



THE TONY ELUMELU
FOUNDATION

Google.org

Impact Report - Accelerating Female Entrepreneurs in Africa



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Forward

Jumpstarting entrepreneurs
and economies through public-
private sector
collaboration

Tony Elumelu Foundation, with support from Google.org

Empowering young African entrepreneurs



Tony O. Elumelu

Founder, The Tony Elumelu Foundation

At the Tony Elumelu Foundation, collaborating with organisations that align with our vision for poverty alleviation, female and youth empowerment, entrepreneurship, and job creation across the continent, is fundamental for the sustainable development of Africa.



Dr. Awele V. Elumelu

Co-Founder, The Tony Elumelu Foundation

Building relationships across both public and private sectors is increasingly crucial to the development of entrepreneurship in Africa. At The Foundation, we take this role seriously and continue to work with like-minded organizations to accomplish this. It is our hope that through the support from Google and the findings presented below that policymakers will continue to see the need to support entrepreneurs while building an enabling environment for them to thrive.



Jacqueline Fuller

President, Google.Org

It's exciting to see the innovation, scalability, and impact that organizations like the Tony Elumelu Foundation can have through the power of public-private partnerships. Congratulations to everyone at the Foundation on these great results.

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Executive Summary

Google.org granted \$3 million to the Tony Elumelu Foundation, and embarked on its first Google.org Fellowship in Sub-Saharan Africa.

Since 2010, the Tony Elumelu Foundation (TEF) has helped empower African entrepreneurs from across the continent. To date, TEF has distributed more than \$85 million in grants for seed capital and supported more than 1.5 million entrepreneurs from all 54 African countries.

In 2021, Google.org granted \$3 million to the organization to support an additional 500 female entrepreneurs. To further support the effort, nine Google employees from Africa and Europe devoted six months of their time and expertise to TEF as part of the first Google.org Fellowship in Sub-Saharan Africa. Composed of engineers, user experience specialists, and business strategy managers, these

Google employees worked pro-bono to support TEF to build a new TEFConnect platform, equipped with new tools to help entrepreneurs access the resources they need to thrive.

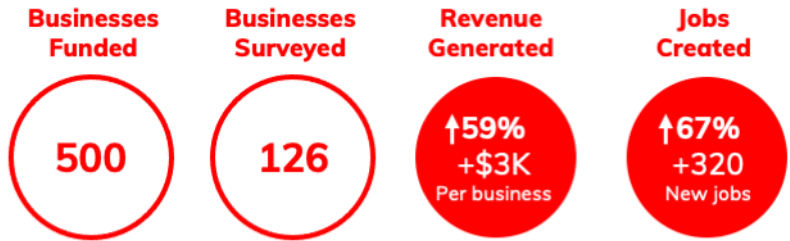
In May 2022, TEF surveyed the funding recipients with support from Google.org - female entrepreneurs spread across a number of countries and industries. The following paper shares findings from that survey and provides insight into the current state of the woman-owned businesses, six months post funding. While six months is not enough time to speak to long-term success, the data does demonstrate the ability of public and private sector funding to jumpstart economic activity.

