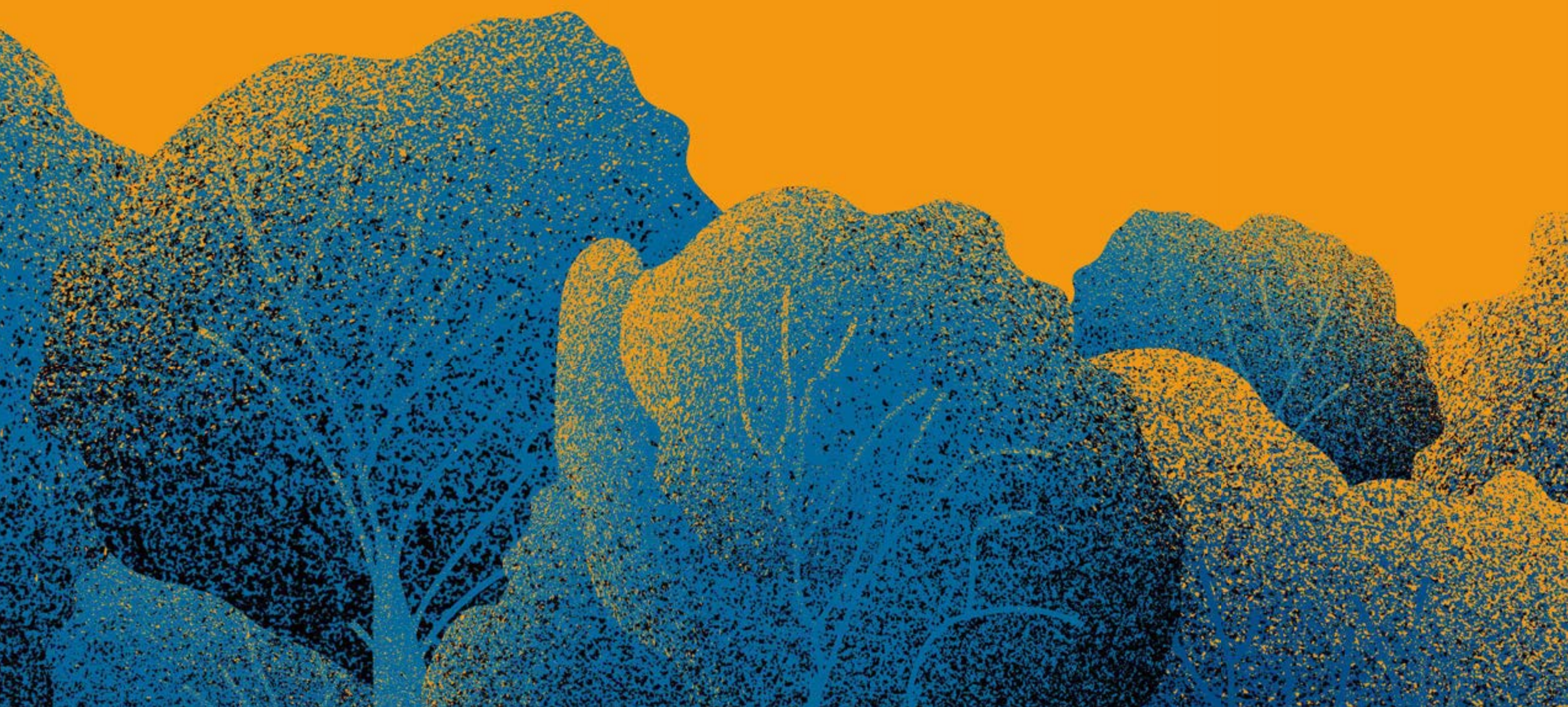
3 ENTREPRENEURSHIP AND STRUCTURAL TRANSFORMATION



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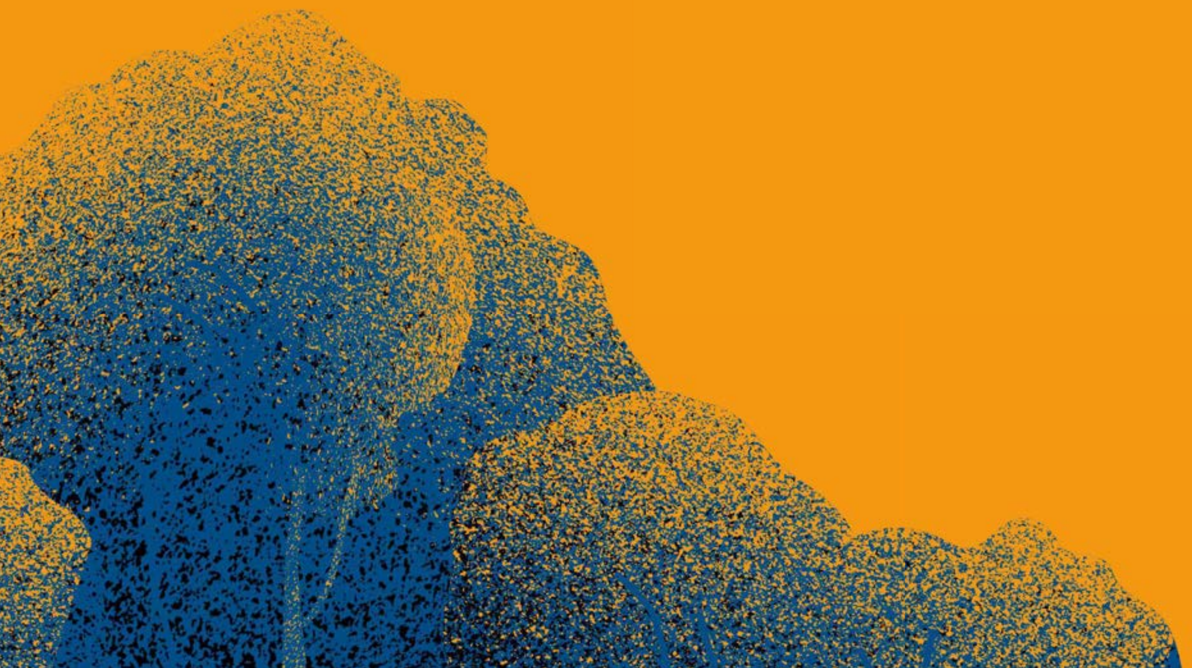

Making entrepreneurship work for Africa's youth

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By 2030, over 40% of the global youth population will be African and by 2050, the number of African youths is expected to reach 830 million. This growth trend is exciting, given the potential for young people in the workforce to unleash a demographic dividend that positively transforms millions of lives.

Unfortunately, Africa's youth bulge may not drive the economic growth and wealth creation that is expected because more than 1 in 4 young people in Africa's economies are not in employment, education, or training (NEET).[1] The African Development Bank estimates that each year, up to 12 million youths in Africa enter a workforce that has only 3.1 million jobs available and consequently, 1.7 million new jobs need to be created each month to meet employment needs.

Entrepreneurship for job creation

Africa boasts the world's highest rates of entrepreneurship, with more than 1 in 5 working-age Africans starting a new business and more than three-quarters of the youth planning to start one within five years.

The lack of productive, formal employment is increasingly pushing Africa's youth to start their own businesses as entrepreneurs. Africa boasts the world's highest rates of entrepreneurship, with more than 1 in 5 working-age Africans starting a new business and more than three-quarters of the youth planning to start one within five years.[2]

The challenge is that this entrepreneurship is mainly self-employment in the informal sector, what the International Labour Organization classifies as "vulnerable employment." Ninety-five percent of Africa's working youth fall into this category,[3] compared to less than 50% in the Americas, Europe, and Asia. Vulnerable employment is reflected in low productivity, low earnings, and difficult working conditions.

Whether in the informal or formal sector, entrepreneurship in Africa is often plagued with problems including but not limited to:

1. Lack of access to appropriate funding instruments required to start, maintain, and grow a business.
2. High cost of operations due to inadequate infrastructure.
3. Poor macroeconomic conditions.
4. Government policies unsupportive to business.

1 ILOSTAT. 2023. African youth face pressing challenges in the transition from school to work.

2 Ichikowitz Family Foundation. 2022. Africa Youth Survey.

3 ILO. 2018. Women and Men in the Informal Economy: A Statistical Picture, 3rd Edition. International Labour Organization.

Coupling these issues with low levels of economic growth and poor social protection schemes, African economies are expected to experience even more youth employment challenges in the future.

As an entrepreneur, I have directly experienced most of these hurdles. In 2016, I launched Nuli Foods, a medium-sized agribusiness that manufactures nutritious beverages with locally grown fruits and vegetables. Nuli has contributed to Nigeria's economic landscape by creating jobs for youth, reducing post-harvest losses, creating steady incomes for smallholder farmers, and giving Nigerians access to better nutrition. However, building this business has come with significant challenges, including difficulties securing financing from banks and public institutions, high operating costs, crippling inflation rates, and instability in government policies.

