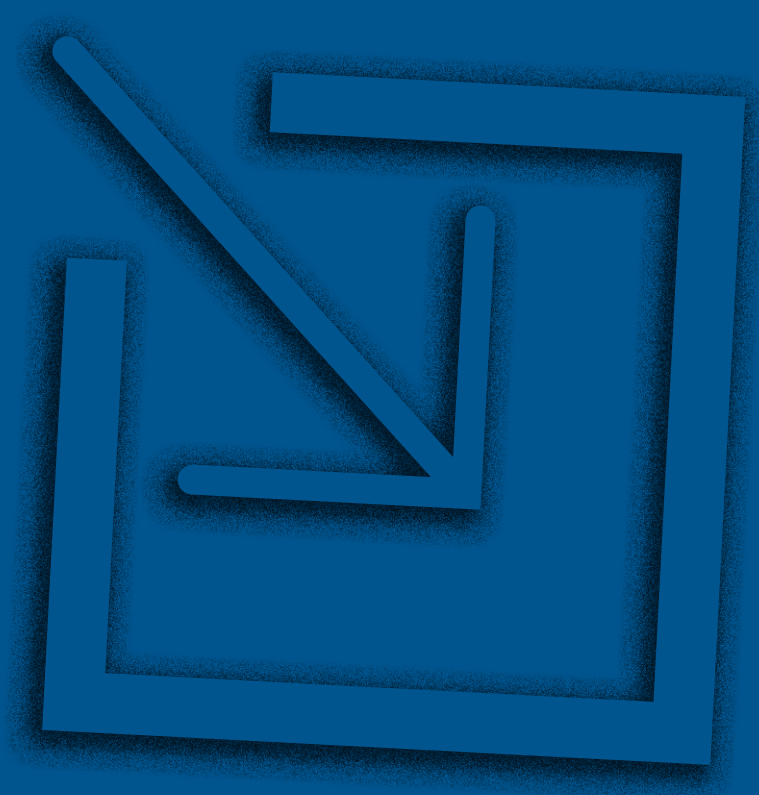






C H A P T E R 9

# Conclusion





## 9.1 » Key messages

A number of key messages can be drawn from the analysis. While some of the findings presented below have been discussed in other fora, and highlighted in the broader literature of entrepreneurship, nuanced insights backed by case studies are offered as contributions to the debate on agripreneurship. They are summarized as follows:

- » Although few will become successful entrepreneurs, the entrepreneurial drive of its Africa's people is one of its most important resources, to create jobs especially for the burgeoning youth population.
- » Successful agripreneurs are willing to take calculated risks, solve problems and are passionate about what they do. Accordingly, by embracing elements highlighted as success factors, current and future agripreneurs can positively impact their businesses and economies.
- » Governments should focus on opportunities to support agripreneurs for value addition and economic growth. Without the right enabling environment, that precious resource will be squandered.
- » The value of social capital, leveraging networks and identifying appropriate role models and influencers with the power to open doors is a critical success factor. Agripreneurs are much more likely to succeed if they are surrounded by a good social network of family, friends, and peers to pick up sound warnings and offer business advice. In addition, high social capital also often enables access to job opportunities and experiences, and importantly capital, which permits access to additional opportunities (such as education and training abroad).
- » Training is crucial to produce skilled entrepreneurs and build capacity of the workforce, so as to provide the technical and managerial skills needed to support agribusinesses.
- » Gender and age appear to play a role in entrepreneurship.
  - » Being a woman entrepreneur in Africa (and elsewhere) presents challenges that male counterparts do not have to contend with. Tackling these gender-based constraints will go a long way towards unleashing women's agripreneurship.
  - » Young agripreneurs are more acutely affected by challenges such as lack of access to finance due to their lack of a track record and because they may have less business experience and fewer connections to overcome issues.
  - » Young agripreneurs need innovative policies and programmes to support them, for example through mentorship. Youth should be offered technical and managerial skills development, tailored financial services, mentorship and links to professional networks, and exposure to business ideas through agribusiness fairs.

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- » Agripreneurs can achieve success at scale by establishing a value proposition supported by an effective business model and financially sound growth strategy, developed around market opportunities.

## 9.2 » Stakeholder roles

Efforts from both the public and private sector are essential to stimulating agripreneurship across Africa. There are some distinct roles for various stakeholders to play in increasing the impact of agripreneurship in Africa, based on comparative advantages. For instance, the donor community can fund programmes that promote various aspects of agripreneurship, while development agencies can offer technical assistance to budding agripreneurs, so as to enhance their success and growth. The public sector has an important role to play in the provision of vocational training and support for research institutions, food hubs and the like. Collaboration and coordination of efforts between government, NGOs and the private sector must be improved to deliver positive socio-economic results.



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### 9.3 » The way forward

The 12 cases represent a good cross-section of experiences that reflect the demographic diversity of Africa. FAO aims to strengthen the knowledge base on agripreneurship by providing a central portal for country resources, so as to identify and coordinate support efforts. The cases presented here can be used as an educational tool in both higher education and vocational institutions offering business management training, including incubation centres. FAO stands ready and willing to collaborate with other partners to build the impetus for agripreneurship support.

This publication aims to inspire and support agripreneurship in Africa and contribute to the literature on this subject. However, there are many other opportunities for further research in this area. Calls have been made to expand the collection of African agribusiness case studies by adding more country or region-specific examples, as well as cases from other areas (such as production level or support services), and focusing on entrepreneurs with different backgrounds, such as the disadvantaged. Lessons can also be learned from cases of failure, though these were not the focus of the present research. In line with trends in ICTs and the proliferation of social media, opportunities exist to transform the case studies into video, to complement the written materials and introductory video on Agripreneurship in Africa (FAO, 2018b).



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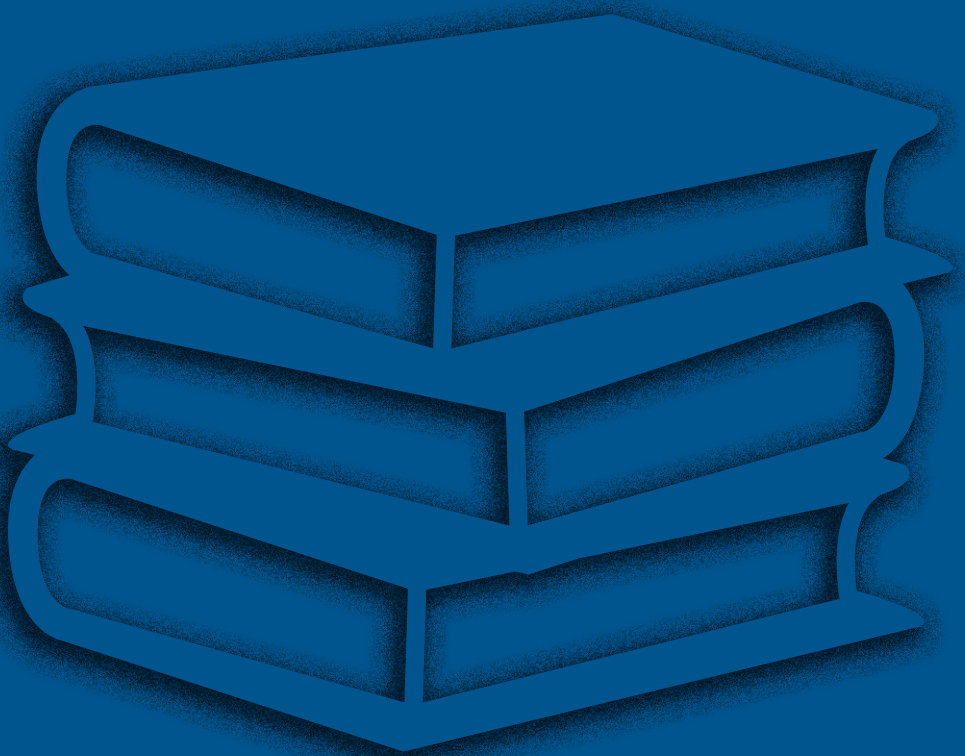
On the policy side, concrete recommendations have been provided on how to facilitate an enabling environment, based on the advice of the agripreneurs and key informants interviewed. While it is not always the case that entrepreneurs will have altruistic development goals, the agripreneurs featured here did so. However, further research should be conducted on what compels entrepreneurs to develop such goals, and how to create an enabling environment that would incentivize entrepreneurs to strive for positive development outcomes, such as decent job creation.

