

# JOB CREATION IN SUB-SAHARAN AFRICA

ENTREPRENEURS. GOVERNMENTS. INNOVATION.



IN PARTNERSHIP WITH:



**DJEMBE**  
CONSULTANTS

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## FOREWORD

Having worked extensively with private, government and public sector organizations in Africa for several years, Djembe Consultants has gained a deep understanding of both the challenges and opportunities of doing business in Africa.

**T**hey are myriad, but the obstacles encountered *and* the solutions offered by entrepreneurs across Sub-Saharan Africa are particularly notable. Entrepreneurship is a vital component in innovation and the creation of a self-sustaining domestic economy. It is young business leaders who will create African solutions to African challenges; creating jobs, driving social mobility and adding breadth to the regional economy. For these reasons Djembe Consultants sought to partner with Forbes Insights, the thought leadership arm of Forbes Media, in order to gain a deeper insight into what young Sub-Saharan Africans really think about the role entrepreneurs will play in shaping the future of the continent.

Forbes Insights has unparalleled research capabilities and a deep knowledge of African issues. It has focused heavily on African innovators over recent years and as such, enabled us to partner with an organization that had the ability to dig deep and wide. The report findings shed light on which particular industries are inspiring innovation. The report reveals what young entrepreneurs think about public policy, corruption, transparency and access to capital. Djembe hopes that the report will act as a useful source of information and a stimulus for debate and positive action. Entrepreneurs are the key to economic diversification and the development of a robust, lasting SME sector. Djembe Consultants is confident that this report and its findings will help all of those with a stake in Africa's success to support the people who are playing such a central role in achieving it.

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# INTRODUCTION

“Job Creation in Sub-Saharan Africa: Entrepreneurs. Governments. Innovation.” sets forth a framework for approaching the most important economic issues for the region. It does so from the perspective of those whose well-being most depends on it—the young Sub-Saharan Africans.

**T**o take the pulse of their views on the state of their economies, drivers of job creation and development, the role of the government and entrepreneurship, and finally, innovation, Forbes Insights, the thought leadership arm of Forbes Media, and Djembe Consultants, the pioneering African communications consultancy, surveyed some 4,000 young people (between the age of 16 and 40) from Angola, Ghana, Mozambique and Nigeria. The statistical underpinnings of the report are based on the survey findings, presented both in aggregate for the Sub-Saharan region, as well as individually for each country.

As the report title reveals, the survey results point to sustainable job creation as the issue of utmost importance for the future of the region, according to young Sub-Saharan Africans. With respect to this finding, it is then imperative to develop a better understanding of the perceptions this key demographic maintains regarding both the role entrepreneurs have in generating employment opportunities and how involved governments should be in creating and regulating an environment conducive to entrepreneurship. In short, it is essential to hear the voices of this key demographic.

Therefore, the analysis and commentary of the report derive mostly from those who are central to sustainable job creation—young entrepreneurs who are starting and running businesses on the ground in the four countries covered by the survey. The report discusses the value of entrepreneurs, the challenges and opportunities inherent to entrepreneurship in Sub-Saharan Africa, and in-depth insights garnered from each of the markets surveyed.

This approach reflects the philosophy of Forbes, which has for almost a century covered entrepreneurs worldwide and, by letting their voices be heard, propagated civic entrepreneurial societies. The analysis in the report is enriched by commentary from the Forbes global entrepreneurship editors, who provide a unique global perspective, as well as prior research by Forbes Insights on entrepreneurship in Africa and beyond. This approach allows us to put African entrepreneurship in a global context while respecting its unique local characteristics.