Despite the myriad challenges facing anyone trying to build a business in Africa, African youth continue to have a strong entrepreneurial spirit, leading to entrepreneurship being considered as the solution to Africa's job malaise. This is partly fueled by the increasing influence of digital technologies that provide new opportunities for innovation across sectors. Consequently, over the last decade, billions of dollars have been committed to developing Africa's entrepreneurs. However, most public and donor-funded youth projects are failing to adequately provide the systemic support Africa's young entrepreneurs need. For example, a recent Voxdev report states that approximately USD $1 billion is spent yearly on entrepreneurship training in developing countries.[4] The report also notes that the returns from these investments are not yielding economic and social impacts.

Rethinking entrepreneur-led job creation in Africa

We must begin to reconsider the models of entrepreneurship support that exist in Africa to ensure that young people are not being blinded by a false narrative of future wealth and stability. Academic institutions, governments, donors, and capital providers should be more intentional about promoting a more enabling environment for entrepreneurship to thrive with the intention of creating jobs on a massive scale in Africa.

Micro, small, and medium enterprises (SMEs) account for 80% to 90% of jobs on the continent, making them significant contributors to socio-economic development.

To achieve this, an approach to consider is providing focused support to "SME Eagles."

Micro, small, and medium enterprises (SMEs) account for 80% to 90% of jobs on the continent, making them significant contributors to socio-economic development. Among these are enterprises that have demonstrated remarkable resilience because they have perfected their business models, created strong operational structures, grown revenues, and expanded their businesses, despite being faced with the Africa-specific challenges outlined above. These businesses can be referred to as SME Eagles.

4 Voxdev Literature. September 2023. Training Entrepreneurs Issue 3.

SME Eagles have the capacity to provide stable, wage employment for millions of young people, serving as anchors that create and sustain jobs. An example is a 150-tons-per-day milk processing factory in northern Nigeria, owned by a 30 year old entrepreneur. To meet the needs of the factory, this entrepreneur developed an effective "outgrower" model with milk collection centers where rural pastoralists, the majority of whom are youths and women, deposit their milk daily in return for an income. Today, 18,000 farmers are part of this SME Eagle's network, after only one year of operation. That's 18,000 new, stable jobs, with the potential for thousands more as the factory expands production.

Wage employment also emerges when new firms are created. Because SME Eagles are tried, tested, and led by experienced entrepreneurs in a proven market, replicating their businesses de-risks failure for new entrepreneurs. Socially innovative franchising programs that match youth with these businesses, particularly in sectors that have the highest potential for impact, can be explored. They get the benefit of leap-frogging the trial and error stages of entrepreneurship, because SME Eagles will share their processes and business models with them, as well as the comfort of establishing an already proven business that has existing market demand. Furthermore, these youths will also get essential leadership training, mentorship, and business structure support.

Catalyzing entrepreneur-led job creation with SME Eagles will require providing affordable capital through blended finance mechanisms. For example, grants and other concessional funds, credit guarantees, interest rebates, and other tailor-made financing solutions could be made available for the acquisition of the franchise operations of an SME Eagle, or the establishment of SME Eagle entrepreneurial linkage programs.

Ultimately, for entrepreneurship to live up to its expectations for job-creation, SME Eagles must be enabled to thrive. Focusing government, donor, and private sector financial and policy support on SME Eagles mitigates the high risk of entrepreneurship failures. By providing the supporting business policies and institutional support, effective government regulations and incentives, workforce training subsidies, and affordable financing to these already de-risked, high impact, high productivity local SMEs, a more resilient form of entrepreneurship will emerge, driving stable job creation and inclusive economic growth for Africa's youth.

Realizing Africa's demographic dividend: A call to action

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Africa stands at a crossroads, facing both unprecedented opportunity and daunting challenges on the path to realizing its demographic dividend. With a youthful population that could potentially fuel a transformative wave of economic growth and development, the continent is poised for significant progress. However, several formidable hurdles stand in its way. Among these challenges, the role of medium, small, and micro enterprises (MSMEs) emerges as a critical factor, with limited access to finance and loans, stringent collateral requirements, and a lack of capacity-building opportunities posing significant barriers to the growth of these businesses. Furthermore, the broader issue of financial inclusion amplifies these challenges. In addressing these multifaceted problems, Africa must overcome these hurdles to harness the promise of its youthful population, ultimately turning demographic potential into lasting socio-economic progress.

In line with our mission to set standards for sustainable business practices, Access Bank has been intentional about providing innovative solutions for the markets and communities we serve, bridging the gaps in access to finance and capacity building for entrepreneurs. Our lending proposition provides affordable financing with flexible collateral options for MSMEs. Currently, we have a bouquet of over 20 loan offerings targeted at different sectors.

We, however, find that access to knowledge and market remain two major reasons MSMEs in Africa are unable to access finance.[5] This is because MSMEs are typically informal, unregistered, do not keep financial records, lack succession planning, and have sales restricted to single locations.

To bridge these gaps, we strive to go beyond banking, providing access to trainings, advisory services, networking, and discount offerings to broaden the knowledge of MSMEs. In doing this, we aim to help these businesses improve their basic practices and ultimately help them boost their profitability.

Through the AccesSMEZone—our online, real time Learning Management Platform—which is the first of its kind in the Nigerian banking industry, MSMEs can access free courses on various business topics. Our capacity building programs have impacted over 200,000 MSMEs within the last five years, with over 25,000 trained.

Over the years, we have supported Africa's economic growth by helping more than 20,000 enterprises grow and create more jobs, by accessing over $232 million in financing. About one-third of the beneficiaries of this lending methodology are women-led/owned MSMEs who have accessed finance through our W-Power Loan for women—discounted financing priced significantly below market lending rates.

5 UNDESA. 2021. PDF-SDG-2021-01. "Strengthening national capacities for enhancing MSME resilience and building forward better to accelerate the implementation of the 2030 Agenda in developing countries participating in the Belt and Road Initiative." https://www.un.org/en/unpdf/sdg-2021-01.

Why is this important?

Put simply, Africa has the highest proportion of women entrepreneurs in the world, with OECD research revealing that more than a quarter of all businesses on the continent are in the process of starting or managing a business.[6] In the same vein, this means, our female entrepreneurs have a great potential to contribute to the growth of the continent's economy, if maximized. It is with this vision that we established the "W" Initiative, to provide women with capacity building, mentoring programs, and maternal health services.

With a presence in 13 African countries, the Access Bank "W" Initiative has been able to make an indelible mark across the continent, impacting over 3,145,310 women.[7]

Despite the evident strides that the Bank and other like-minded institutions have made to bridge the financing and inclusion gap, there remains a disconnect between financiers and the underserved populace.

The key issues? Accessibility, simplicity, and trust.

While concerns around accessibility are being addressed through agency banking and other mobile and internet banking options like USSD, simplicity and trust are still a work in progress. To address the issue of simplicity, Access Bank developed the Access Money Wallet and Access Wallet products. Through these offerings, a customer's mobile number can serve as a prepaid store of value while they are also empowered to create unique bank account numbers. Over 11.9 million accounts have been opened under this initiative in the last three years. Also, through the "Access Closa" agent banking product, we have been able to cascade the positives of being part of the formal banking sector to millions of Africans. Approximately three million accounts have been opened since this initiative's inception. To widely address the issue of trust, however, more proactive financial literacy programs and community outreach initiatives need to be implemented to demystify banking processes, build awareness, and establish trust.

As we deepen our implementation of these initiatives, we continue to learn valuable lessons along the way. One of these lessons is that to fully realize Africa's demographic dividend, a comprehensive set of policies and strategies must be implemented.

First, governments must prioritize investments in tangible education and skill development for youths, entrepreneurs, and women, ensuring that high-quality education is accessible to all—particularly girls and marginalized communities. Gender equality should be promoted through policies that empower women and girls, including initiatives that combat gender-based violence; ensure equal access to education and economic opportunities; as well as promote maternal and child health,

6 Anzetse Were. 4 October 2022. OECD Development Matters. "How women stabilize and grow economies in Africa."

7 Access Bank. 2022 Annual Report and Accounts. "Building Bridges; Connecting the Future." https://www.accessbank-plc.com/annual-report/AccessBank_2022_Annual_Report.pdf.

We must remember, Africa's demographic dividend is not guaranteed. The window of opportunity is narrowing, and the time to act is now!

