Connect Africa hosts webinar on how Francophone Africa startups can scale to the next level

Connect Africa, the premier business platform for Africa based in Singapore, hosted an insightful webinar on Thursday, 07 July 2022 that took a deep dive into how startups from Francophone Africa can scale to the next level with access to relevant funding and business development opportunities. The session was covered by the pan-African news forum Platform Africa as the main media partner for the event.

The webinar was moderated by Omar Dia, Committee Member at Connect Africa, and featured expert speakers such as Marième Diop, Investment Manager at Orange Digital Ventures Africa, the funding arm of Orange, and Blaise B. Bayuo, an angel investor and serial tech entrepreneur currently serving as the CEO at Ghanaian FinTech startup Sesacash as well as the Policy Lead at the Tony Blair Institute.

The session started with Marième and Blaise introducing themselves with focus on their entrenched backgrounds in the entrepreneurial ecosystem in the continent. Marième mentioned that she built up and is co-heading Orange Digital Ventures which invests in a slew of successful tech startups – one of the best known being the South African FinTech firm Yoco.

For his part, Blaise noted that he has been working in the tech startup space since 2008 and he sold his first company in 2018. Currently, he works on blockchain projects and is associated with the Tony Blair Institute where he co-authored a report last year on how to supercharge the tech ecosystem in Africa.

Main differences in the startup ecosystems of Francophone and Anglophone Africa

In response to Omar's query on the key differences between Francophone and Anglophone African startups, Marième noted that upto 2020, Francophone Africa was really lagging the continent's four Anglophone tech powerhouses of Nigeria, Kenya, South Africa, and Egypt. Now, driven by Senegal, the region is narrowing the gap. Also, while it cannot be denied that Francophone Africa is fragmented and spread across several small economies but taken as a whole, the region has a population of 200 mn (the size of Nigeria) and presents tremendous economic potential. Moreover, certain blocs within Francophone Africa such as the WAEMU (West African Economic and Monetary Union) have a single currency. "*In the last few years, Francophone Africa has emerged as an amazing alternative to the four tech hubs of Nigeria, Kenya, South Africa, and Egypt, which are overcrowded and where companies are overvalued*," averred Marième. She cautioned though that some challenges persist, such as higher cost of doing business in Francophone Africa and lack of an angel investment culture, barring which one can reasonably hope that it becomes the leading startup ecosystem if not one of the top three in the continent.

For his part, Blaise noted that Anglophone Africa is set apart by the fact that the startup founders are actively involved in setting up a supportive ecosystem. Thus, dynamism and networking are key features that set Anglophone Africa apart from its Francophone counterpart. He stressed though that there is much activity happening in the startup space in Francophone Africa as well, and one only needs to look towards Dakar to see how much untapped potential there is in the region. However, he rued that language continues to be a barrier in crucial areas such as tech training and development for instance, where modules might not be available in French, leading to a lack of tech talent at par with Anglophone counterparts. He ended on the note that seed stage funding is also less accessible in Francophone Africa, and there is a pressing need for angel investor networks such as AfriLabs and incubators such as Y Combinators that are otherwise pan-African but only sparsely present in Francophone Africa.

Are investors reluctant to go into Francophone Africa?

To this query by Omar, Marième categorically stated that investors are no longer reluctant to put their money into Francophone Africa and it is high up in their investment thesis. The reason being that, while in the past, language did act as a key barrier, that is no longer the case today. What has really changed the game is the return of the diaspora in the post pandemic context. The returning diaspora constitutes a talent pool that is pushing local founders to raise the bar. "*Since Wave happened, people have realised that Francophone Africa can also be home to Anglophone innovation. Senegal is still slower than Nigeria, Kenya, South Africa, and Egypt, but things are changing. At Francophone Africa level, we have many more founders raising money than ever before.*"

Blaise expressed the belief that investors are reluctant to put their money into Francophone Africa as initially, there wasn't enough visibility and awareness on opportunities in the region. "*We need policy developments to join founders to early-stage funds that can allow them to experiment and innovate. We need to connect them to funds of funds to provide financing support. Such startups also need partners like the African Development Bank, and other DFIs, as well as state funding for seed capital. All in all, we need to get more actors, more funds, and more support*," concluded Blaise.

What are the policy incentives being put in place in Francophone Africa for startups?

Marième noted that such incentives are not regionwide per se, but '*it is really country by country*.' In Senegal, for instance, there are special economic zones that can benefit tech startups as well. All in all, she indicated that Senegal, Tunisia, and Morocco are the most advanced when it comes to setting up systems to ease the onboarding of foreign investors.