# REGIONAL SUB-SAHARAN KEY FINDINGS

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- Job creation is the most important issue for the future of the Sub-Saharan region, with the largest percentage (48%) of survey respondents citing it. Job creation takes precedence over other important issues, such as eradicating corruption, health and sanitation, or political stability.
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- Entrepreneurs are among the top drivers of job creation for young people (36%), but technology and education are equally important for job creation. When asked about how entrepreneurs can help develop the economy, the majority of survey respondents (59%) said that they look to entrepreneurs to advance the economy by creating jobs.
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- Corruption and lack of business transparency are the top barriers to entrepreneurship, according to 45% of survey respondents, followed by lack of access to capital and financing (35%).
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- Agriculture and natural resources are the sectors that will, over the next five years, create the most jobs, according to 43% and 35% of survey respondents respectively. The survey considered extractive natural resources separately from agriculture due to the sectors' different dynamics and issues.
    - The natural resources sector is seen as a top catalyst for entrepreneurs (37%), with ongoing and strategic reinvestments that should drive entrepreneurship.
    - Agriculture, due to its untapped potential for productivity gains and creation of value-added products, is the sector that will produce the most entrepreneurs over the next five years, according to 43% of survey respondents.
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- Sub-Saharan societies have largely positive views about entrepreneurs, with a majority (56%) counting on them to create jobs, and believing that they worked hard for what they achieved (56%). A significant majority of survey respondents (72%) would prefer to start a business rather than work for an existing organization.
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# INDIVIDUAL COUNTRY KEY FINDINGS

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## ANGOLA

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Among the Sub-Saharan countries surveyed by Forbes Insights and Djembe Consultants, Angola stands out by having the most respondents recognizing education as essential to job creation for young generations. With job creation cited as the most important issue for the country's future (44%), education is perceived as the top driver of job creation for young people over the next five years (48%), as well as the industry that will create the most jobs for young people over the next five years (40%). Among the countries surveyed, Angola has the highest percentage of respondents (49%) who would prefer to work for an organization rather than starting their own business. (Page 15.)

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## GHANA

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Job creation is undoubtedly the most important issue for the country's future, according to 50% of those surveyed, which is consistent with the Ghanaian government's adoption of the National Employment Policy in an effort to boost employment opportunities and meet the demand of the growing labor force. Technology is the top driver of job creation for young people over the next five years (44%), and interviews with entrepreneurs revealed that they are more focused on innovation than entrepreneurs from the other countries surveyed for this report. Survey respondents from Ghana were also very positive about Ghanaian entrepreneurs, with only 13% saying that they conducted business in a dishonest manner, and a vast majority (85%) preferring to start a business rather than seeking employment with an existing organization. (Page 21.)

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## MOZAMBIQUE

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The southern African nation very closely mirrors the aggregate findings for the region, with job creation for younger generations seen as the most important issue for the country's future (50%); entrepreneurs are seen as the top drivers of job creation for young people over the next five years (39%). The natural resources sector plays a more prominent role in the country's future, according to survey respondents. They expect this sector to create the most jobs for young people over the next five years (49%), create the most entrepreneurs over the next five years (50%), as well as be the top driver of entrepreneurship (38%). As a testament to the country's distancing itself from its Marxist past, the majority of survey respondents (66%) would prefer to start a business rather than work for an organization, while attitudes towards entrepreneurs are mostly positive. (Page 27.)

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**NIGERIA**

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Nigeria stands out among the Sub-Saharan countries surveyed in that the West African nation has the highest number of young people looking to become entrepreneurs (86%). Nigerian entrepreneurs are also viewed most positively by fellow Nigerians, with just 13% of young people suspecting entrepreneurs of dishonesty, and 63% of survey respondents expressing their admiration for entrepreneurs. As in other Sub-Saharan countries, entrepreneurs are seen as the drivers of job creation (40%), however, the government is expected to create the most jobs over the next five years, according to 56% of survey respondents. Eliminating corruption remains a significant issue in Nigeria—more so than in other countries surveyed for this report—being perceived not only as a top barrier to entrepreneurship (47%), but also as the most important issue for the country's future (53%). (Page 33.)