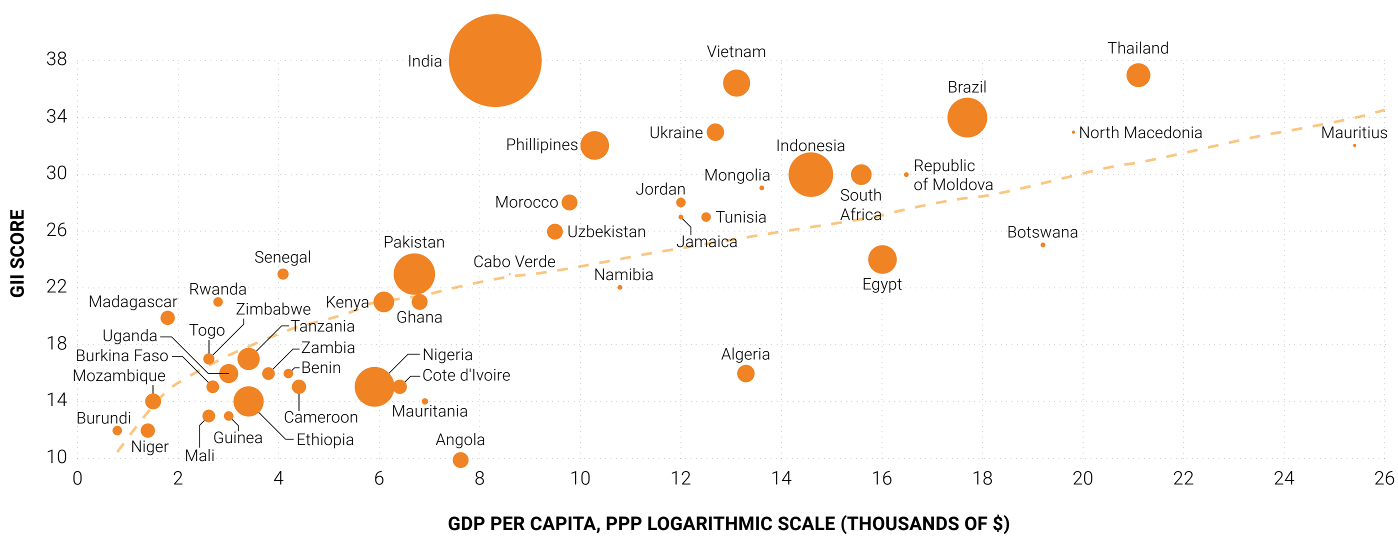
family planning, and disease prevention. Job creation policies must be formulated to stimulate economic growth and diversify economies beyond resource dependence, with an emphasis on supporting MSMEs and fostering innovation. These policies, when implemented effectively and concurrently, can pave the way for Africa to harness its demographic dividend and achieve sustainable development.

We must remember, Africa's demographic dividend is not guaranteed. The window of opportunity is narrowing, and the time to act is now! With an understanding of the magnitude of the challenge, we also know this is a window that Africa cannot afford to miss. This drives us to take our commitment to impact seriously. Annually, we dedicate 1% of our profit-before-tax to sustainability.[8] However, we cannot do it alone. Governments, businesses, civil society, and international partners must come together to create an environment that fosters human capital development, economic growth, and social progress.

FIGURE 8

ARE AFRICAN ECONOMIES INNOVATING AS EXPECTED?

The rate of innovation varies widely across the continent. There are a number of "overachievers", such as Madagascar, Rwanda, or South Africa that outperform given their level of economic development. However, several African economies are also falling behind expected trends, including economic heavyweights such as Ethiopia, Nigeria, and Egypt.



Note: The Global innovation Index (GII) is prepared by the World Intellectual Property Organization (WIPO). The index is calculated using 80 indicators from various data sources. The 80 indicators fall into 7 broad categories: institutions, human capital and research (including education), infrastructure, econological sustainability, market sophistication, business sophistication, knowledge and technology outputs, and creative outputs.

Source: World Intellectual Property Organization. Global Innovation Index. 2023.

8 Access Bank. February 2020. Access Bank PLC Sustainability Policy. https://investorrelations.accessbankplc.com/Accessbankgroup/media/Documents/corp-governance/Sustainability-Policy.pdf.

Family-owned businesses as incubators of entrepreneurs for Africa's structural transformation

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In the Political Declaration adopted in the leadup to the 2023 United Nations General Assembly Summit (UNGAS) on the United Nations Agenda 2030 and its Sustainable Development Goals (SDGs), United Nations (UN) Member States declared that "the achievement of the SDGs is in peril" and are committed "to take the actions necessary to reverse declines and accelerate progress… and implement the SDGs."[9] Family-owned businesses (FOB), defined here, as "companies where members of the same family, or related family branches, hold a majority interest…and exerts a dominant influence on the strategic direction of the firm through ownership, governance, management and vision" can play a crucial role in accelerating progress in Africa towards achieving the SDGs.[10] FOBs could also be critical for realizing the Aspirations of Agenda 2063, the African Union (AU) long-term plan for Africa's structural transformation and development. South Korea provides a good example of a country where family-owned businesses known as chaebols, played a leading role in the structural transformation of that country and its emergence out of poverty.

According to a recent INSEAD report, FOBs and family-controlled businesses "account for two-thirds of all businesses, 70-89% of global GDP and 50-80% of all jobs in most countries."[11] In Africa, they account for about 70% of small and medium enterprises (SMEs). They differ in size, ownership type, and revenue. They include large conglomerates that dominate the economies of countries across the world and husband-and-wife shops along the streets. They incubate and nurture the fourth factor of production, entrepreneurship.[12] Unfortunately, specific, focused policy discussions about their economic and social importance are rare. They are often subsumed, in policy discussions on industrialization, structural transformation, and economic growth in the private sector and MSMEs, as in SDG Target 8.3 which proposes to "promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization of micro-, small- and medium-sized enterprises, including through access to financial services."

9 United Nations General Assembly. 2023. "Political declaration of the high-level political forum on sustainable development convened under the auspices of the General Assembly."

10 FFI Practitioner. 2020. "Professionalizing the Business Family: The Five Pillars of Competent, Committed, and Sustainable Ownership." https://digital.ffi.org/pdf/ffi_professionalizing_the_business_family_v6.pdf.

11 Albers-Schoenberg A., Zeisberger C., Bennedsent M., Tatar S. 2020. "The Institutionalization of Family Firms – Europe." INSEAD.

12 Federal Reserve Bank of St. Louis. "Factors of Production – The Economic Lowdown Podcast & Transcript."

Exogenous constraints aside, FOBs face endogenous challenges the most important of which is governance. They often fail to put in place adequate and robust internal governance structures to either push the business to advance past the entrepreneurial stage or survive the death of the founder.

Africa's family-owned businesses have expanded in recent times due to a number of factors, including a) the retreat of the state in formerly socialist-oriented countries like Tanzania, b) the growing inability of the formal and informal sectors to create well-paying decent jobs, c) inadequate income from formal employment, d) the aspiration to be wealthy to provide adequately for offsprings, e) limited availability of formal old age social security/pension, f) exposure to international experience, and g) leakages in public finances (high levels of corruption and the need to launder proceeds of corruption).

African FOBs are fettered by a number of factors, some exogenous others endogenous. Endogenous factors are largely governance-related and include failure to institute or plan for an orderly succession upon the death of the founder. Exogenous challenges include the fast pace of technological change and globalization that have made possible trade across borders, exposing family-owned businesses to greater global competition than FOB's in other parts of the world during their nascence. Second, many African countries are facing a very unfavorable macroeconomic environment, with rising debt burden, high inflation, and shortages of foreign exchange, all adversely affecting the capacity of FOBs to survive, compete, or scale up. Furthermore, FOBs are very vulnerable to political uncertainty, and many have fallen victim to the rise of ethnic politics in many African countries. Also, countries are under pressure to mobilize additional domestic resources to finance the SDGs and Agenda 2063, and, in pursuit of this, they have introduced new taxes, expanded the tax bracket, and intensified tax efforts, actions which unfortunately fetter the growth of family-owned businesses. Finally, inadequate skills and knowledge make technological upgrading difficult and expensive for FOBs.

Exogenous constraints aside, FOBs face endogenous challenges the most important of which is governance. They often fail to put in place adequate and robust internal governance structures to either push the business to advance past the entrepreneurial stage or survive the death of the founder. Their growth can be constrained by the norm of reciprocity in traditional societies and Africa's extended family system wherein the founder will be expected to hire family members, relatives, and friends without due consideration for competence and professionalism. The high incidence of poverty and resultant high dependency ratio creates a situation where the ownership of a business is interpreted as evidence of wealthiness and instigates expectations of financial support from relatives. Sending children to the West for higher education, a proclivity of Africa's wealthy presents a risk to the survival of the FOB as some of these children may never return to continue and grow the businesses.[13]

13 Nwuke, Kasirim. 2021. "Creating Dynasties of Wealth and Prosperity in Africa." https://www.linkedin.com/pulse/piece-advice-wealthy-african-creating-dynasty-wealth-prosperity-1c/.

The initial source of funding can be another source of threat to the survival of the African family-owned business. Some of the larger family-owned businesses are either the "transformation" or conversions of corrupt enrichment by former government officials or the products of rent-seeking by the founders. Some of these businesses die upon the death of the founder as the conduits shut down. As social capital is difficult to transfer, a founder's death could shut down the flow of the corrupt funds and/or rents that were the sources of growth of the business.

Recommendations

Governments should actively promote family-owned businesses in their own right, not as SMEs or private sector entities, given the very critical role they play in incubating and birthing new entrepreneurs and advancing economic growth. Governments should design and emplace appropriate policies, incentives and regulations to promote their growth and reduce their high mortality rates. Family-owned business-specific data should be collected on a regular basis by national statistical offices to aid research and decision/policymaking. They should also consider establishing a market to trade in family-owned businesses as transfer of ownership could reduce the high mortality rate of these businesses.