In closing, it is important to acknowledge that throughout the writing of this publication, there have been numerous developments and initiatives in the area of agripreneurship. For example, despite the oft cited mantra that African youth find agriculture unattractive, an Africa-wide conference organized by the Government of Rwanda in collaboration with FAO and the African Union received thousands of nominations from young people in this sector. A number of fora have been held that focused on women in agribusiness. These positive developments must be better documented and coordinated to sustain the momentum on promoting agripreneurship in Africa.





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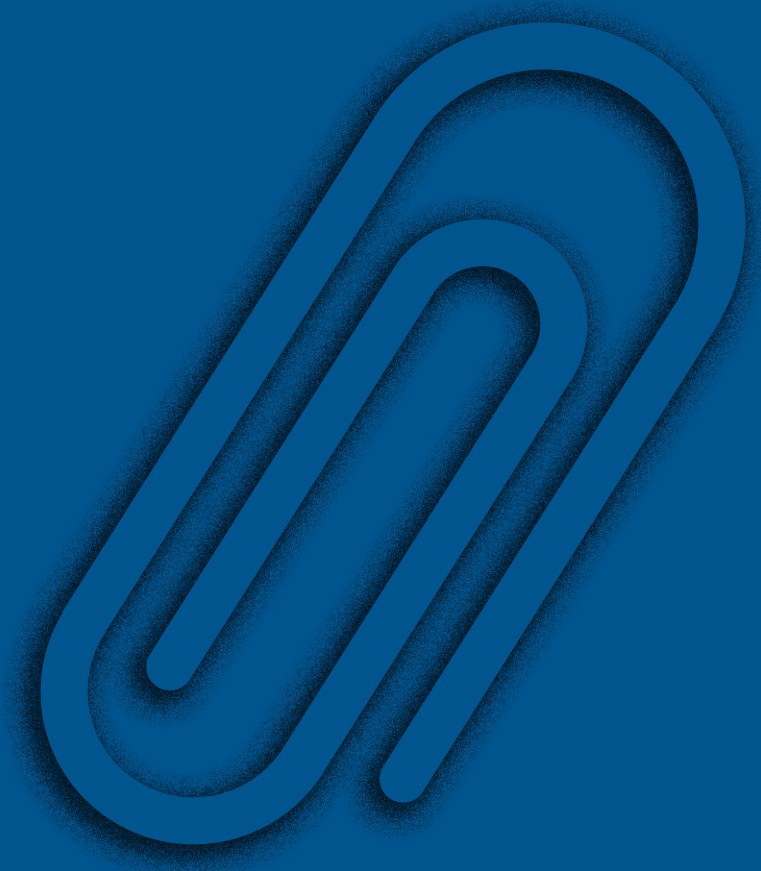


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# Annexes



## ANNEX A

### ENTREPRENEURSHIP RESOURCES

Below is a non-exhaustive list of organizations and initiatives that provide support services to African entrepreneurs. Support is provided through a wide range of methods, such as tools, inspiring success stories, prizes and mentorship.

ORGANIZATION	SUPPORT	SHORT DESCRIPTION
<b>Training, incubators, fellowships and boot camps</b>		
<p><b>2SCALE</b></p> <p><a href="http://2scale.org">http://2scale.org</a></p> <p>Benin, Côte D'Ivoire, Ethiopia, Ghana, Kenya, Mali, Mozambique, Nigeria, Uganda</p>	<p>Bootcamp</p> <p>Capacity-building</p>	<p><b>Toward Sustainable Clusters in Agribusiness through Learning in Entrepreneurship</b> (2SCALE) is a programme that manages public-private partnerships (PPPs) to accelerate inclusive business in agrifood sectors and industries. 2SCALE strengthens the capacity of smallholder farmers and SMEs by providing business and organizational skills. The programme seeks to help scale PPPs across nine countries in Africa to improve the livelihoods of smallholder farmers, with a focus on women, and through SMEs to reach base of pyramid consumers.</p>
<p><b>African Agribusiness Incubators Network</b></p> <p><a href="http://www.africaain.org">www.africaain.org</a></p> <p>Kenya, Ghana, Mali, Uganda and Zambia</p>	<p>Agribusiness incubation</p>	<p><b>African Agribusiness Incubators Network</b> (AAIN) invests, incubates individuals operating in agribusiness to create more jobs and wealth using tested models of agribusiness incubation with four core investment areas: (1) human &amp; institutional capacity development in incubation; (2) Youth &amp; women engagement in agribusiness trade &amp; investment; (3) African Agribusiness Incubation Fund (AAIF); and (4) Technology &amp; innovations commercialization.</p>

ORGANIZATION	SUPPORT	SHORT DESCRIPTION
<p><b>African Fertilizer and Agribusiness Partnership (AFAP)</b></p> <p><a href="http://www.afap-partnership.org">www.afap-partnership.org</a></p> <p>Côte D'Ivoire, Democratic Republic of Congo, Ethiopia, Ghana, Kenya, Malawi, Mozambique, Nigeria, Rwanda, South Africa, Senegal, Tanzania and Uganda</p>	<p>Capacity-building Access to finance</p>	<p><b>The African Fertilizer and Agribusiness Partnership (AFAP)</b> is a non-profit social enterprise and service provider. AFAP adds value to the agricultural inputs and agribusiness value chain by building capacity and linking agrodealers and smallholder farmers to global inputs companies, and facilitates trade finance for fixed assets and inventory via the Agribusiness Partnership Contract (APC) mechanism. AFAP also has a youth and women in agribusiness programme.</p>
<p><b>African Management Initiative</b></p> <p><a href="http://www.africanmanagers.org">www.africanmanagers.org</a></p> <p>Kenya and South Africa</p>	<p>Training</p>	<p><b>The African Management Initiative (AMI)</b> provides training courses and business tools through blended learning, both online and in-person. They offer courses on numerous topics such as motivation, stress management, project planning, how to write a business plan, how to build a brand, and marketing.</p>
<p><b>Agribusiness Incubation Trust (AgBIT) Limited</b></p> <p><a href="http://www.agbit.co.zm">www.agbit.co.zm</a></p> <p>Zambia</p>	<p>Incubator Mentorship Training Business development services</p>	<p><b>The Agribusiness Incubation Trust (AgBIT) Limited</b> is Zambia's pioneer agribusiness incubator, which focuses on accelerating innovation and the growth of scalable agricultural enterprises. AgBIT is a public-private partnership that brings together the private sector and the research and university community to support agribusiness start-ups and SMEs. The AgBIT incubator works to commercialize agribusiness technologies, provide strong mentorship, link smallholders to markets, strengthen supply chains, and deliver quality business development services.</p>
<p><b>Agribusiness Innovation Centre (AIC)</b></p> <p><a href="http://www.aic.co.tz">www.aic.co.tz</a></p> <p>Tanzania</p>	<p>Business development services Marketing Technology Networking Financing</p>	<p><b>The Agribusiness Innovation Centre (AIC)</b> is an agro-processing service centre, which provides business development services to growth-oriented and value-adding agro-enterprises. The AIC provides entrepreneurs with a comprehensive set of services, including business coaching; market research, marketing and procurement facilitation; technology identification, technical training and access to processing technologies; and financial services. The AIC is currently targeting agroprocessors in the sectors of edible oils, spices, dairy, juice, honey, jams and brews.</p>