Blaise elaborated that Tunisia and Senegal were pioneers when it came to setting up startup acts. Nigeria is going to set up a startup act while Ghana is also looking at a startup act. "*We don't have a system solely for tech startups but the provisions under these startup acts apply across the startup ecosystem. Most investors are looking for incentives to invest and these are targeted at startups,"* he concluded.

What are some practical steps for startups looking to scale globally?

Blaise emphasised that startups must develop and leverage key partnerships, especially partner payment gateways; plug into big tech startup support; use investors outside the country to leverage their network of portfolio companies to expand into these countries; and, where possible, find a relevant incubator and join them.

For her part, Marième mentioned that corporate VCs can also help by bringing their networks to the support of startups, in addition to placing funds at their disposal. For instance, she mentioned that Orange Digital Ventures had invested in Yoco, as a FinTech enabling small businesses in South Africa to accept card payments. Now, they are expanding into Egypt. How Yoco is doing it is by building a strong infrastructure and developing a new product suite to adapt to new markets where mobile money wallets may be more prevalent than card payments for instance.

Are entrepreneurs in Francophone Africa more likely to give up in the face of adversity?

Blaise noted that entrepreneurship is like a roller coaster ride and challenges faced by each entrepreneur are different. Having said that, he noted that he researched with other peers and they found out that Senegal, for instance, has a 70% chance of starting a business compared to key hubs in Anglophone Africa. "*If you are in an ecosystem that is supportive, you are less likely to give up. By developing an ecosystem and a culture conducive to startups, we will create an equal footing for startups in Francophone and Anglophone Africa*," emphasised Blaise.

Marième underlined that the question itself is controversial, but then went on to explain why she feels strongly that an entrepreneurial attitude is embedded in Francophone Africa too. "*I feel two things are needed to survive – your DNA and the support system. Francophone Africa founders need access to survival capital. By this I mean investors who will support them in sourcing commercial partnerships, help them in identifying key suppliers and introducing them to the right networks,*" she stressed.

What are some specific success factors for startups in the region?

For her part, Marième emphasised that she likes to back founders who are visionaries and go getters. On the flip side, she noted that a red flag for her is solo founders. Entrepreneurship is a lonely journey, she stressed, and she prefers to back a founding team rather than a single founder. Experience is key too, she emphasised, noting that she would rather back founders who have previously failed or succeeded – but in either case, having a track record is important. One of the co-founders of Djamo for instance was an entrepreneur who had successfully exited a business in Latin America prior to arriving in Ivory Coast to establish his second firm – and that was a key reason for Orange Digital Ventures to go ahead and invest in the Francophone startup.

Blaise added that startups in Francophone Africa should learn to work together. He rued that the entrepreneurs in the region are not helping each other and that sharing learnings is key as exemplified by success stories in other key tech startup ecosystems such as those in US and Canada. He expressed a desire to see more regional integration and stressed that the differences between Francophone and Anglophone African startups should not exist. Early-stage patient capital and government interest are both needed in equal measure for the space to flourish, he highlighted, noting that the business of startups should not be about tackling legal issues but rather they should be able to focus all their energies on rolling out the right products.

Finally, he concluded on the note that the champions from Francophone Africa should lead the way with encouraging younger founders by sharing lessons – and support them by injecting capital into the startup ecosystem to resolve the more pressing issue of lack of access to funding.

To hear the experts for yourself, click here.

-- **ENDS** --

About Connect Africa:

Connect Africa is a not for profit, Africa-focused business networking community, whose aim is to connect and leverage African skills and knowledge in Southeast Asia and Africa, to raise the profile of Africa as a Continent of investment opportunities. By connecting such skills and knowledge, the aim of Connect Africa is to develop into a “deal” platform linking human and monetary capital looking to capitalise on trade and investment opportunities in Africa.

Further information on Connect Africa, including how to become a member, is available on our website: www.connectafrica.com.sg.

Follow us on LinkedIn at: https://www.linkedin.com/company/connect-africa-south-east-asia/

About Platform Africa:

Set up by representatives of the business, legal and media communities in Mauritius in 2016, Platform Africa focuses on providing first hand news and views from those who are already doing business in

Africa in the areas of finance and the economy, sustainability, leadership, innovation, health, lifestyle, culture and entertainment. Towards this end, Platform Africa acts as a media partner for high level events regarding Mauritius and Africa and targets an audience of business leaders, investors, entrepreneurs, government representatives and international institutions across the continent.

Further information on Platform Africa is available on our website: www.platformafrica.com.

Follow us on LinkedIn at: https://www.linkedin.com/company/platform-africa/

For more information on Connect Africa, please contact:

Name: Brendon Jones

Email ID: admin@connectafrica.com.sg

Mobile: (65) 8 428 6614