International trade is fundamental to the growth and survival of family-owned businesses. African governments should therefore assiduously implement the African Continental Free Trade Area (AfCFTA) as an additional engine of business growth. They should improve economic management as the poor macroeconomic environment, especially the lack of foreign exchange, in many African countries, has adversely affected FOBs, especially those lacking expansive "social capital". FOBs should be incentivized to list on secondary stock exchanges (where they exist) and engage in succession planning using tax waivers.

Family-owned businesses are real-world schools of entrepreneurship apprenticeship. Many entrepreneurial aspirations die, and the irreplaceable corpus of knowledge and experience is lost when a family-owned business ceases to exist. The death of a family-owned business is a significant loss for countries seeking to create a class of entrepreneurs to advance the frontiers of their development and transform their economies.

Accelerating productive MSMEs: The much-needed catalyst for Nigeria's socio-economic recovery

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Nigeria's recent national growth plan and the new government's New Hope Agenda highlight the opportunities that Micro, Small, and Medium Enterprises (MSMEs) create for the achievement of development objectives. As we look towards 2024, our belief at FATE Foundation is that Nigeria's MSMEs can become the main drivers of economic recovery and inclusive growth only if there is a strong emphasis on enabling productive enterprises.

2023 was a challenging year for Nigeria's MSMEs. Despite the "green shoots" Nigeria experienced following the re-opening of the economy in 2021-22 after the pandemic, economic development in late 2022 and 2023 was negatively impacted by the flawed implementation of the Naira Redesign Policy, the impact of fuel subsidy removal which increased operational costs, and the slowdown of economic activity due to the national and state-level elections.

In our 2023 State of Entrepreneurship Report which provides a reference point for policymakers to make data-driven decisions to promote entrepreneurship in Nigeria, we noted a deterioration in entrepreneurial performance[14] with over 90% of entrepreneurs surveyed indicating that the fuel subsidy removal had and continues to have a negative impact on their businesses.

While they contribute over 90% to entrepreneurial activity in Nigeria and make up 87.9% of the country's labor force, over 90% of MSMEs are micro-enterprises with suboptimal productivity and low growth[15]. When we apply a youth and gender lens, however, we do see some very bright spots.

14 The FATE Institute. 2023. State of Entrepreneurship in Nigeria. The FATE Institute, FATE Foundation.

15 SMEDAN AND NBS 2022. 2021 MSME Survey Report. The Small and Medium Enterprises Agency of Nigeria and the Nigerian Bureau of Statistics.

FIGURE 9

NIGERIAN ENTREPRENEURS' PERCEPTIONS OF OPPORTUNITY ARE FALLING

The State of Entrepreneurship survey defines the five pillars of entrepreneurship as perception of opportunities, innovation & digital technology adoption, business performance, skill acquisition, and an enabling business environment. Businesses are asked to score their perception of each pillar. Four of the five pillars declined relative to last year, demonstrating that business optimism and opportunity has fallen since 2022.

	SCORE		
PILLARS	**2022**		**2023**
Perception of opportunities	0.8	↓	0.64
Innovation & digital technology adoption	0.55	↑	0.58
Business performance	0.5	↓	0.48
Skill acquisition	0.48	↓	0.47
Enabling business environment	0.46	↓	0.36
Overall index	0.58	↓	0.52

The State of Entrepreneurship (SoE) survey covered 10,377 businesses across all sectors and in Nigera's 36 states and the Federal Capital Territory (FCT).

Source: The FATE Institute. 2023. The 2023 State of Entrepreneurship in Nigeria Report. https://fatefoundation.org/download/state-of-entrepreneurship-in-nigeria-2023-report/.

Young people are the fastest growing age segment and those between the ages of 15 to 29 account for 42% of MSME entrepreneurs. With high unemployment and underemployment rates being a challenge in Nigeria for that age category[16], it is encouraging to see more young people take on the opportunity of building their own economic pathways and creating a job for themselves through entrepreneurship. With business growth being one of our strong indicators of entrepreneurial performance, Women entrepreneurs—who make up 43% of MSME employees—showed better productivity output as they outperformed their male counterparts within that indicator level[17].

16 The Nigerian Bureau of Statistics 2022. Nigerian Labor Force Survey Q2 2023. The Nigerian Bureau of Statistics.

17 The FATE Institute. 2023. State of Entrepreneurship in Nigeria. The FATE Institute, FATE Foundation.

Support for MSMEs is critical for Nigeria to return to a path toward a prosperous, sustainable, and equitable economy.

In charting the pathway for a better Nigeria in 2024, the following are key policy priorities to stimulate the entrepreneurial ecosystem and enable inclusive and broad-based growth for MSMEs.

1. Changing measurement indicators for MSME investments to be age and gender disaggregated and reflect socio-economic impact e.g., decent jobs created, revenue growth, and ability to transition across segments (from micro to small or medium levels).

2. Removing regulatory bottlenecks and harmonizing multiple taxation to galvanize business startup, growth and sustainability. Digitizing required regulatory processes and procedures and creating virtual and physical one-stop shops at Local Government levels (Nigeria has 774 LGAs) can enable this at scale.

3. Accelerating the dual transition of youth and women led MSMEs (digital and green) to enhance their pathways to growth and improve their ability to attain entrepreneurial success.

4. Domesticating the African Continental Free Trade Area agreement to improve Nigeria's MSME competitiveness (currently at 47%[18]) and fast track their participation in regional and global trade.

Nigeria's small and growing businesses need to be more productive in order to contribute effectively to the growth and development of the country. Support for MSMEs is critical for Nigeria to return to a path toward a prosperous, sustainable, and equitable economy.

18 SMEDAN. 2023. MSME Competitiveness in Nigeria Report 2022. The Small and Medium Enterprise Development Agency of Nigeria.

The future of African youth and women entrepreneurship and their roles in the region's economy

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Sometimes it seems like everywhere we turn these days we hear talk of Africa's youth demography and the latent economic potential therein. This is consistent with the "African renaissance", "Africa rising," and "lions on the move" narratives variously championed by African politicians, international media, and various institutions, financial and otherwise, since the end of the last millennium. These narratives have been fueled by the end of the Cold War, rapid globalization, the transformations brought on by advances in telecommunications and technology, a deepening of political democracies across the continent, and a hunger for new investment opportunities by international private and public investors. The telecommunications and financial sectors and consumer booms of the earlier 2000s served as further proof points. In October 2023, the *New York Times* wrote about the African "Youthquake."

Beneath these collective narratives though, lies a complex and multidimensional reality that is 54 countries and economies potentially unified more by their challenges than their successes.

With dwindling opportunities in the public sector and limited opportunities in the private sector over the past decades, African youth have increasingly turned to entrepreneurship to create their own income and employment opportunities. Young people are venturing into industries ranging from technology, music and entertainment, agriculture, fashion, and renewable energy and becoming more mobile. With advancements in technology and access to information, some young entrepreneurs are leveraging digital platforms and social media to reach wider markets both domestically and internationally like never before. Within this growth, women entrepreneurship outside of traditional cultural roles is also on the rise. However, the full potential of this demographic profile and mobility will not be met if appropriate investments are not made in the building blocks of our economies. The enabling conditions, which are sorely lacking, include significant deficits in the hard and soft infrastructure which underpin modern economic growth and prosperity. The quality of health, education, and productivity for most women and youth continues to undermine their potential. Women continue to be restricted to low margin production and labor-intensive sectors with limited mobility and access to markets. Access to new technologies is constrained by the huge dearth in the anchoring infrastructure, notably power, transportation, and communication.

So how will we reap this demographic dividend? By investing in:

1. **Education**: The general lack of affordable and accessible quality education hampers the skills and knowledge that are relevant for the labor market and enterprise. This reduces employability and earnings, and limits innovation and entrepreneurship. All the studies and empirical evidence demonstrate that education increases women's agency thereby delaying premature marriage and childbearing and improving nutrition outcomes and prevention of disease, and as a result, reducing maternal and child mortality.

2. **Power**: Affordable electricity is a foundational building block of any economy. Energy is critical to all productive activities and innovation and more so for climate and environmental health and technological advances.

3. **Infrastructure:** Especially roads, connect people, resources, and information. From providing physical access to markets, customers, suppliers, to reducing transportation and transaction costs. Roads and other transport and communication infrastructure are the arteries of the economy, facilitating innovation, specialization, and competitiveness across the continent.

And so, herein lies the potential for investment and significant returns for governments and private (individual and institutional) investors determined enough to tackle them. The demand side is there. The supply is either lacking, too timid, or inconsistent.

Power: Affordable electricity is a foundational building block of any economy. And so, herein lies the potential for investment and significant returns for governments and private (individual and institutional) investors determined enough to tackle them. The demand side is there. The supply is either lacking, too timid, or inconsistent.

Nurturing entrepreneurial scaling in Africa

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In recent years, Africa has emerged as a hub for high-growth entrepreneurship. Since 2019, seven tech unicorns have come out of the continent, including from Nigeria, Senegal, Ghana, and Egypt.[19] With a large regional market of over 1.4 billion people and local market inefficiencies that are ripe for entrepreneurial solutions, it is no wonder that Africa is on the startup map.