ORGANIZATION	SUPPORT	SHORT DESCRIPTION
<p><b>The Anzisha prize</b></p> <p><a href="http://www.anzishaprize.org">www.anzishaprize.org</a></p> <p>Africa</p>	<p>Fellowship</p> <p>Training</p> <p>Finance</p> <p>Business development services</p>	<p><b>The Anzisha Prize</b> seeks to reward young African entrepreneurs who have developed and implemented innovative solutions to social challenges or started successful businesses within their communities. The Anzisha Prize awards 15 finalists with a fellowship, which includes an entrepreneurship workshop in South Africa, as well as business consulting services, global speaking opportunities, and development support.</p>
<p><b>Ashoka</b></p> <p><a href="http://www.ashoka.org">www.ashoka.org</a></p> <p>Global</p> <p>East Africa, West Africa, South Africa, Sahel</p>	<p>Fellowship</p> <p>Networking</p> <p>Training</p>	<p><b>Ashoka</b> identifies and invests in leading social entrepreneurs and helps them achieve maximum social impact. It also promotes group entrepreneurship and networks of social entrepreneurs working together to accelerate and spread social impact. Ashoka Africa follows a four-phase process of curating innovations, championing social entrepreneurs, challenging the ecosystem, and convening the network. Ashoka Africa has six priority areas: (1) Education and leadership; (2) Youth livelihoods and women entrepreneurship; (3) Agriculture and nutrition; (4) Migration and mobility; (5) Energy and environment; and (6) Health and well-being.</p>
<p><b>Base of Pyramid Inc.</b></p> <p><a href="http://bopinnoationcenter.com">http://bopinnoationcenter.com</a></p>	<p>Business development services</p>	<p><b>Base of Pyramid Inc. (BoP)</b> supports start-ups, SMEs and multinationals in creating commercially and socially viable business models that include BoP as consumers, producers and entrepreneurs. BoP focuses on three pillars of expertise, including marketing and distribution, innovation and business empowerment. BoP has various projects related to food and nutrition, such as 2SCALE, the Inclusive Business Accelerator, Flying Food, KMAP, PROOFS, Rural Retail Hubs South-Africa, Smart Adaptive Sustainable Horticulture, and Women as Inclusive Business Partners.</p>



ORGANIZATION	SUPPORT	SHORT DESCRIPTION
<p><b>Consortium for enhancing University Responsiveness to Agribusiness Development Limited (CURAD)</b></p> <p><a href="http://curadincubator.org">http://curadincubator.org</a></p> <p>Uganda</p>	<p>Agribusiness incubator</p>	<p><b>The Consortium for enhancing University Responsiveness to Agribusiness Development Limited (CURAD)</b> is a public-private partnership initiative that aims to produce young entrepreneurs and agribusiness leaders to champion productive and profitable agribusinesses in the coffee value chain. It is an agribusiness innovation incubator geared towards the creation of jobs and boosting incomes in the agricultural sector in Uganda. CURAD promotes coffee processing and value-added products; it provides business development services across the coffee value chain, facilitates the setting up of agribusiness enterprises, and offers an earn-while-you-learn programme for students.</p>
<p><b>DAIN Network</b></p> <p><a href="http://www.dainnetwork.org">www.dainnetwork.org</a></p> <p>Ghana and Liberia</p>	<p>Agribusiness incubator</p> <p>Mentorship</p>	<p><b>DAIN Network</b> offers free agribusiness boot camp training to entrepreneurs, farmers, start-ups and SMEs. DAIN also provides supplier development training for SMEs looking to supply to multinational companies. It offers critical thinking workshops and boot camps, mentorship and technical assistance. DAIN also has programmes specifically tailored to youth agribpreneurs.</p>
<p><b>International Institute of Tropical Agriculture (IITA)</b></p> <p><a href="http://www.iitabip.org">www.iitabip.org</a></p> <p>35 countries across East, West and South Central Africa</p>	<p>Agribusiness incubator</p> <p>Training</p> <p>Research</p> <p>Knowledge</p>	<p><b>The International Institute of Tropical Agriculture (IITA)</b> is a non-profit institution that generates agricultural innovations. IITA's key focus areas include: improving crops, making healthy crops, managing natural resources, improving livelihoods and enhancing nutritional value. IITA runs a Business Incubator Platform (BiP). BiP helps to develop technologies, create and test market products, provides training in manufacturing and marketing, and helps to upscale in other countries.</p>



ORGANIZATION	SUPPORT	SHORT DESCRIPTION
<p><b>InfoDev</b></p> <p><a href="http://www.infodev.org">www.infodev.org</a></p> <p>Partners in Ethiopia, Ghana, Kenya, Morocco, Senegal, South Africa and Tanzania</p>	<p>Market linkages</p> <p>Financing</p> <p>Business development services</p> <p>Networks</p> <p>Technology</p>	<p><b>InfoDev</b> offers support in key areas such as agribusiness entrepreneurship, climate technology, digital entrepreneurship, early stage financing, and women's entrepreneurship. The Agribusiness Entrepreneurship Program supports the growth of competitive agroprocessing enterprises by advancing innovation in products, processes and business models. InfoDev supports research and initiatives to boost the success of women entrepreneurs in developing economies, including innovation hubs for women and girls in the Democratic Republic of Congo.</p>
<p><b>Kenya Climate Innovation Centre (KCIC)</b></p> <p><a href="http://www.kenyacic.org">www.kenyacic.org</a></p> <p>Kenya</p>	<p>Incubation</p> <p>Acceleration</p> <p>Capacity-building</p> <p>Financing</p>	<p><b>KCIC</b> provides holistic, country driven support to incubate and accelerate the development, deployment and transfer of locally relevant climate and clean energy technologies. It offers incubation, acceleration and capacity-building services, and financing to Kenyan entrepreneurs who are developing innovative solutions in renewables, water and agribusinesses for climate change mitigation and adaptation. KCIC also provides business advisory services, access to finance, facilities and information and works closely with government to create an enabling environment for green technologies in Kenya.</p>