Key Findings

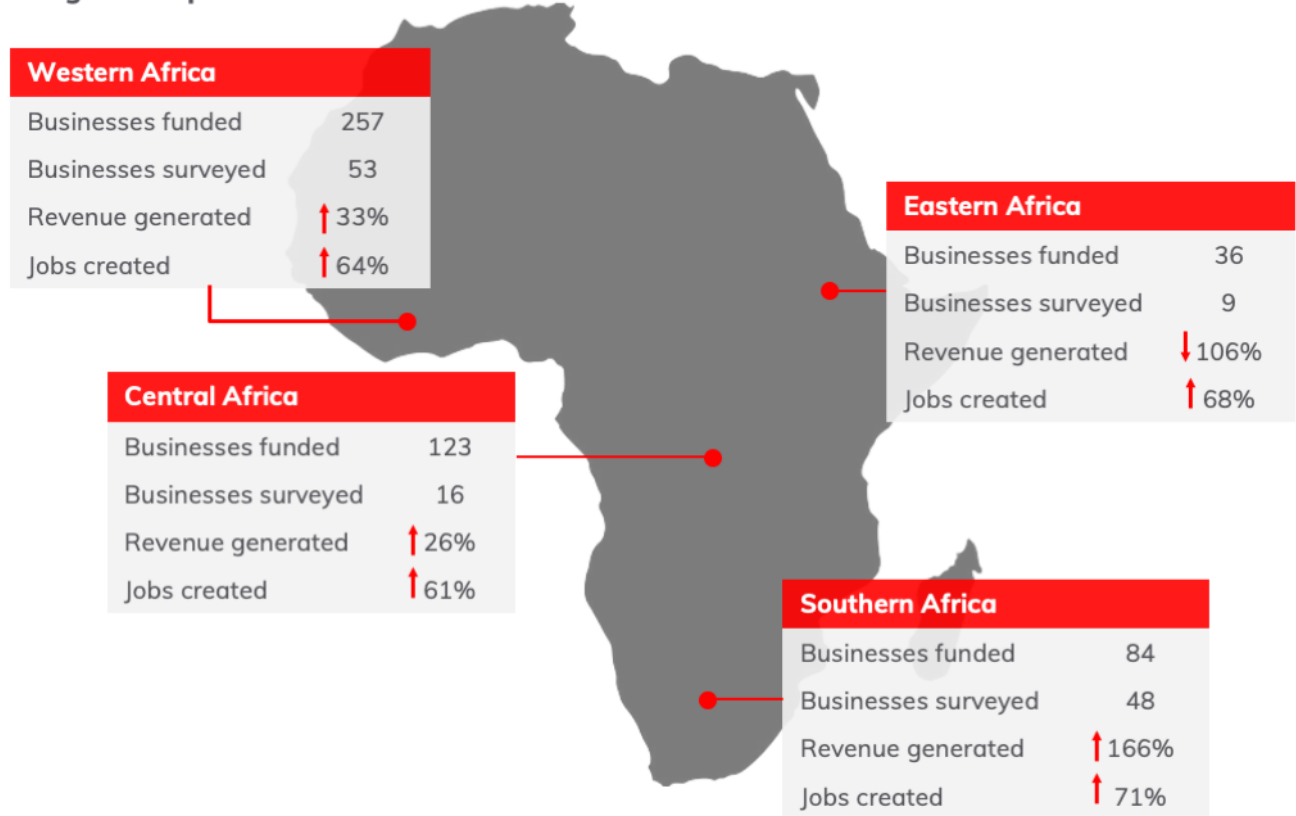
- Seed funding activates economies, but funding alone is not enough. Depending on the business type, specific interventions are needed.
- Funding has an especially strong impact in rural business communities, but rural businesses note that agricultural skills development is needed for the labour force.
- In a post-COVID world, urban businesses benefit most from digitisation support. Operating online businesses allows them to withstand macroeconomic shocks.

Impact Metrics

Total Impact 1H2022



Regional Impact 1H2022



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Activating Economies

The data shows that funding alone cannot activate businesses. It requires training and mentorship as well.



Business growth

Before funding, only 24% of the surveyed businesses were fully operational, with the rest being partially operational or not operational at all. With funding, many of these businesses were able to purchase equipment to increase production and expand their offices or base of operations. These were some of the most common themes for how the funding was used, but other common uses were marketing, purchasing supplies and hiring more personnel. The result is that 40% of the funded businesses are now fully operational which is a 16% increase prior to being funded.