But we know that it is not enough to have a hub. These hubs need to nurture entrepreneurial scaling to realize the economic, innovation, and job growth benefits of entrepreneurship. And doing so requires venture capital, market access, and talent.[20] Getting these resources is not easy. For example, investors will hesitate to deploy capital if their investments are at risk in countries that have low public trust and high governance issues. Successfully navigating regional markets requires the right expertise to address cross-border challenges. Cultivating and nurturing digital talent is contingent on robust educational programs. For this reason, strengthening institutions and building the capacity of local entrepreneurs and investors are critical to unleash the full potential of Africa's entrepreneurial ecosystem.

Strengthening institutions

Building and strengthening institutions is critical to shifting the mindset of policymakers to embrace entrepreneurship while reducing barriers for entrepreneurs to grow their startups and investors to fuel that growth. And they require champions to truly make an impact, whether it be new offices dedicated to the digital economy, such as the Digital Transformation Office in the Ministry of Agriculture in Kenya, or an existing office, for example, under the Ministry of Economy.

To cut the red tape for entrepreneurs to start and grow their businesses, regulatory reforms may simplify intricate business registration procedures. They can direct the creation of innovation hubs—as is being considered in Ghana— to make it easier for startups to reach key stakeholders in their ecosystem, whether it be corporate customers, suppliers, or talent. Further, encouraging entrepreneurship education at schools and universities can contribute to a new generation of entrepreneurs.

To encourage investment, governments can offer tax incentives, such as breaks for angel investors and tax holidays for startups. They can also establish funding vehicles to stimulate the investor ecosystem more directly. For example, through establishing venture capital funds of funds and startup loan guarantees.

19 Crunchbase. 2023. "Unicorn Company List".

20 Conti, A., & Guzman, J. A. 2023. "What is the US comparative advantage in entrepreneurship? Evidence from Israeli migration to the United States. Review of Economics and Statistics" 105(3), 528-544.

Tapping Africa's entrepreneurial potential is an enormous opportunity. Doing so requires building an enabling environment that can harness investment, nurture local talent, and enable market access.

Building local entrepreneurial and investor capacity

Nonetheless, institutions alone are not enough. The capacity of entrepreneurs and investors dictates whether current or potential entrepreneurs can pursue and grow technological and market opportunities even in seamless institutional environments. Silicon Valley, with decades of experience in starting and growing companies, has amassed a wealth of knowledge that supports future entrepreneurs. And this knowledge can be particularly valuable for startups in hubs like in Africa that need to make the most of limited resources. But building such knowledge in a homegrown way in Africa takes time and money that might just not be possible. So, what else is possible? Leapfrogging knowledge flows through targeted programs is essential. These include:

- **Building entrepreneurial capacity:** Targeted educational programs led by international accelerators like MassChallenge, Techstars, and Y Combinator provide entrepreneurs with the expertise to build and grow startups. They choose and help build successful startups that can attract investors.[21] Further, exchange programs like National University of Singapore Overseas College (NOC) enable potential and current entrepreneurs to work in places abroad like Silicon Valley, learn the startup ethos, and come back to apply this knowledge in local entrepreneurial endeavors.

- **Building investor capacity:** Investors are an important part of a local ecosystem. It is not enough to have investors with people, but those with expertise to provide the added value to startups that is crucial to help them grow. Local investors have a unique knowledge of the local market base that can help entrepreneurs find tailored opportunities and bridge resource gaps that they might otherwise face because of foreign discounting.[22] But this local knowledge needs a generalized counterpart—how to balance finances, find and advance talent, and connect the startups to expand strategically in international markets. Training programs for investors like MEST and TECA create a multiplier effect by co-investing with international investors to foster a powerful learning opportunity.

The combination of entrepreneurial and investor capacity means that startups will have the expertise to kickstart and grow their company while making efficient use of their limited resources with positive spillovers for other firms. For instance, the thriving FinTech ecosystem in Kenya is creating a vibrant digital platform for AgTech offering a variety of solutions to smallholder farmers from the on-farm to the off-farm value chain.

Tapping Africa's entrepreneurial potential is an enormous opportunity. Doing so requires building an enabling environment that can harness investment, nurture local talent, and enable market access.

21 Gonzalez-Uribe, J., & Leatherbee, M. 2018. "The effects of business accelerators on venture performance: Evidence from Start-up Chile". The Review of Financial Studies. 31(4), 1566-1603.

22 Wright, N. L., Koning, R., & Khanna, T. 2023. "Judging foreign startups". Strategic Management Journal.

Getting the value out of venture capital

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Africa's leapfrogging in sectors such as mobile money and mini-grids is well-documented. With the emergence of electric vehicles, satellite internet, and artificial intelligence, an abundance of leapfrog opportunities are on the horizon for venture capital investors.

However, Africa's venture-backed unicorns including ChipperCash, Jumia, and Swvl, have struggled to maintain their unicorn status, while rising stars have faced layoffs and down-rounds.[23,24,25,26,27] This volatile environment negatively impacts customers, jobs, and the ecosystem. If the next generation of African unicorns are to last, venture capitalists must shift away from demanding rapid, exponential growth and favor paced profitability as the model of success.

Rethinking economies of scale

If the next generation of African unicorns are to last, venture capitalists must shift away from demanding rapid, exponential growth and favor paced profitability as the model of success.

The venture capital model hinges on the principle that scale equates to value. Investing in new markets for customer growth, and in tech for operational efficiency is the formula to create a large, marketable business. However, applying these premises to the African context can be misleading.

Africa is far from operating like a single economic zone. Expanding across borders often necessitates new bank and telco partnerships, customized application programming interfaces (APIs), separate logistics partners, and new taxes, licenses, and currency risk. Add in the diversity of customer behavior and language and achieving scale becomes far from straightforward.

23 Forbes Africa. (2023, August 18). Inside Chipper Cash's Grueling Battle to Survive the Fintech Winter. Forbes Africa.

24 The Wall Street Journal. (2023). Market Data.

25 The Wall Street Journal. (2023). Market Data.

26 TechCrunch. (2023, August 21). Twiga disbands in-house delivery.

27 TechCrunch. (2023, May 31). MarketForce forced to tighten its belt as tough times hit. TechCrunch.

Moreover, operational efficiency from scaling technology is not a given. African customers often prefer tech products that are complimented by human interaction because it fosters trust. Business-to-business (B2B) e-commerce players depend on sales agent networks to stay top of mind with their customers and fintech players utilize agent banking as a core part of their service.[28] Plus, the African ecosystem is so nascent that startups must develop it as they grow, whether by purchasing their own logistics fleets, or acquiring financial licenses, or even establishing their own utility.[29,30]

Scaling in African venture-backed tech is complex and carries the risk of inadvertently creating an operationally burdened and less attractive business.

Prioritizing resilience over speed

The venture capital model also places emphasis on speed. Capital injections are expected to graduate a company to the next funding round within 18 months. However, African businesses operate in environments where economic shocks constantly disrupt well-laid plans. Kenya, during the period of 2017-2022, provides a case in point.

The 2017 presidential election brought commerce to a halt for a year, as businesses shied away from investing until the contested results were known. Severe droughts and locust infestations over multiple seasons left millions food-insecure and depressed consumer demand.[31] The sudden introduction of a digital services tax and fluctuations in fuel levy policy added to the turbulent business environment.

On top of domestic shocks, external events brought more volatility. The change in the U.S. federal funds rate and the Ukraine conflict resulted in capital flight, currency depreciation, rising fuel and food costs, and inflation. Such frequent shocks mean that African businesses cannot plan too far ahead and must constantly adapt.

28 Vox. (2020, September 11). What Kenya can teach its neighbors — and the US — about improving the lives of the "unbanked" Vox.

29 The Flip. (2022, March 15). Wasoko: Powering the Last Mile. The Flip. https://theflip.africa/newsletter/wasoko-powering-last-mile-retail Rwanda Development Board. (2022, March 22). Rwanda signs agreement with KOKO to establish $25 million renewable cooking fuel utility.