ORGANIZATION	SUPPORT	SHORT DESCRIPTION
<p><b>Market Matters Inc.</b></p> <p><a href="http://www.marketmattersinc.org">www.marketmattersinc.org</a></p> <p>Based in the USA and South Africa</p>	<p>Capacity-building Training Award</p>	<p><b>Market Matters Inc.</b> is a not-for-profit development organization that develops and implements capacity and network-building programs on marketing, business strategies and research. MM Inc. has a Making Markets Matter Agribusiness Training programme that includes training in marketing, strategy, financial analysis and supply chain management. MM Inc. has an Agricultural Professional Fellowship Program in South Africa. MM Inc. delivers an <i>Agribiz Training Matters</i> for South African Women Entrepreneurs, which is a short course in agribusiness management. MM Inc. distributes the African Agribusiness Entrepreneur of the Year Award, which recognizes entrepreneurs for outstanding work in agricultural input and value-added industries in Africa.</p>
<p><b>SME toolkit</b></p> <p><a href="http://www.infodev.org/articles/ifc-sme-toolkit">www.infodev.org/articles/ifc-sme-toolkit</a></p> <p>Global</p>	<p>Business development services Information</p>	<p><b>The SME Toolkit</b> is a programme of the International Finance Corporation (IFC), a member of the World Bank Group, and is available in multiple languages through local partners around the world. The tools, materials and updated information on these websites will help entrepreneurs in building their businesses. It provides information on business planning, market research, project management, financing, productivity and innovation, amongst others.</p>



ORGANIZATION	SUPPORT	SHORT DESCRIPTION
<p><b>Songhai Centre</b></p> <p><a href="http://www.songhai.org/index.php/en/home-en">www.songhai.org/index.php/en/home-en</a></p> <p>Benin, Congo-Brazzaville, Liberia, Nigeria and Sierra Leone</p>	<p>Capacity-building</p> <p>Training</p>	<p><b>The Songhai Centre</b> provides entrepreneurs, especially youth, with practical training that enables trainees to acquire the basic skills needed to engage in agricultural production and marketing, such as entrepreneurship training that promotes agri-enterprises. Songhai offers training in a range of topics, including crop production, animal husbandry and nutrition, food processing, handicrafts, renewables and technologies. On the agribusiness side, Songhai offers training in equipment and maintenance, quality control, processing, packaging, storage and preservation, as well as the technical and economic management of food processing.</p>
<p><b>Timbali Technology Incubator</b></p> <p><a href="http://www.timbali.co.za">www.timbali.co.za</a></p> <p>South Africa</p>	<p>Business development services</p> <p>Capacity-building</p> <p>Incubation</p>	<p><b>The Timbali Technology Incubator</b> follows a Prototype-System-Driven-Cluster-Model that enables agribusiness start-ups to deliver high-quality products to the market. Timbali enables smallholder farmers to create sustainable livelihoods by identifying market opportunities. It clusters agribusinesses into agriparks and satellite agriparks, and provides effective skills development.</p>
<p><b>Tomeb Foundation</b></p> <p><a href="http://www.tomebfoundation.com">www.tomebfoundation.com</a></p> <p>Nigeria</p>	<p>Mentorship</p> <p>Training</p> <p>Business development services</p> <p>Training</p> <p>Scholarships</p>	<p><b>The Tomeb Foundation</b> promotes entrepreneurship and empowers youth to improve effectiveness and productivity. It focuses on five core areas, including entrepreneurship, youth development, education, the environment and consulting. The foundation offers a wide range of activities, including business development services, mentorship, training, scholarships and research and development.</p>
<p><b>Tony Elumelu Foundation</b></p> <p><a href="http://tonyelumelufoundation.org">http://tonyelumelufoundation.org</a></p> <p>Africa</p>	<p>Mentorship</p> <p>Training</p> <p>Business development</p> <p>Finance</p>	<p><b>The Tony Elumelu Foundation Entrepreneurship Programme</b> (TEEP) is the flagship entrepreneurship programme of the Tony Elumelu Foundation (TEF). The TEF offers a 12-week Start-up Enterprise Tool-kit training course. Aspiring entrepreneurs are assigned a mentor to guide them throughout the process, and gain access to seed capital. Tony Elumelu Entrepreneurs represent 51 African countries.</p>

ORGANIZATION	SUPPORT	SHORT DESCRIPTION
<p><b>Truvalu</b></p> <p><a href="https://truvalu-group.com">https://truvalu-group.com</a></p> <p>Kenya and Uganda</p>	<p>Business development support</p> <p>Finance</p> <p>Networking</p> <p>Market linkages</p>	<p><b>Truvalu</b> supports SMEs in building sustainable value chains, offering hands-on co-entrepreneur support, skills building and expertise to accelerate and scale businesses. It also offers growth capital, business development support and access to networks and international markets.</p>
<p><b>Uganda Industrial Research Institute (UIRI)</b></p> <p><a href="http://www.linkedin.com/company/uganda-industrial-research-institute/about">www.linkedin.com/company/uganda-industrial-research-institute/about</a></p> <p>Uganda</p>	<p>Incubator</p>	<p><b>The Uganda Industrial Research Institute</b> is a government-run business incubator that assists value-adding processors. It is the government's lead agency for industrialization and technological innovation. UIRI provides technology development and transfer, business development services and industrial services, pilot plants and prototyping support.</p>
<p><b>Village Capital</b></p> <p><a href="https://vilcap.com">https://vilcap.com</a></p> <p>Based in the USA</p> <p>Ghana, Kenya and Nigeria</p>	<p>Training</p> <p>Networking</p>	<p><b>Village Capital</b> trains and invests in social entrepreneurs who are solving real-world problems. It works with agricultural entrepreneurs across the value chain, providing technology and services for more inclusive and sustainable food systems, helping them to solve concrete problems with training and a community peer-to-peer network.</p>
<b>Platforms for mentorship, networking, advocacy and knowledge-sharing</b>		
<p><b>Africa Agribusiness Academy (AAA)</b></p> <p><a href="https://aa-academy.org">https://aa-academy.org</a></p> <p>Ethiopia, Kenya, Malawi, Rwanda, Tanzania and Uganda</p>	<p>Business platform</p> <p>Inspiration</p>	<p><b>The AAA</b> is a business platform for agrifood SMEs for the sharing of knowledge and experience to stimulate and support entrepreneurship in Africa. Member companies can collaborate and form partnerships, inspire and guide one another. The AAA is an initiative of the Wageningen Centre for Development Innovation.</p>
<p><b>Agbiz</b></p> <p><a href="https://agbiz.co.za">https://agbiz.co.za</a></p> <p>South and Southern Africa</p>	<p>Workshops</p> <p>Networking</p> <p>Advocacy</p>	<p><b>The Agricultural Business Chamber (Agbiz)</b> is a voluntary, dynamic and influential association of agribusinesses operating in South and southern Africa. Agbiz's function is to ensure that agribusiness plays a constructive role in countries' economic growth.</p>