With a closer look however, it is clear that the business growth seen was not due to funding alone. Many respondents noted that mentorship and access to training via the programme also had a beneficial impact on their business and enabled them to think more deeply about their business and management plans. The top 5 training modules most commonly rated as having the biggest impact on their businesses were:

- Developing a business model
- Marketing
- Business management fundamentals
- Financial management
- Networking

COVID resilience & the improved sustainability of funded businesses

In previous funding rounds, TEF saw that in the wake of COVID every week of lockdown and reduced economic activities had an exponential negative economic impact on newly funded

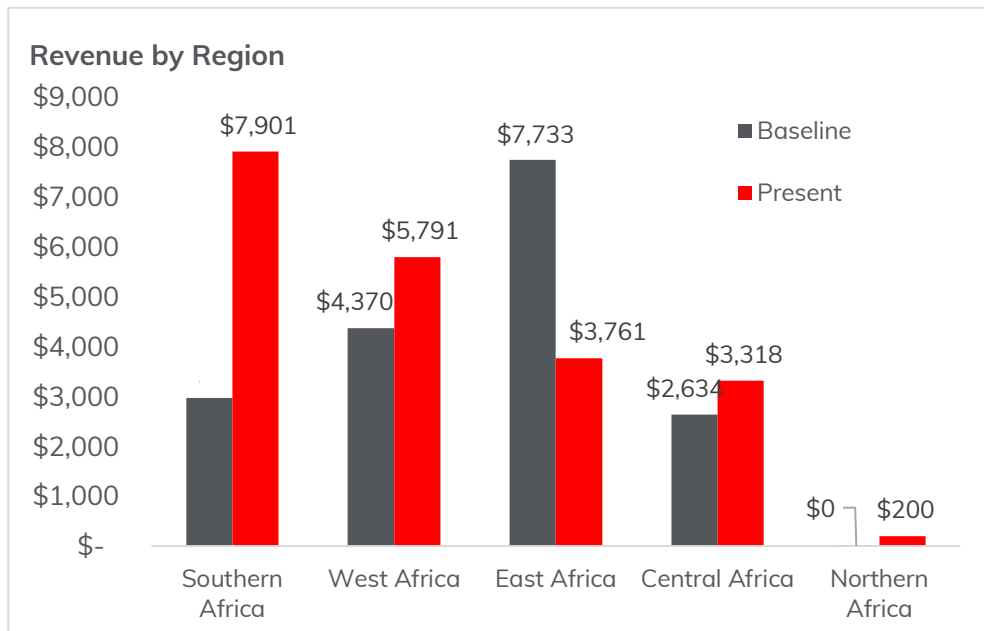
African businesses. However, this narrative has largely changed as the newly funded entrepreneurs on the most recent programme have devised various means of adapting their business models to the changing contexts. Some of the responses to the Covid 19 crisis include:

- Digital marketing of their products and services to a wider audience. Businesses have created an online presence through websites and social media engagements to provide services to their existing customers and advertise to potential customers and clients.
- Decrease in production and increase in prices, to meet the ever-increasing cost of raw materials that have had a direct impact on the cost of production, especially for start-ups who are just testing the market.
- Working with other businesses to order foreign goods in groups, diversification of suppliers, and sourcing for locally produced raw materials rather than importing them.
- Introducing deliveries of products to customers at their locations by engaging the growing logistics sector and leveraging online ordering solutions.

Although initially, COVID slowed things down in terms of businesses being able to harness the benefits of investments and interventions, this is now turning around and businesses are more sustainable in the wake of COVID and have developed practices to make them even more resilient against uncontrollable events in the future.