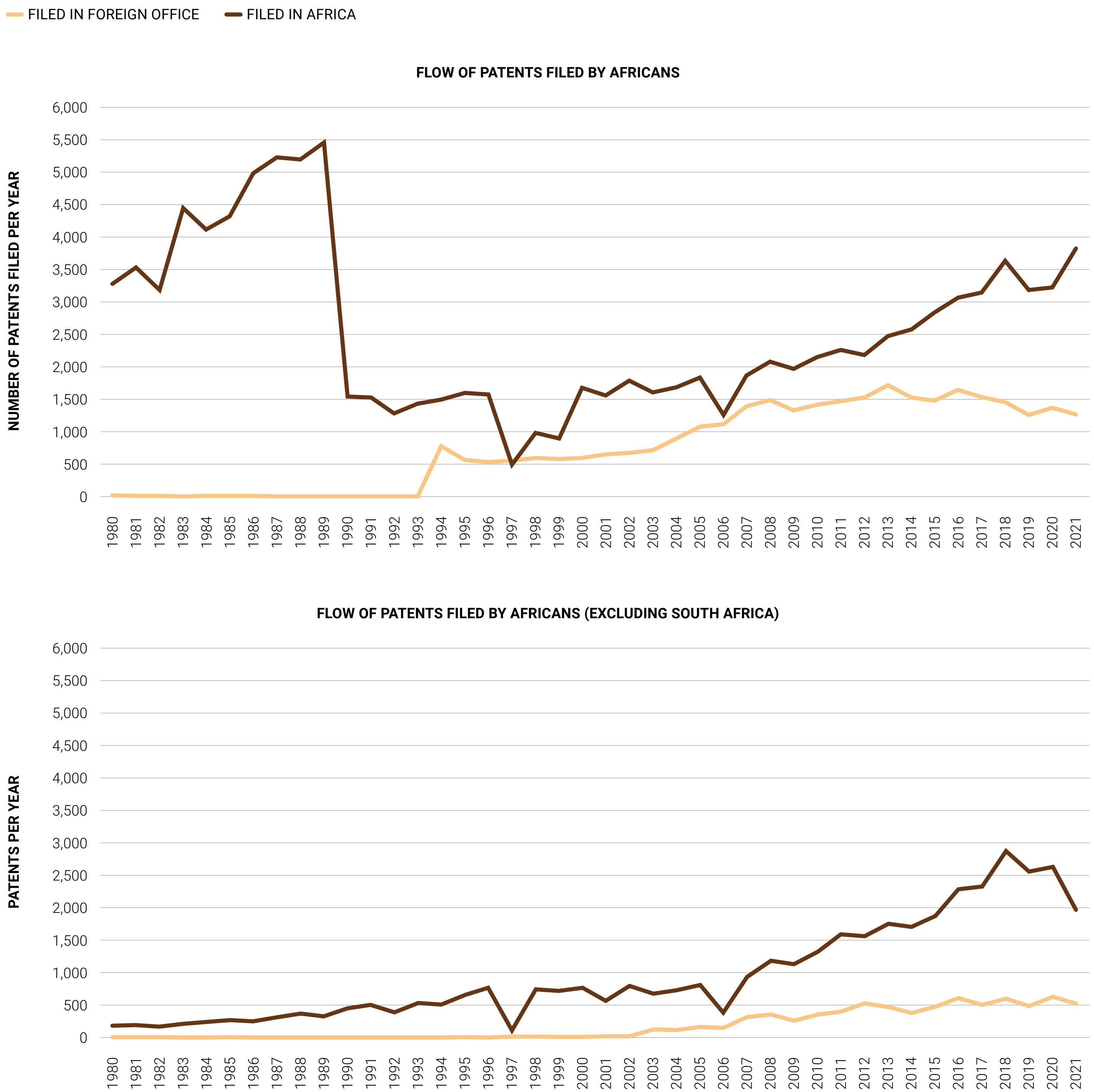
30 Rwanda Development Board. (2022, March 22). Rwanda signs agreement with KOKO to establish $25 million renewable cooking fuel utility.

31 World Bank. (2017, December 6). Kenya's GDP Growth Slumps in 2017 but Can Rebound Over the Medium Term.

FIGURE 10

SOUTH AFRICAN ENTREPRENEURS ARE DRIVING THE INCREASE IN PATENTS FILED ON THE CONTINENT (1980 - 2021)

Entrepreneurship and innovation are two indispensable drivers of economic growth. African governments have made a concerted effort to invest in innovation in their countries, a reality that is reflected not only in the rising number of patents filed by Africans, but also by the rising share of such patents that are filed in Africa (as opposed to abroad). A significant share of patents historically and even now are filed by South African entrepreneurs.



Source: World Intellectual Property Organization (WIPO).

In this context, the traditional venture capital formula falters. Capital meant for fast growth often absorbs shocks instead. Resilience becomes the key to capturing return on investment. Investors and entrepreneurs must align on long-term value. The potential for resilience is evident in startups across sectors that have demonstrated consistent growth in value through several economic cycles, such as MFS Africa, Interswitch, Victory Farms, mPharma, and KOKO Networks.[32,33,34,35,36]

By opting for a growth rate that does not significantly outstrip profitability, a venture can establish self-reliance, and the ability to withstand economic shocks without being at the mercy of external capital.

Establishing the next generation

Venture capital's "spray-and-pray" strategy, which bets on one billion-dollar unicorn out of many initial investments, is not suitable for Africa. A formula that prioritizes slower but more likely-to-succeed ventures offers better returns on investment.

Development finance institutions (DFIs) are the largest investors in African venture capital via funds of funds. Germany's DEG, The UK's CDC, France's PROPARCO, Norway's NORFUND plus the International Finance Corporation (IFC), European Development Bank, and others committed $80 billion for Africa over five years.[37] To truly fulfill their commitment of fostering job creation and economic independence, DFIs should adopt a sustainable funding philosophy, akin to that which family offices such as CreaDev and seed funds such as Future Africa have come to embrace from experience building businesses on the continent.[38,39] Long-term investment partners can better assess growth in relation to sustainability. Structuring funds to allow for capital infusions at multiple stages of a venture's maturity will vastly increase the odds of a viable exit.

If African investors can shift this paradigm, the valuable businesses they create will in turn become investors in their own ecosystem and nurture the next generation of African unicorns.

32 How We Made It In Africa. (2023, August 26). Making Borders Matter Less: How MFS Africa Created A Digital Payment Network.

33 INterswithc. (2023). New Milestone Alert.

34 Africa.com. (2023, April 6). Victory Farm Poised for Further Growth After $35m Series B Drive.

35 Tech Crunch (2022, January 5). mPharma Raises $35 million.

36 Financial Times. (2023, August 15). Start-up taps carbon markets to boost clean cooking in Africa.

37 African Development Bank Group. (2021, June 14). G7 Development Finance Institutions and multilateral partners to invest over $80 billion into African businesses over the next five years.

38 Creadev. (n.d.). Approach.

39 Future Africa. Fund II in Review - February 2023.

How companies integrate smallholder farmers in their value chains in Africa

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More than half of Africa's 1.3 billion people make a living from agriculture, of whom 80% are low-income smallholder farmers working on farms smaller than two hectares.[40] Significantly reducing poverty requires substantial improvements in the productive capacity and market access of millions of smallholder farmers in Africa.

In recent years, large food and beverage companies have introduced initiatives that integrate smallholder farmers into their value chains. These efforts are driven by the goals of increasing quality raw material supply, diversifying geographic risk, and empowering smallholder farmers economically and socially.

Heineken, a Dutch brewery, has launched a supply chain project in Ethiopia to increase local sourcing of malt barley in its breweries. The project has provided agronomic training, farming inputs, and market access to more than 40,000 smallholder farmers. These interventions helped double farm yields, leading to an estimated USD 59 million incremental increase in farmer revenues.[41]

Nando's, a South African casual dining chain, has successfully developed a smallholder farmer value chain for one of its key ingredients, peri-peri chili. For ten years now, the initiative has reached thousands of farmers in Zimbabwe, Malawi, and Mozambique, supplying 100% of its peri-peri demand.[42] Currently, the project includes 724 farmers who earn an average income of USD 955 per year—significantly greater than income earned from alternative crops.[43]

How to develop inclusive value chains that create impact for smallholder farmers

Integrating smallholders into large value chains can be difficult. The successful experience of Heineken and Nando's, however, provides valuable insights on how to create truly "inclusive" value chains.

Integrating smallholders into large value chains can be difficult. The successful experience of Heineken and Nando's, however, provides valuable insights on how to create truly "inclusive" value chains. The following three insights are particularly relevant.

40 Suri, Taveneet, and Christopher Udry. 2022. "Agricultural technology in Africa." Journal of Economic Perspectives, 36(1), 33-56.

41 IFC. 2023. "Working with Smallholders: A handbook for firms building sustainable supply chains (Third Edition)." World Bank Group.

42 Nandos. "The People Behind the Peri-Peri."

43 Lashitew, A. Addisu, and Annika Surmeier. 2024. "Responsible governance in inclusive value chains: Lessons from the Peri Farms Project of Nando's." Graduate School of Business working paper, the University of Cape Town.

1. **Ensure that inclusive value chain initiatives contribute to strategic objectives**

   Building inclusive value chains is complex and time-consuming. Such initiatives are more likely to enjoy sustained corporate-wide backing when they are aligned with strategic objectives.

   A critical factor behind the success of the Nando's project was its focus on securing a safe and reliable supply of peri-peri chili, which is deeply intertwined with the company's history and brand identity. By sourcing peri-peri from African farmers, Nando's was able to build connections between its global workforce and African roots. This enabled the initiative to garner sustained support from the company's procurement, marketing, and HR teams in the face of multifaceted challenges.

   Heineken was motivated by the desire to develop a reliable supply of local malt while meaningfully contributing to local economic development. This created ample commitment for investing in a complex initiative that has lasted several years.