ORGANIZATION	SUPPORT	SHORT DESCRIPTION
<p><b>African Agro Export Association (AAFEX)</b></p> <p><a href="https://aafex.com/en">https://aafex.com/en</a></p> <p>Africa</p>	<p>Advocacy</p> <p>Market linkages</p>	<p><b>The African Agro Export Association (AAFEX)</b> is a group that promotes the export of African agricultural and food products comprising producers, processors and exporters from 16 countries. It aids African food product exporters by assisting companies in exporting to international markets through fairs, seminars and symposia. AAFEX provides information on business opportunities and funding for technology.</p>
<p><b>African Leadership Network (ALN)</b></p> <p><a href="http://www.linkedin.com/company/african-leadership-network/about">www.linkedin.com/company/african-leadership-network/about</a></p>	<p>Networking</p> <p>Fellowship</p> <p>Mentoring</p> <p>Awards</p>	<p><b>The African Leadership Network (ALN)</b> is a network of public sector leaders, business leaders, celebrities and academia working to transform Africa through leadership. The ALN hosts the Africa Awards for Entrepreneurship (AAE), which recognizes business leaders in four categories: Transformational, Mature business, Growing business and Social impact. It has been awarded nearly USD 2 million for distinguished entrepreneurs. The ALN also has a women specific platform and an Africa Business Fellowship, an initiative that matches American professionals with African businesses. The ALN is involved with the African Leadership Academy (ALA) and the African Leadership University (ALU).</p>
<p><b>Agri Pro Focus</b></p> <p><a href="https://agriprofocus.com/intro">https://agriprofocus.com/intro</a></p> <p>Benin, Burundi, DRC, Ethiopia, Kenya, Mali, Myanmar, Niger, Rwanda, Tanzania, Uganda and Zambia</p>	<p>Networking</p> <p>Events</p>	<p><b>AgriProFocus</b> is an international multistakeholder network in the agrifood sector consisting of farmer entrepreneurs, private sector enterprises, governments, knowledge institutions and civil society organizations. It brings these stakeholders together to access contracts, market products, discuss policy issues and share innovations.</p>



ORGANIZATION	SUPPORT	SHORT DESCRIPTION
<p><b>Danone Communities</b></p> <p><a href="http://www.danonecommunities.com">www.danonecommunities.com</a></p>	<p>Financing Networking</p>	<p><b>Danone Communities</b> focuses on alleviating poverty by growing inclusive businesses related to providing access to water (e.g. Jibu in East Africa) and improved nutrition (e.g. La Laiterie du Berger in Senegal) by investing in social businesses as minority shareholders, providing capital, and technical and managerial expertise. The Galaxy Hub is a social enterprise working to put ideas into action, which shares knowledge and celebrates successes across businesses, countries and languages.</p>
<p><b>Demeter Network</b></p> <p><a href="http://www.demeternetwork.com">www.demeternetwork.com</a></p> <p>Global</p>	<p>Networking Mentorship Business development services</p>	<p><b>The Demeter Entrepreneurs Support Network</b> enables entrepreneurs to build successful businesses in low-income countries. Demeter is a community of entrepreneurs providing contacts, platforms, tools and programmes for support for a minimum of three years as they start their businesses. Demeter offers a personal advocate for mentoring and coaching, as well as access to experts in various domains such as logistics, economics and venture capital. Demeter also offers legal services, financial checks and modeling, and assistance in areas such as market research, financial research and social media.</p>
<p><b>Enablis</b></p> <p><a href="http://www.enablis.org">www.enablis.org</a></p> <p>Ghana and Senegal</p>	<p>Mentoring Networking</p>	<p><b>Enablis</b> supports entrepreneurs in small and medium enterprises through networking, coaching, mentoring and skills-building. It provides network members with tools and resources through connections. It offers opportunities to showcase their businesses and network at events between entrepreneurs, and between entrepreneurs and financiers, retailers and peers.</p>



ORGANIZATION	SUPPORT	SHORT DESCRIPTION
<p><b>Mara Foundation</b>  <a href="http://www.mara-foundation.org">www.mara-foundation.org</a>            Africa            Kenya, Nigeria, Tanzania and Uganda</p>	<p>Mentorship            Finance            Training facilities</p>	<p><b>The Mara Foundation</b> is Mara Group's social enterprise that focuses on emerging African entrepreneurs. The Mara Foundation's mission is to provide comprehensive support services including mentorship, funding and business training facilities to African entrepreneurs, particularly women and youth. The foundation has three integral platforms for mentorship, including Mara Mentor, Mara One on One and Mara Women. Mara Mentor is a web-based platform that is also available via iOS.</p>
<p><b>South African Black Entrepreneurs Foundation (SABEF)</b>  <a href="https://www.facebook.com/SABlackEntrepreneursForum">www.facebook.com/SABlackEntrepreneursForum</a>            South Africa</p>	<p>Market linkages            Networking            Advocacy</p>	<p><b>The South African Black Entrepreneurs Foundation (SABEF)</b> seeks to facilitate the entry of emerging entrepreneurs into prominent sectors of the mainstream economy, through access to markets, networking, lobbying and advocacy, and by implementing solution focused development and networking programmes, aimed at ensuring the growth and sustainability of the emerging business sector in South Africa.</p>

### Information and Inspiration

<p><b>Access Agriculture</b>  <a href="http://www.accessagriculture.org">www.accessagriculture.org</a>            Global</p>	<p>Information</p>	<p><b>Access Agriculture</b> is an international NGO that aims to promote sustainable agricultural practices and entrepreneurship through innovations in sustainable agriculture, and rural enterprises through capacity development and the South-South exchange of farmer-to-farmer videos in local languages</p>
<p><b>Africa Agribusiness Magazine</b>  <a href="https://theagribusinessmagazine.com">https://theagribusinessmagazine.com</a>            Africa-wide</p>	<p>Information            Events</p>	<p><b>The Africa Agribusiness Magazine</b> aims to connect African agricultural actors such as farmers, agribusinesses and governments to the rest of the world to catalyse development. It provides information on modern technologies, practices, and ideas.</p>

ORGANIZATION	SUPPORT	SHORT DESCRIPTION
<p><b>Africa's success</b></p> <p><a href="https://www.youtube.com/channel/UCDHRlj13r1BK3_Z_JmRen5A">www.youtube.com/channel/UCDHRlj13r1BK3_Z_JmRen5A</a></p> <p>Africa</p>	Inspiration	<p><b>Africa's success</b> is a YouTube Channel sharing videos on African success stories. The objective is to celebrate achievement and inspire positive change. It features 4 subchannels with videos on farmers, entrepreneurs, innovators and the next generation.</p>
<p><b>Entrepreneur</b></p> <p><a href="http://www.entrepreneur.com/us">www.entrepreneur.com/us</a></p> <p>Global (USA)</p>	Information	<p><b>Entrepreneur</b> is a magazine about entrepreneurship. It offers mainly written articles, but also videos, an 'ask an expert' section and newsletters.</p>
<p><b>Entrepreneurship.org</b></p> <p><a href="http://www.entrepreneurship.org">www.entrepreneurship.org</a></p> <p>Global (USA)</p>	Information Inspiration	<p><b>Entrepreneurship.org</b> is an in-depth resource on starting your business, brought to you by experts from the Kauffman Foundation. It shares news, material, information and other resources. The Kauffman Foundation works to advance entrepreneurship education and training, to promote start-up friendly policies, and to understand what new firms need.</p>
<p><b>Opportunities for Africans (OFA)</b></p> <p><a href="http://www.opportunitiesforafricans.com">www.opportunitiesforafricans.com</a></p>	Information	<p><b>Opportunities for Africans (OFA)</b> is an online portal for information on opportunities for Africans such as scholarships, fellowships, internships, conferences and jobs.</p>
<p><b>Pan African Agribusiness &amp; Agroindustry Consortium (PanAAC)</b></p> <p><a href="https://www.facebook.com/panaac">www.facebook.com/panaac</a></p> <p>Based in Kenya</p>	Information	<p><b>The Pan African Agribusiness and Agroindustry Consortium (PanAAC)</b> is a platform that brings together agribusiness and agro-industry value chains and support services. It enables access to information, knowledge, partnerships and financial remediation. The consortium consists of private sector players, such as input suppliers, producer organizations, processors and packagers, logistics providers, wholesalers, retailers, financiers, exporters and business development providers.</p>
<p><b>VC4Africa</b></p> <p><a href="https://vc4a.com">https://vc4a.com</a></p> <p>Africa</p>	Networking platform	<p><b>VC4Africa</b> is an online platform for start-ups that provides information on programmes and events, and connects African start-ups to opportunities.</p>