Revenue generation

↑ 59%
+\$XK per
business



Insights

1

Impact on revenue was highest in Southern Africa

Southern Africa had the highest concentration of IT companies, which was the highest grossing sector

2

Businesses in Eastern Africa reported a decrease in revenue

Early maturity and smaller business sizes in this region may have been driving factors

3

Regions high in agricultural entrepreneurship saw the highest growth

Highlighting the scalability of agricultural businesses

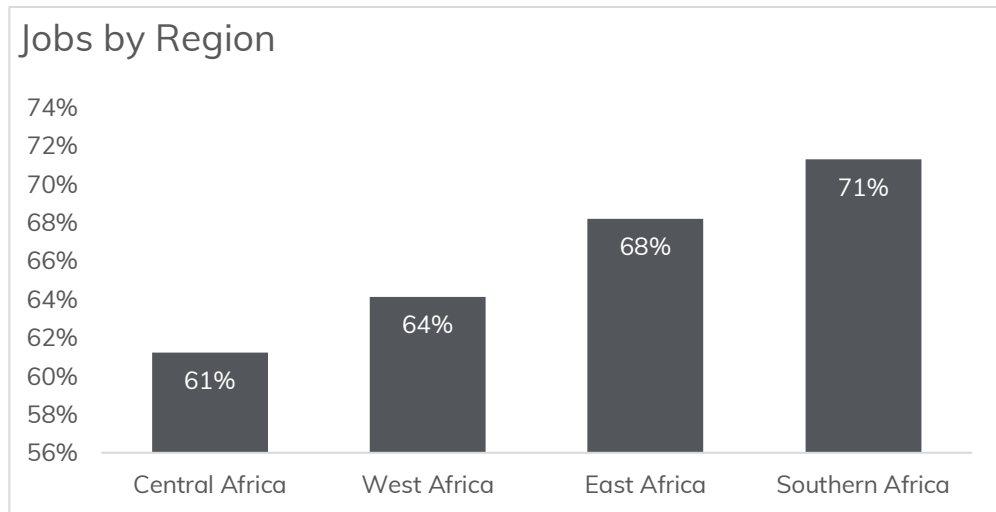
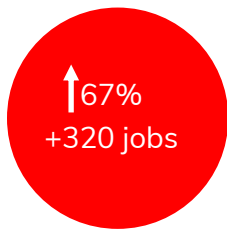
Impact on revenue was variable across regions, suggesting unique challenges between geographies. Whilst on average, revenue generation increased by 59%, the highest increase was seen in southern Africa, where revenues increased by 166%. Whereas in East Africa, revenue was not a marker of success for the business funded in this region during this period.

One explanation is that the distributions of business sectors across regions played a role in this variability. The presence of Information Technology companies in the southern African region is likely to have boosted revenue, since IT companies had reported the highest increase in average revenue overall, with all of them located in the southern African region.

Gathering more data would help to fully understand the decrease in revenue seen in east African businesses post funding. [One analysis](#) of the Kenyan startup ecosystem suggests that in addition to financial investment and skills development, other factors including government support, public sector engagement and strengthening the wider ecosystem that supports entrepreneurs, are key areas that could further boost the performance of startup ventures (in Kenya specifically). The eastern Region's low revenue could also be attributed to the size and maturity of the businesses located in the region. The majority of the businesses in this region reported to be partially in operation.

We also see that regions with high concentrations of agricultural businesses (southern, western and central) had the highest increases in revenue. This highlights the scalability of agricultural businesses, which we discuss further in this report.

Job creation



Insights

- 1
58% of new hires were women
 Investing in women entrepreneurs has a multiplier effect on gender representation

- 2
80% of new recruits were youth
 Women entrepreneurs are likely to provide opportunities for the next generation

As well as business growth, the newly funded women entrepreneurs are having wider social and economic impact in their communities, across all regions, through the creation of jobs. Their businesses created 320 jobs in the 6 months since funding - a 67% increase since before funding. 58% of these recruits were women and 80% were youth.

There is a multiplier effect of investing in women entrepreneurs, both in terms of contributing to a balance of gender representation in the job market and by providing opportunities for the next generation. Women are also more likely to invest, save while not defaulting on loan payments. 26% of women¹ in sub-Saharan Africa make up for entrepreneurs on the continent and account for the largest percentage of women entrepreneurs in the world.