# FOCUS ON SUB-SAHARAN AFRICA

## JOB CREATION THE MOST IMPORTANT ISSUE

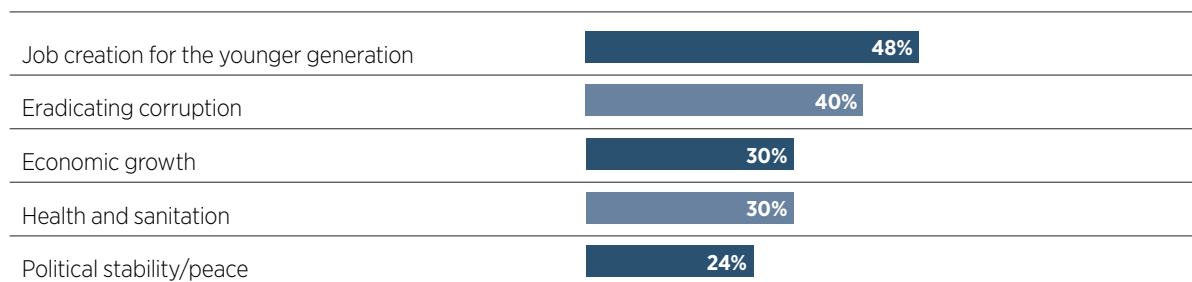
Being the youngest continent demographically, with half of the Sub-Saharan population under the age of 25 and youth unemployment larger in absolute terms than in other parts of the world, job creation for the younger generation is by far the most important issue for the future, according to 48% of the survey respondents. (Fig. 1.)

According to the Forbes/Djembe survey, entrepreneurs are looked to as a source for job creation, with a majority of respondents (59%) pointing to it as the top expectation they have from their countries' entrepreneurs. (Fig. 2.)

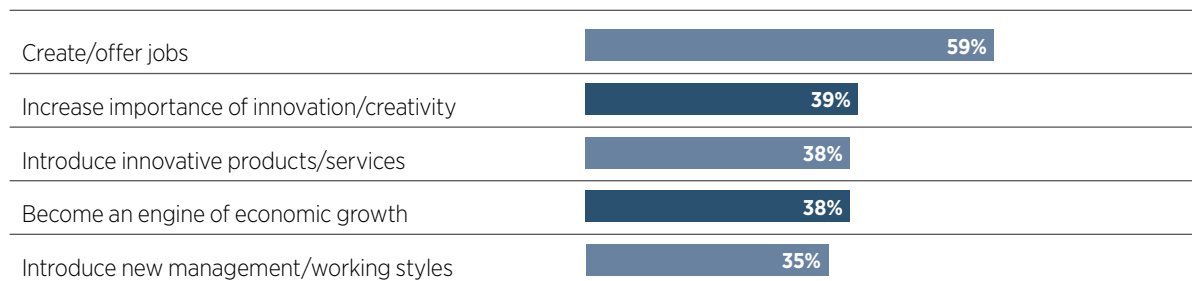
The significance of the entrepreneurs' ability to proactively contribute to national economic growth cannot be overstated when one considers that the nations themselves only gained independence from colonial rule in recent decades and—to varying degrees—experienced post-independence conflict that left the region politically and economically unstable for years.

Their impact is further underscored when one considers that Sub-Saharan entrepreneurs operate in markets dominated by more powerful natural resource sectors and deep-pocketed multinational companies, and are forced to contend with electricity shortages, infrastructure issues, a lack of skilled labor and minimal access to capital, to name a few challenges.

**Figure 1. Most important issues for the future**



**Figure 2. How entrepreneurs can help develop the economy**





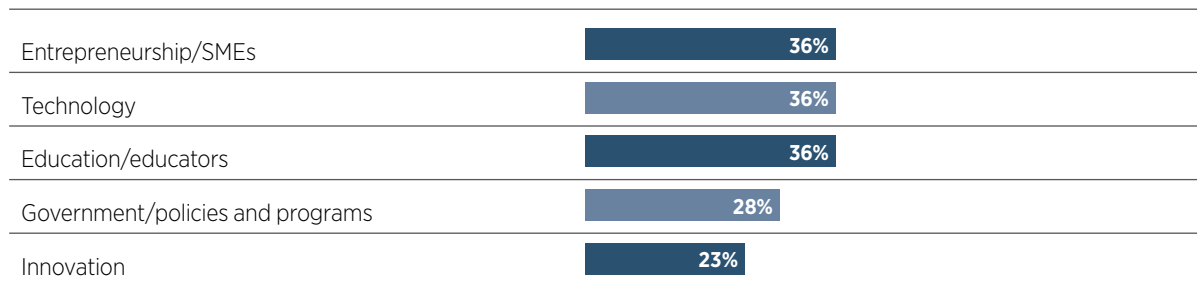
**Entrepreneurs are among the top-ranked factors in job creation**

“Young entrepreneurs and those they inspire are the lifeblood of Africa’s rise,” to quote Nigerian entrepreneur Tony Elumelu. Entrepreneurs are seen as the top drivers of job creation for the young generation, according to the Forbes Insights/Djembe survey. Equally important for job creation across the region, with some variance by country, are technology and education. Overall, 36%, or the largest percentage of the Forbes Insights/Djembe survey respondents, pointed to entrepreneurs, technology and education as the top drivers of job creation. (Fig. 3.)