ORGANIZATION	SUPPORT	SHORT DESCRIPTION
<b>Research and technology</b>		
<p><b>African Agricultural Technology Foundation (AATF)</b></p> <p><a href="http://www.aatf-africa.org">www.aatf-africa.org</a></p> <p>Burkina Faso, Ethiopia, Ghana, Kenya, Malawi, Mozambique, Nigeria, Senegal, South Africa, Tanzania, Uganda, Zambia, and Zimbabwe</p>	Technology	<p><b>The African Agricultural Technology Foundation (AATF)</b> is a not-for-profit organization that facilitates and promotes public-private partnerships to enable access to agricultural technologies for smallholder farmers in sub-Saharan Africa. The AATF works through innovative partnerships to promote effective stewardship along the value chain; it is a one-stop shop for the provision of expertise and knowledge in the identification, development and use of agricultural technologies.</p>
<p><b>The Afriversity Trust</b></p> <p><a href="http://www.linkedin.com/company/afriversity/about">www.linkedin.com/company/afriversity/about</a></p> <p>Africa</p>	Business development support	<p><b>The Afriversity Trust</b> is a not-for-profit programme that helps entrepreneurs from low-resource areas to get their businesses online with a professional website, web business tools and the provision of support and mentoring for African entrepreneurs.</p>
<p><b>iLAB Africa</b></p> <p><a href="http://www.ilabafrika.ac.ke">www.ilabafrika.ac.ke</a></p> <p>Kenya</p>	IT Training Business Incubation Software and product development	<p><b>@iLabAfrica</b> is a Centre of Excellence in ICT innovation and development based at Strathmore University. The centre is involved in research, engagement and collaboration with government, industry and funding agencies. @iLabAfrica provides @iBizAfrica, which is an entrepreneurship business incubator. It also provides access to other short courses and training, such as Barclay's ReadyToWork programme, which provides skills on work, money, people and entrepreneurship.</p>

ORGANIZATION	SUPPORT	SHORT DESCRIPTION
<p><b>Technology and Innovation Agency (TIA)</b></p> <p><a href="http://www.tia.org.za">www.tia.org.za</a></p> <p>South Africa</p>	<p>Training</p> <p>Mentorship</p> <p>Technology</p> <p>Financing</p> <p>Marketing</p>	<p><b>The Technology and Innovation Agency (TIA)</b> supports the development and commercialization of competitive technology-based services and products. TIA supports agricultural technologies such as breeding and reproduction, animal and plant health and post-harvest technologies. Its Youth Technology Innovation Fund (YTIF) aims at promoting and stimulating the culture of technology innovation and entrepreneurship among youth by providing access to financial and business support resources. It also delivers custom designed Entrepreneur Development Programmes. TIA offers financial and non-financial support, such as innovation skills development in business and entrepreneurship.</p>
<b>Focus on Women</b>		
<p><b>Africa Women Agribusiness Network (AWAN)</b></p> <p><a href="http://www.awanafrica.com">www.awanafrica.com</a></p> <p>East Africa, West Africa, Central Africa and South Africa</p>	<p>Information</p>	<p><b>The Africa Women Agribusiness Network (AWAN)</b> is a non-profit, business member organization that promotes women's small, medium and large enterprises. The Network envisions African women and recognizes that agriculture and women-run agribusiness is an imperative agenda for sustainable development in Africa. This network will facilitate building of strong business connections, with a digital database and e-hub repository that provides access to information on trade and market linkages, and spurs innovations in agri-tech through competitive grant schemes.</p>



ORGANIZATION	SUPPORT	SHORT DESCRIPTION
<p><b>Africa Women Innovation &amp; Entrepreneurship Forum (AWIEF)</b></p> <p><a href="http://www.awieforum.org">www.awieforum.org</a></p> <p>Africa</p> <p><a href="http://www.awieforum.org/about">www.awieforum.org/about</a></p>	<p>Networking</p>	<p><b>Africa Women Innovation &amp; Entrepreneurship Forum (AWIEF)</b> is Africa's female entrepreneurship conference &amp; exhibition, bringing together more than 1 200 female entrepreneurs, thought leaders, industry experts, academics, development organizations and investors in a combined effort to accelerate the growth of women-owned businesses for Africa's inclusive economic growth. AWIEF 2018 features keynotes, highly interactive panel sessions, exhibitions, masterclasses, and high-profile and quality networking.</p>
<p><b>Cartier Women's Initiative Awards</b></p> <p><a href="http://www.cartierwomensinitiative.com">www.cartierwomensinitiative.com</a></p> <p>Global</p>	<p>Financing Mentoring</p>	<p><b>The Cartier Women's Initiative Awards</b> is an annual international business plan competition created in 2006 to identify, support and encourage projects by women entrepreneurs. The competition is open to women-run, for-profit businesses in any country and sector working to create strong social impact. It aims to encourage inspirational women entrepreneurs worldwide to solve contemporary global challenges by supporting and recognizing creative women who are making concrete contributions to finding solutions for the future of our planet. Since 2006, Cartier has accompanied 198 promising female business-owners and recognized 70 laureates.</p>
<p><b>Federation of Women Entrepreneur Associations (FEWA)</b></p> <p><a href="http://fewa.or.ke">http://fewa.or.ke</a></p> <p>Global</p>	<p>Capacity-building Training Mentoring Advocacy</p>	<p><b>The Federation of Women Entrepreneurs Associations (FEWA)</b> is the apex body of all women entrepreneur associations working to ensure the realization of an enabling business environment for all women entrepreneurs. FEWA has maintained a membership with more than 250 000 individual businesswomen active in all aspects of enterprise, including, but not limited to trade, services, agribusiness, building and construction, art and crafts, manufacturing, research, development and engineering. It has also planned various interventions aimed at making women entrepreneurs partners in the creation of employment, through enterprise development and mentoring.</p>