¹ Harvard University, Center for African Studies [Women and the Changing Face of Entrepreneurship in Africa Conference](#), Harvard University, October 1-2, 2020



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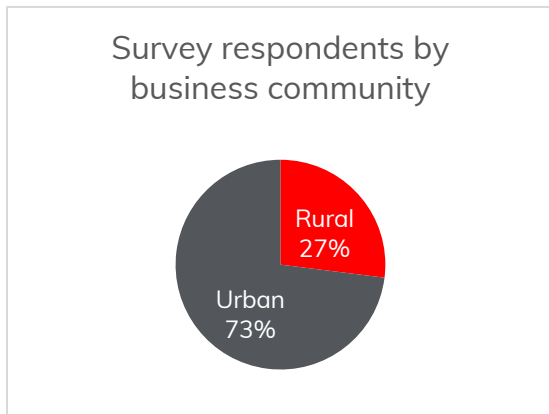
Rural
Impact

Exponential impact in rural
communities...

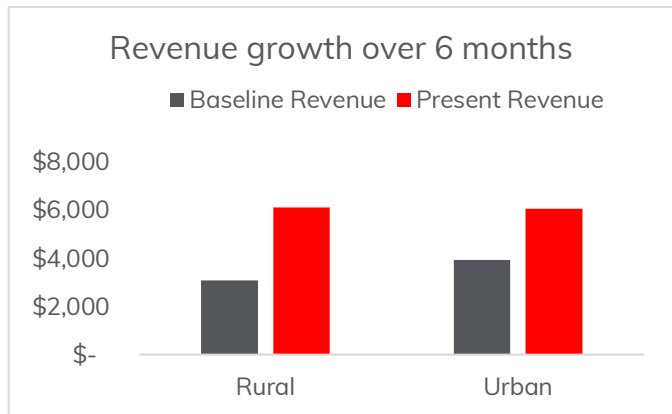
The majority of the respondents operate in Urban areas representing 73%, with over 60% of them operating in the center of cities. While respondents operating in the Rural areas represent only 27% of the sample, we can see distinct trends across the different segments.

Businesses that comprise the Rural bucket include agricultural businesses such as Agri-processing, farming and farming-related commercial activities, and any business activity that involves getting agricultural goods to the market.

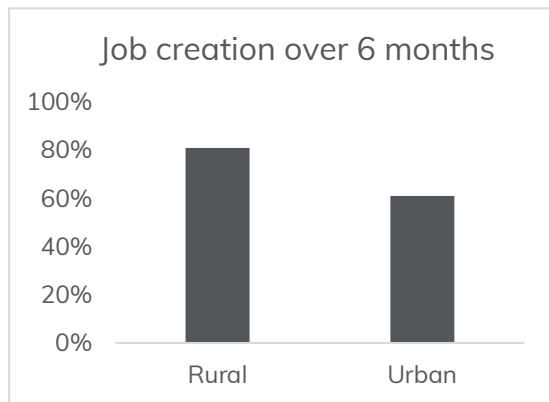
Business Community



Revenue Growth



Job Creation



Revenue growth for Rural businesses

Urban businesses saw a revenue increase of 53% in the six months after receiving funding; Rural businesses experienced a 98% spike in revenue. This is one indicator of the scalability of Agriculture businesses; seed funding goes a long way for Rural entrepreneurs. It goes towards the seed or livestock, but also towards machinery supply and labour.

Challenge - It's important to note that 81% of Agricultural businesses are far away from the nearest city. Thus, while these businesses were faring well, most entrepreneurs cited how distance from major cities - and ultimately economic centers - negatively impacts their business. Inadequate access to transportation to move their products to cities impacts their ability to scale their businesses even further.

Job creation in Rural communities

Findings from the current enterprise survey reflected that businesses located in urban areas created jobs (61% increase from the baseline). Businesses in the rural areas created **84 jobs** (81% increase from the baseline). This speaks to the ability for the intervention to have more near-term impact in rural communities - especially when it comes to job creation.