2. **Partner with organizations with distinct expertise and context-relevant knowledge**

   Both Heineken and Nando's collaborated with different partner organizations, selected for their specialized expertise and context-relevant knowledge. Heineken worked closely with local consultancy firms and microfinance institutions to understand the needs of farmers and provide them with credit services. Nando's maintained an intense collaboration with Impact Amplifier—a consultancy specializing in social impact—and several implementing partners in Malawi, Mozambique, and Zimbabwe that provided agronomy training, aggregated chili harvests, and coordinated post-harvest processes.[44]

3. **Devise solutions that reduce transaction costs in the value chain**

   Smallholder farmers are often considered ill-suited for industrial-scale procurement because they lack robust quality controls and can be more expensive than commercial farmers due to production and distributional inefficiencies. Nando's addressed these issues by picking a crop that is labor-intensive, which allowed smallholder farmers to compete on price with commercial farms. By using local partners to aggregate peri-peri chili, manage post-harvest handling, and introduce traceability controls, they streamlined quality control and eliminated logistical inefficiencies. Likewise, Heineken worked closely with the International Finance Corporation to provide training with the aim of developing the agronomy and business skills of its partners. These programs reached dozens of farmer intermediaries (farmers' unions and cooperatives) who aggregated inputs and outputs across thousands of smallholder farmers.

44 Impact Amplifier. "Building Resilience and Impact Assessments."

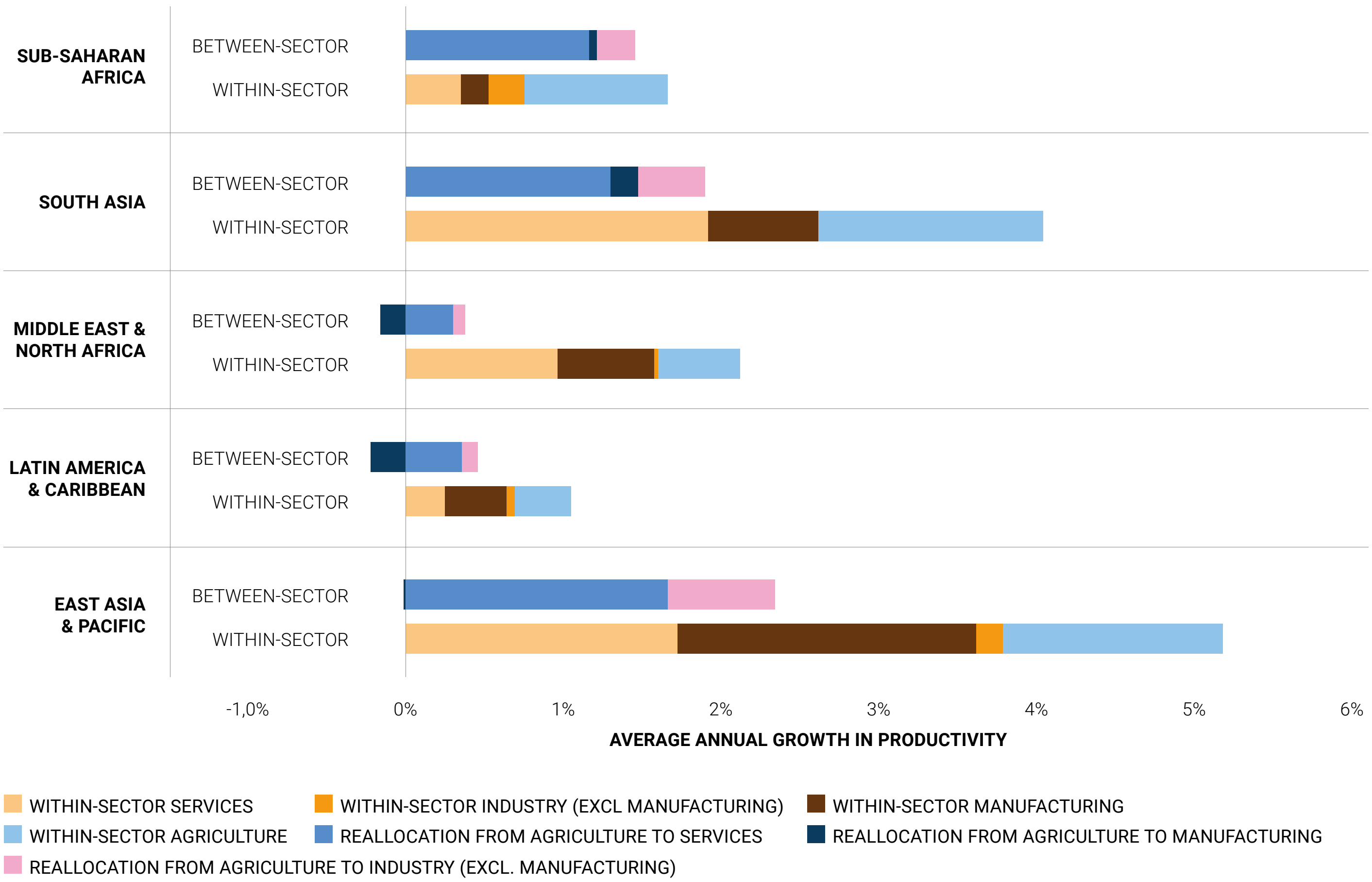
Conclusion

The experiences of Heineken and Nando's demonstrate that inclusive value chains, while not a panacea, can go a long way toward improving the living standards of impoverished farmers. Designing inclusive value chains requires changing corporate systems, which takes commitment, time, and experience. It also requires sustained partnerships to develop new capabilities, secure local support, and build trust. To create inclusive value chains that truly benefit smallholder farmers, companies need the willingness to challenge themselves, to develop new capabilities, and to reevaluate how they define value.

FIGURE 11

DECOMPOSITION OF LABOR PRODUCTIVITY BY REGION AND SECTORAL GROUP (1990 - 2018)

Sub-Saharan Africa experienced significant improvements to labor productivity over the last three decades, averaging 4.4% growth per year. To understand the drivers of productivity growth, it is disaggregated into within-sector growth and between-sector growth (or growth from labor reallocation). There has been mass reallocation of labor from agriculture into services and rapid within-sector productivity growth in the agricultural sector.



Note: Sectors from the Economic Transformation Database were divided as follows: Construction, mining, and utilities were classified under "Industry," and trade, transport, business, financial, government, and other, services, as well as real estate were classified under "Services." Agriculture and manufacturing are defined by their ISIC Rev. 4 codes "A" and "C" respectively. Design inspired by Nayyar et al (2021).

Leveraging innovativeness of Africa's youth through startups

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Today, according to the World Bank's classification, 31 out of 54 African countries outgrew the low-income category.[45] These countries accounted for more than 80% of the continent's GDP in 2023, according to the IMF estimates from the World Economic Database. To escape the so-called middle-income trap, countries need to shift their growth drivers from efficiency to innovation. Today, African MICs as a group are characterized by their potential, but also by limited capacities for innovation and creation of productive and green jobs.

The creation of productive jobs is the continent's key priority as it will determine whether Africa will utilize its demographic opportunity. Currently, about 60% of Africa's population are below the age of 25. The UN projections indicate that by 2050, Africa will account for more than 25% of the world's population. This trend brings both enormous opportunities and challenges. While education attainments in Africa have been improving, the labor market outcomes are less impressive, with high youth unemployment prevailing in several middle-income countries and high working poverty in low-income countries.

For a large number of Africa's high-potential youth, entrepreneurship, through startups, offers not only a chance to build sustainable livelihoods and even wealth but also to integrate into society. Many policy dimensions were discussed at the Africa Startups conference in Algiers December 2023. Below are policy options for boosting African startups.

Address access to finance: A fund of funds to improve start-up financing

Beyond mobilizing additional finances, creating an African fund of funds, that is African fund investing in other funds that fund start-ups, can de-risk start-up financing by spreading out the overall funding into many different venture capital funds. This approach could draw in more risk averse investors and even attract substantial funding from the governments and thus become an effective tool of industrial or other type of public policy. It could incentivize start-ups to strive to address major societal issues such as climate change or gender inequality while tackling Africa's specific needs.

45 For the 2023-2024 fiscal year, the World Bank defines middle income countries as those with GNI per capita (the Atlas method) were between 11,36 USD and 13,845 USD in 2022.

The fund could encourage the sharing of knowledge and skills across African countries, thus strengthening the startup landscape. It would stimulate African startups to grow, tackling the "missing middle" and the prevalence of small firms in key sectors, including manufacturing. In short, such funds for African startups could be an influential investment for the future of Africa, powering up its businesses to drive strong, connected, and lasting growth while also aligning the private sector with government objectives.

Turn youth brain drain into brain circulation through Africa startup visa

To become knowledge economies with a conducive climate for startups, African countries need to tap into their talent abroad through diaspora networks. Countries of origin can reap benefits in several ways, including through the transfer of knowledge and capital. A start-up/innovation visa can be one of the tools for turning brain drain into brain circulation. Start-ups initiated by diaspora and/or joint ventures between non-residents and residents could help strengthen the rule of law, and business climate and eventually create an environment where incentives to migration are less pronounced.