ORGANIZATION	SUPPORT	SHORT DESCRIPTION
<b>Focus on youth</b>		
<p><b>AgriBusiness TV</b></p> <p><a href="http://agribusinesstv.info/en">http://agribusinesstv.info/en</a></p> <p>12 African countries</p>	Inspiration	<p>Launched in 2016 in Burkina Faso, <b>Agribusiness TV</b> is a web-based TV site that shares videos to promote agriculture and showcase the success stories of young agricultural entrepreneurs in Africa. It aims to inspire youth to venture into agriculture and inform policy decisions. Agribusiness TV has videos on areas including production, value addition, technology and services.</p>
<p><b>Agripreneurship Alliance</b></p> <p><a href="http://www.theagripreneur.org">www.theagripreneur.org</a></p> <p>East Africa</p> <p>Based in Switzerland</p>	Training Mentoring	<p><b>The Agripreneurship Alliance</b> supports young Agripreneurs in Africa with cloud-based tools &amp; resources in <i>Entrepreneurship in Agri-Business</i>, based on an approach of blended learning. The training takes the budding agripreneur through the steps required to build a solid business canvas, with the unique value proposition, market segmentation and competitive analysis leading to the core strategy and execution details of their business idea, including forecasts of potential revenues and costs.</p>
<p><b>IITA Youth Agripreneurs</b></p> <p><a href="https://youthagripreneurs.org">https://youthagripreneurs.org</a></p> <p>East Africa, South Africa, West Africa, Central Africa</p>	Training Mentoring	<p><b>The IITA Youth Agripreneurs (IYA)</b> offers training and consultancy services to youth and farmers. Through the organization's incubation programme, unemployed graduates are trained, mentored and coached and exposed to business opportunities in the production and value addition of commodities such as cassava, maize, soybean, vegetables, plantain and bananas, fisheries and piggery. During this incubation period, they are taught how to adopt the best technology to deriving good yields, marketing strategy etc.</p>
<p><b>Rwanda Youth in Agribusiness Forum (RYAF)</b></p> <p><a href="http://ryaf.rw">http://ryaf.rw</a></p> <p>Rwanda</p>	Networking Marketing	<p><b>The Rwanda Youth in Agribusiness Forum</b> was launched to change youth mindsets on agribusiness. RYAF offers a community for networking with other local individuals. It is a collection of member businesses that aims to provide a platform for partnerships, seeking investments and showcasing agricultural products.</p>



ORGANIZATION	SUPPORT	SHORT DESCRIPTION
<p><b>Ye! Community</b></p> <p><a href="https://yecommunity.com/en">https://yecommunity.com/en</a></p> <p>Based in The Netherlands</p>	<p>Networking</p> <p>Mentorship</p> <p>Information</p> <p>Software</p>	<p><b>Ye! Community</b> aims to support youth entrepreneurship and promote an ethical entrepreneurial culture by helping entrepreneurs to make better business decisions. This network provides an online community that connects young entrepreneurs from around the world to showcase their innovations. In addition, entrepreneurs are introduced to potential investors, can apply for coaching from experienced professionals, and have access to software. Ye! Community also provides useful country specific guides for entrepreneurs with a collection of information, including legal and accounting support.</p>
<p><b>Young African Leadership Initiative (YALI)</b></p> <p><a href="https://yali.state.gov">https://yali.state.gov</a></p> <p>Learning centres in six countries (Ghana, Kenya, Mozambique, Nigeria, Senegal, and South Africa) that serve all of Africa</p>	<p>Fellowship</p> <p>Training</p> <p>Networking</p>	<p><b>The Young African Leadership Initiative (YALI)</b> provides a fellowship programme, leadership centres and a network. The Mandela Washington Fellowship brings African leaders to the USA for leadership training, networking and education at US universities. YALI has four Regional Leadership Centres that provide in-person and online training in business and entrepreneurship, as well as professional development and networking opportunities. The YALI Network connects young African leaders and allows access to free online entrepreneurship courses.</p>
<p><b>Youth Business International</b></p> <p><a href="http://www.youthbusiness.org">www.youthbusiness.org</a></p> <p>Global</p> <p>Kenya, Nigeria, Tanzania and Uganda</p>	<p>Networking</p> <p>Training</p> <p>Finance</p> <p>Mentoring</p> <p>Business development</p>	<p><b>Youth Business International (YBI)</b> is a global network of independent non-profit initiatives assisting underserved young entrepreneurs. It provides a combination of training, access to capital, mentoring and other business development services. YBI adapts this common approach to local contexts, working in partnership with governments, businesses and multilateral and civil society organizations.</p>
<p><b>Youth Enterprise Development Fund</b></p> <p><a href="http://www.youthfund.go.ke">www.youthfund.go.ke</a></p> <p>Kenya</p>	<p>Finance</p> <p>Market linkages</p> <p>Training</p> <p>Business development services</p>	<p><b>The Youth Enterprise Development Fund (YEDF)</b> was established by the Kenyan Government to address youth unemployment through entrepreneurship. The fund provides financial support and business development services to youth-owned enterprises.</p>

ORGANIZATION	SUPPORT	SHORT DESCRIPTION
<p><b>Ypard</b></p> <p><a href="https://africa.ypard.net">https://africa.ypard.net</a></p> <p>Global</p>	<p>Networking</p>	<p><b>Ypard</b> is a network of young professionals for agricultural development. Its objectives are to facilitate the exchange of information and knowledge, expand opportunities, promote agriculture amongst youth and facilitate access to resources and capacity-building opportunities.</p>
<b>Focus on the enabling environment</b>		
<p><b>Global Entrepreneurship Monitor</b></p> <p><a href="http://www.gemconsortium.org">www.gemconsortium.org</a></p> <p>Ten SSA countries have taken part in GEM: Angola, Botswana, Ethiopia, Ghana, Malawi, Namibia, Nigeria, South Africa, Uganda and Zambia</p>	<p>Study</p>	<p><b>Global Entrepreneurship Monitor (GEM)</b> is the largest ongoing study of entrepreneurial dynamics in the world. It explores the role of entrepreneurship in national economic growth, unveiling detailed national features and characteristics associated with entrepreneurial activity. The programme has three main objectives: (1) To measure differences in the level of entrepreneurial activity between countries; (2) To uncover factors leading to appropriate levels of entrepreneurship; and (3) To suggest policies that may enhance the national level of entrepreneurial activity. GEM describes and measures the conditions under which entrepreneurship and innovation can thrive.</p>
<p><b>The Entrepreneurship Database at Doing Business</b></p> <p><a href="http://www.doingbusiness.org/en/data/exploretopics/entrepreneurship">www.doingbusiness.org/en/data/exploretopics/entrepreneurship</a></p>	<p>Database</p>	<p><b>The Entrepreneurship Database</b> is a critical source of data that facilitates the measurement of entrepreneurial activity across countries and over time. The data also allow for a deeper understanding of the relationship between new firm registration, the regulatory environment and economic growth. Data from 139 economies on the number of newly registered firms per year over the period 2004-2012 can help to answer questions regarding trends in new firm creation, the relationship between entrepreneurship and the business environment, and the effect of the financial crisis on entrepreneurial activity. Additional data on the function, structure and automation of business registries provide valuable insights into the impact of registration, and information and communication technology (ICT) reforms on new firm registration.</p>