Agricultural entrepreneurs opined to challenges with finding skilled labour within the rural communities. Anecdotally, they shared that skilled workers often prefer to find work in urban areas; rural based end up choosing jobs outside of the Agricultural sector. These businesses would benefit greatly from more workforce development programs.



5

Needed
Interventions

Unique challenges require
different interventions...

Based on findings, there are additional interventions that should be employed to improve outcomes for African entrepreneurs. Generally, entrepreneurs could benefit from upskilling for the labour force, digitisation of their businesses, and more opportunities for networking. Depending on whether these are rural or urban businesses, interventions **should** align to the business context. Ultimately there is a role for all sectors to play in supporting these interventions.

Specialized skills development

Rural entrepreneurs rely on a skilled labour force. There is an opportunity for the public sector to support agriculture & farming skills development at scale in rural communities. Without it, entrepreneurs are forced to rely on largely unskilled labour.

Digitisation and e-commerce

For Urban entrepreneurs, business needs are centered around digitisation. More often than not, urban entrepreneurs have businesses that can - and should - be brought online. Post-pandemic, entrepreneurs see the benefits of operating an online business that can more readily adapt to external shocks. Local customers can access businesses more easily; it also opens up these businesses to a wider customer base.

Networking opportunities

Urban entrepreneurs also benefit from extensive business networks. Their networks allow them to connect and learn from likeminded entrepreneurs and their business challenges; networks also lend themselves to partnerships and other business opportunities.

This is not the first time we have seen interventions have a positive impact on jobs and business growth across the continent. Through our work in the past with TEF's beneficiaries, we can expect continued success for these entrepreneurs ([TEF, Impact Overview](#)).

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Policy Recommendations

Policy makers need to get involved...

While African entrepreneurs continuously make strides towards building and developing the SME ecosystem, there are still many issues and challenges that need to be addressed with specific policy recommendations and implementation. The experiences of TEF Alumni in the TEF programme also validate the need for policy action across the continent, notably in the following areas -

Policy Recommendation #1: Creating an inclusive approach to tax law formulation and amendment

Emerging entrepreneurs and existing businesses would benefit from the creation of inclusive methods of taxation which take into account the peculiarities of different business sectors and stages of growth. Some businesses with more capacity to generate new jobs and stimulate improved living standards require a taxation structure that allows them a suitable environment to sustain their businesses and retain jobs. Similarly, some sectors, like the ICT sector - with not just the capacity to generate revenue on their own but also create solutions that would improve other businesses to increase productivity and generate revenue, can also do better with tax structures that ensure the needed ecosystem for sustained support. As entrepreneurs continue to find creative ways to reduce the burdens of the cost of doing business, policymakers are also encouraged to create new and innovative mechanisms that not just address tax difficulties but also address overhead costs of operation for SMEs.

A good example is the just approved [Nigeria Startup Bill](#) which is a collaborative effort between the Office of the President, the Federal Ministry of Communications and Digital Economy, the Nigerian Export and Promotion Council, and other government bodies in Nigeria.

Policy Recommendation #2: An increased effort at country levels to deepen economic integration locally and regionally.

Africa has one of the largest emerging markets in the world, with almost 1.3 billion people. A deepened economic integration across Africa will expand market access for goods and services and hugely impact on the rapid growth of new businesses.

Entrepreneurs in Africa are yet to benefit from the [African continental free trade area](#) brokered by the African Union (AU), signed by 44 of its 55 member states on March 21, 2018. As evidenced by our findings, the movement of goods and services inter and intra-regionally remains a huge challenge. As SMEs continue to focus their business efforts on key sectors such as agriculture (the largest employer of Africans), policy change and implementation needs to happen within the agriculture space across the value chain especially as it affects ease of doing business on the continent. By ensuring agro-entrepreneurs are equipped to trade across the continent, this could potentially have a multiplier effect on other key sectors.

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Efforts need to be made by African leaders and policymakers at country levels to conclude negotiations on many issues needed to be resolved and ensure the agreement is fully functional in 2022.