More broadly, African startup visa would let entrepreneurs from all over the world start firms in Africa, with a view to generate innovative business ideas. So far, adoption of this regime has been limited, even though some countries (Algeria, South Africa, Tunisia, Botswana, and Nigeria) are considering it. South Africa is currently in the process of finalizing 'tech visa', with the aim to attract international tech talent and support[46] start-up tech ecosystem. Given its flourishing tech scene, a startup visa in Kenya could bolster its position as a leader in African tech innovation.

Boost startups through information generation and sharing

Access to information, on markets, policies and regulations, technology etc., is key for startups.

Access to information, on markets, policies and regulations, technology etc., is key for startups. An "Africa startups platform" could be impactful in this regard as it would provide startups with fast and reliable information on African economies with relevant indicators, regulations, and policies. It would also provide united start-up database with information on existing startups that could be relevant both for other or aspiring startups, investors, and policymakers.

An African Startups Business Conditions Index, based on regular surveys of startups in Africa, would help policymakers to recognize the obstacles startup face and their needs, and how they view policies. This index would facilitate design of appropriate policies, harmonize them at the continental level and improve business environment. It would also shed light on factors driving high start-up exit rates.

46 Agence Francaise de Development. 2019. "Appropriate funding to support African digital start-ups and their ecosystems".

Climate tech startups can contribute to addressing climate crisis[47]

Climate change mitigation and adaptation are pivotal areas where African countries can launch joint R&D projects, fostering an ecosystem of startups around continental climate innovation. The challenges and opportunities presented by climate change are particularly poignant for African startups due to the continent's vulnerability, stemming from its geographical and economic circumstances. Startups face numerous challenges, including the impact of climate change on agriculture, operational disruptions, and financial constraints. However, these challenges are matched by opportunities: the demand for innovative solutions to climate-related issues, the shift towards green technology, access to climate finance, the ability to influence policy, and the creation of jobs in new, sustainable sectors.

Joint climate research initiatives, cross-border innovation in renewable energy, shared resources for sustainability projects, and climate-resilient agricultural technologies are just a few areas where collaborative R&D can be transformative. Furthermore, data sharing for climate modeling and prediction, networking, access to pan-African and global markets, and capacity building, are critical for this cooperative approach.

Amplified and focused African voice in global economic forums

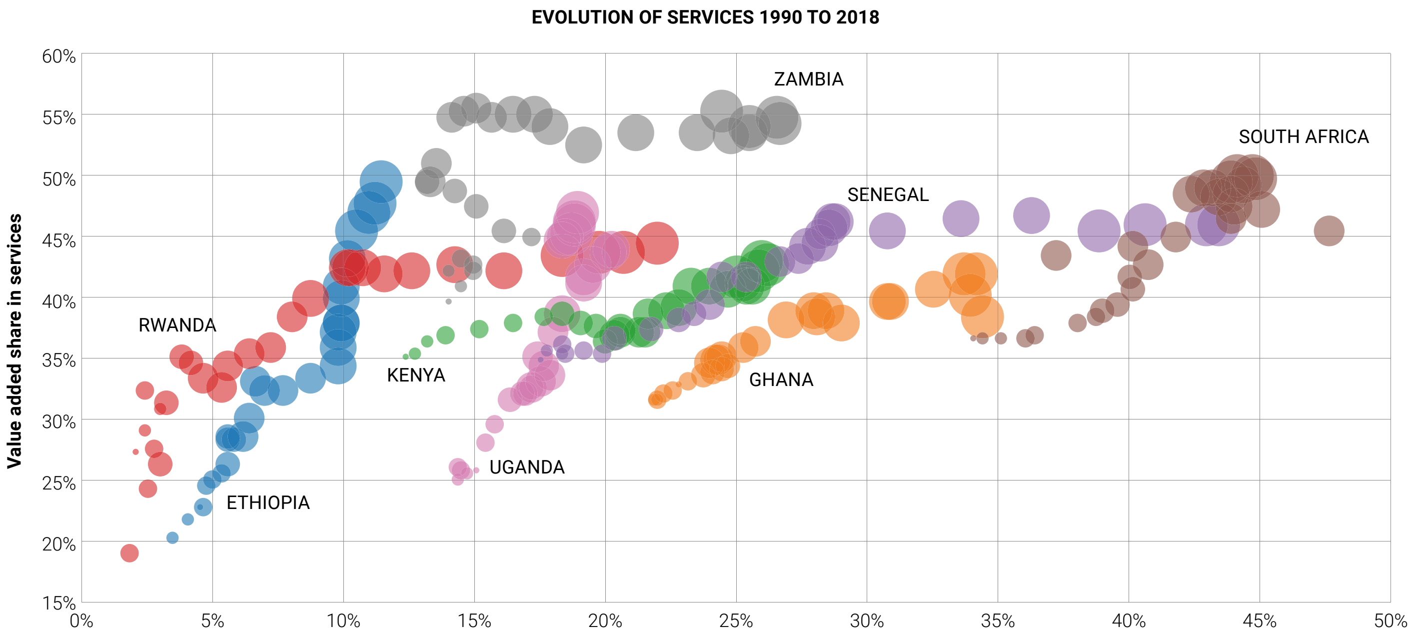
Collaboration with the African Union will be critical for success of the start-up agenda. The AU has gained a seat at the G20 (G21), which could be utilized for presenting Africa's interests in a focused and coordinated way at the G20 to ensure that Africa's start-up initiative receives adequate support.

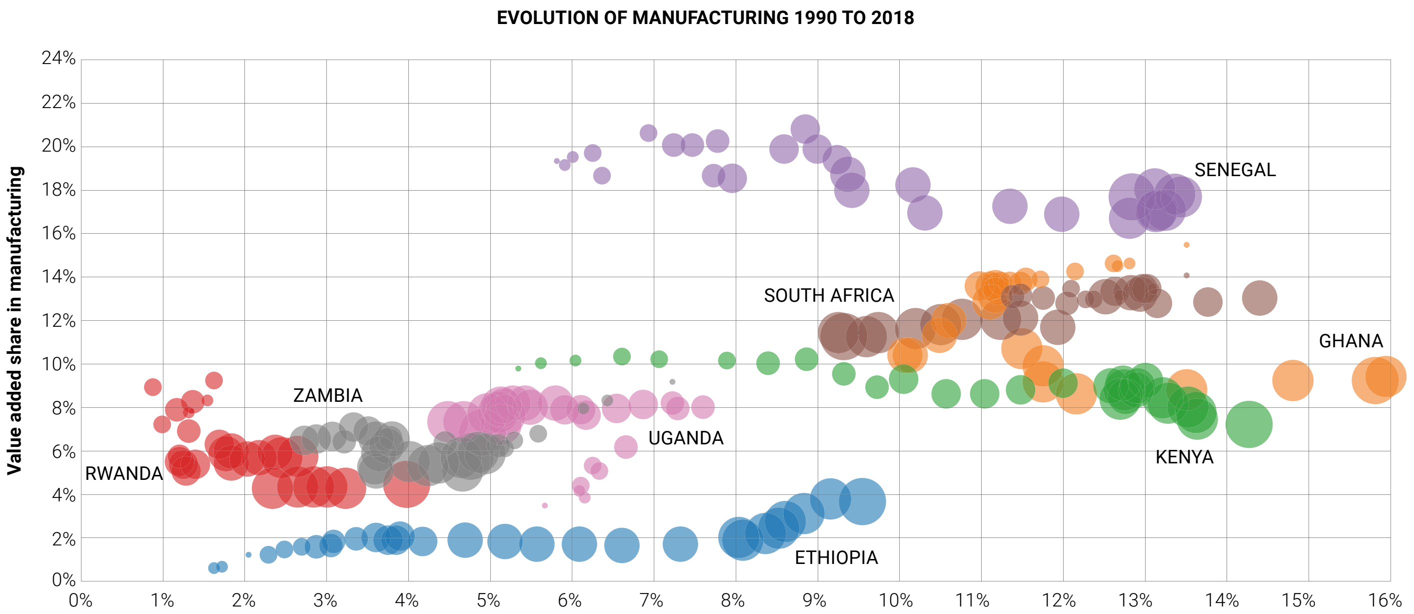
47 Gitahi, W. 2023. "The Catalyst Fund: Championing climate tech innovation in Africa."

FIGURE 12

EVOLUTION OF SERVICES AND MANUFACTURING (1990 - 2018)

Unlike the northeasterly flow of the bubble chart for services, the manufacturing sector has a more irregular pattern. Rwanda, Zambia, Senegal, and Kenya have moved generally southeast, suggesting that manufacturing's employment share is rising but its value-added share is falling. This trend suggests that the manufacturing sector's productivity is falling. The manufacturing sector in South Africa has experienced a drop in its share in both employment and value added, suggesting manufacturing is playing a smaller role in South Africa's economy over time. The manufacturing sector's performance in Africa over the last several decades has raised questions about the future of manufacturing in Africa's economic growth, concerns of deindustrialization, and renewed efforts to articulate new national and regional industrial strategies.





The larger the dot, the more recent the year.

Source Heitzig and Newfarmer. 2023. "Africa: Growth beyond deindustrialization?" The International Growth Centre.