## ANNEX B

### JOURNALS ON ENTREPRENEURSHIP

TITLE OF JOURNAL	OBJECTIVES, READERSHIP AND CONTENT
<p><b>International Journal of Entrepreneurship and Small Business (IJESB)</b></p> <p><a href="http://www.inderscience.com/jhome.php?jcode=ijesb">www.inderscience.com/jhome.php?jcode=ijesb</a></p>	<p><b>Objectives:</b> The objectives of IJESB are to establish an effective channel of communication between policy-makers, government agencies, academic and research institutions and persons concerned with entrepreneurship in society. It also aims to promote and coordinate international research efforts. The international dimension is emphasized in order to understand cultural and national barriers, and to meet the needs of entrepreneurs in the global economy.</p> <p><b>Readership:</b> IJESB provides a vehicle to help academics, researchers, policy-makers and entrepreneurs, working in the field to disseminate information and to learn from each other's work. This includes indigenous enterprise and employment creation.</p> <p><b>Contents:</b> IJESB publishes original papers, literature reviews, empirical studies, theoretical frameworks, case studies and book reviews. Special theme issues are devoted to important topics: Entrepreneurs; women entrepreneurs; entrepreneurship in developing countries; entrepreneurship and ethics; and corporate intrapreneurship.</p>
<p><b>International Journal of Entrepreneurship and Innovation Management (IJEIM)</b></p> <p><a href="http://www.inderscience.com/jhome.php?jcode=ijeim#moredesc">www.inderscience.com/jhome.php?jcode=ijeim#moredesc</a></p>	<p><b>Objectives:</b> IJEIM aims to establish channels of communication and to disseminate knowledge between policy-makers, experts and professionals working in universities, government departments, research institutions and industry and related business.</p> <p><b>Readership:</b> Professionals, academics, researchers, managers, policy-makers.</p> <p><b>Contents:</b> IJEIM publishes original papers, theory-based empirical papers, review papers, case studies, conference reports, relevant reports and news, book reviews and briefs. Commentaries on papers and reports published in the journal are encouraged. Authors will have the opportunity to respond to the commentary on their work before the entire treatment is published. Special issues devoted to important topics in Entrepreneurship and Innovation Management, and related topics, will be published occasionally.</p>

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<p><b>International Journal of Entrepreneurial Venturing</b></p> <p><a href="http://www.inderscience.com/jhome.php?jcode=ijev#issue">www.inderscience.com/jhome.php?jcode=ijev#issue</a></p>	<p><b>Objectives:</b> The objective of IJEV is to provide an international forum in the field of management with particular focus on the key drivers of innovation and entrepreneurship, by publishing high quality research articles. It also aims to promote and coordinate developments in these fields of management. As these areas have both industrial and societal implications, IJEV encourages the broadening and deepening of thought in these fields. Furthermore, IJEV has been established to be an effective channel of communication between researchers, managers and policy-makers, as well as others concerned with the complex and dynamic role of opportunity, growth and value creation in society. The international dimension is emphasized in acknowledgement of the growing globalization of business and management, and in order to overcome cultural and national barriers.</p> <p><b>Readership:</b> IJEV provides a vehicle to help academics, professionals, researchers and policy-makers, working in the field of innovation, entrepreneurship, strategy and business education, to create and disseminate quality knowledge. The journal also provides a forum to allow interested parties to learn from each other's work.</p> <p><b>Contents:</b> IJEV publishes original research: conceptual papers, empirical papers, review papers, case studies, book reviews and commentaries. Special issues devoted to important topics in entrepreneurship and related topics will be published occasionally.</p>
<p><b>The International Journal of Entrepreneurship and Innovation</b></p> <p><a href="https://journals.sagepub.com/home/iei">https://journals.sagepub.com/home/iei</a></p>	<p><b>Objectives:</b> A worldwide forum for the discussion of ideas and experience relating to the development and application of entrepreneurship.</p> <p><b>Contents:</b> What is entrepreneurship? Can it be taught? How do entrepreneurs balance their innovative talents with the need to manage their business and control its growth? How do large organizations encourage and empower entrepreneurial behaviour?</p> <p>The International Journal of Entrepreneurship and Innovation addresses these and many other questions, focusing on practical application – from becoming an entrepreneur, through making financial choices, through strategic planning, to internationalization and acquisition. As entrepreneurship also has a key role to play outside the private sector, the journal includes in its coverage entrepreneurial issues in non-profit public-sector organizations.</p>



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<p><b>International Entrepreneurship and Management Journal</b></p> <p><a href="http://www.springer.com/business+management/entrepreneurship/journal/11365">www.springer.com/business+management/entrepreneurship/journal/11365</a></p>	<p><b>Objectives:</b> IEMJ is dedicated to investigating entrepreneurship across a broad spectrum of organizations, from new ventures to family-owned businesses to large corporations. Manuscripts accepted for publication have important implications for business practice. Papers that focus on basic research, for example, often highlight the potential impact the authors' findings may have on business.</p> <p><b>Content:</b> A sample of journal topics includes entrepreneurship and its relation to management and strategy; interfaces between entrepreneurship and technological innovation; and the impact of public policy on entrepreneurial ventures.</p>
<p><b>Journal of Innovation and Entrepreneurship</b></p> <p><a href="https://innovation-entrepreneurship.springeropen.com">https://innovation-entrepreneurship.springeropen.com</a></p>	<p><b>Objectives:</b> The Journal of Innovation and Entrepreneurship is dedicated to exchanging the latest academic research and practical findings on all aspects of innovation and entrepreneurship in spatial context and over time.</p> <p>The central theme of the journal is to explore why some areas grow and others regions stagnate, and to measure the effects and implications in a transdisciplinary context that takes both historical evolution and geographical location into account. The journal addresses such issues as: How does technological advance occur, and what are the strategic processes and institutions involved? How are new businesses created? To what extent is intellectual property protected? Which cultural characteristics serve to promote or impede innovation? In what ways is wealth distributed or concentrated? These are among the key questions framing policy and strategic decision-making at firm, industry, national and regional levels.</p>





# Agripreneurship across Africa

## *Stories of inspiration*

This publication aims to inspire budding entrepreneurs in Africa to consider business opportunities in agriculture and agro-industry, broadly defined. It is intended to be a promotional tool, as a sort of call to arms, particularly for women and youth. It also aims to serve as an educational tool and knowledge product in business schools and entrepreneurship incubator programmes for case study-based learning on operating an agribusiness or agro-industry enterprise in Africa. The publication offers guidance to agripreneurs on how to overcome or avoid potential pitfalls and learn from the paths set out by the 12 agripreneurs, whose stories reflect real-life experiences of agribusiness development in Africa. It should be seen as a collection of resources on agripreneurship, focused on these four topical areas: scale, women, youth, and challenging environments, while providing guiding advice for agripreneurs and policy-makers.

In addition to educating entrepreneurs, it is important to highlight the fundamental role of policy-makers in shaping the enabling environment for agripreneurship. In this context, the publication aims to provide concrete policy recommendations on how to improve the enabling environment for agripreneurship, based on the advice of the 12 agripreneurs featured here. The aim is to guide policy-makers to improve these targeted areas, and inspire them to do so by providing accounts of successful agripreneurs who have built businesses with positive economic, social and environmental impacts on national development.

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