Policy Recommendation 3: Improved logistics and supply chain management

A major challenge stopping entrepreneurs from scaling across the continent is the lack of proper logistics channels and even when they exist, issues such as irregular standards across countries, high costs of transportation, bad road networks and

poor clearing at customs make it such that entrepreneurs struggle to expand into new markets and spread their reach. On average African countries rank between 1.77 and 3.43 out of 5 on the [Logistics Performance Index](#) which measures the ease, speed and simplicity of moving goods and services across the continent.

As found from our work supporting entrepreneurs over the years, it is increasingly important that government agencies and policy makers continue to focus on regional integration to ensure accessibility and access to markets becomes a reality.



Appendix

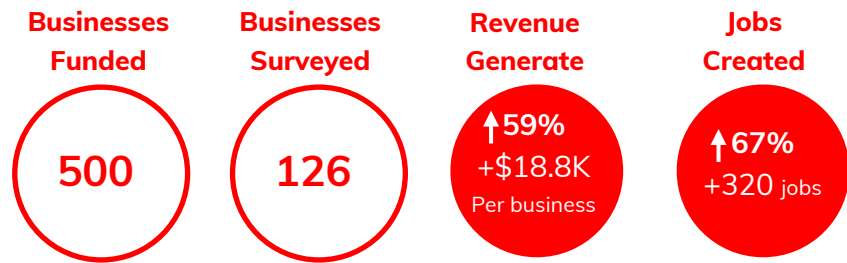
Survey sample & methodology

In **June 2021**, Google.org granted \$3 million to the Tony Elumelu Foundation to sponsor 500 female entrepreneurs across Sub-Saharan Africa. Each business was granted \$5000 to use at their discretion to fund their businesses. In May 2022, TEF and Google.org conducted a survey of those female entrepreneurs, to better understand how their businesses were fairing, six months after receiving funding. Responses were collected and cleaned, resulting in a total of 126 valid responses. Focus groups were also conducted to better understand the entrepreneurs' business successes and challenges.



Data

Impact Across Africa 1H2022



By Region

Western Africa	257	53	↑33%	64%
Southern Africa	84	48	↑66%	71%
Central Africa	123	16	↑26%	61%
Eastern Africa	36	9	↓106%	68%

By Business Community

Urban	409	91	↑98%	61%
Rural	91	34	↑53%	81%

By Industry

Agriculture	153	52	↑35%	104
Food & beverage	71	48	↑71%	20
Info Communications & Technology	16	16	↑2934%	7
Fashion & Textile	56	9	↓-59%	36
Other	204	1	↑71%	153

About

The Tony Elumelu Foundation

Launched in 2010, the Tony Elumelu Foundation is Africa's leading champion of entrepreneurship. In 2015, TEF Founder, Mr. Tony O. Elumelu (CON) and his family made a \$100million commitment to implement an Entrepreneurship Programme designed to empower 10,000 African entrepreneurs over 10 years through, training, mentorship, funding, and access to market linkages. The goal was to stimulate sustainable economic growth through these African entrepreneurs, who in turn will create at least 1million jobs and generate over \$10billion in revenue. The Foundation's flagship Entrepreneurship Programme is inspired by My. Tony Elumelu's inclusive economic philosophy of Africapitalism, which is predicated on the belief that Africa's social and economic potential can only be unlocked through collaboration between the public and private sectors, to create a sustainable and thriving environment where African entrepreneurs can access the critical elements of support in the early stages of their businesses.

Google.Org

Google.org, Google's philanthropy, brings the best of Google to help solve some of humanity's biggest challenges combining funding, innovation, and technical expertise to support underserved communities and provide opportunity for everyone. We engage nonprofits and social enterprises who make a significant impact on the communities they represent, and whose work has the potential to produce meaningful change. We want a better world, faster — and we believe in leveraging technology and applying scalable data-driven innovation to move the needle.