Andre Almeida Santos, Principal Country Economist at the African Development Bank, explains the significance of the entrepreneur-driven job growth, suggesting “Mozambique’s economic growth has been mostly driven by foreign investment into capital-intensive but limited job-creation projects. The main current challenge in Mozambique is to diversify its economy away from such types of development, and being able to translate economic growth into a more inclusive model. To achieve this the country needs to diversify its productive fabric, and SME development is a centerpiece for the diversification.”

Similarly, in Ghana, “employment growth has lagged behind economic growth, employment growth has lagged behind the growth of the labor force,” says Nanette Derby, Private Sector Specialist at the African Development Bank. “The public sector is already over-loaded, and so entrepreneurship has to be one of the key drivers of creating jobs in Ghana.”

**Figure 3. Top drivers of job creation for young people**



“We’ve had a lot of economic growth, but that does not translate into jobs. We need to have the entrepreneurs creating jobs. We need government to provide the basis from which we can create those jobs for ourselves,” says Angolan tech entrepreneur Reuben Mendes.

“Inclusive growth is particularly important for Nigeria,” says Nigerian economist Akin-Olusoji Akinyele. “Even though we are one of the fastest-growing economies in Sub-Saharan Africa, the challenge is that it has not trickled down to the average Nigerian. We haven’t felt the impact in terms of our social well-being or improvement in quality of life. The government gets the wheels of the economy turning. But in the case of Nigeria, it is entrepreneurship that creates the jobs and empowers people and, by so doing, creates economic well-being.”

In a similar light and in recognition of the need for entrepreneur-driven, sustainable job creation, the Tony Elumelu Foundation Entrepreneurship Programme (TEEP) is founded on and promotes the idea of “inclusive economic philosophy of Africapitalism, based on the belief that a vibrant African-led private sector is the key to unlocking Africa’s economic and social potential.”

In addition to entrepreneurs, technology was cited as being a key driver of job creation by survey respondents. While technology serves as the backbone of business across the world, in Sub-Saharan Africa, where traditional financial systems and distribution networks are not yet fully developed, technology takes on a more prominent role.

Kofi Dadzie, co-founder and Chief Executive Officer of Rancard, a Ghana-based mobile advertising technology company, sees technology as an enabler for other industry sectors and for smaller companies. Mobile will allow people to participate in the financial system, as they will have the ability to make and receive payments, access and receive credit, have their records tracked and thus become creditworthy, according to Dadzie. (Page 22.) By facilitating other industries, such as banking, for example, technology as a sector will create jobs via its multiplier effect.

Perhaps most importantly, technology is seen as a socio-economic equalizer. While traditionally coming from a prominent family or having political connections affords one a competitive advantage, the role of technology levels the playing field as it adheres to free-market rules. “You could literally be the president of

the country and create an Internet product. But you still would not be able to force people to use it,” says Nigerian entrepreneur Jason Njoku. (Page 34.) As a result of the equalizing nature of technology, the first generation of Internet entrepreneurs are self-made rather than products of privileged families or political ties.

As technology and innovation are directly related, Sub-Saharan entrepreneurs are acutely aware that the lack of innovation is impacting access to technology. As a result, many entrepreneurs spend much needed capital on importing or copying Western goods and services, which are often not compatible or not needed in local markets.

Sub-Saharan entrepreneurs stress the importance of developing local technological solutions as the only way to create value-added products and expand their companies in a smart and systematic manner. According to Forbes Insights research<sup>1</sup>, expanding companies globally and creating original brands are achievements that earn entrepreneurs from emerging market economies the most admiration in local markets.

Education, a key pillar of job creation, surfaced in conversations with entrepreneurs in the context of talent gaps evident in local markets. The skills gap of the local population is a major hurdle for Angolan entrepreneurs, according to Tchiloia Lara, an Angolan entrepreneur. “It’s very difficult to produce projects locally from conception to distribution while maintaining the high quality standard that would allow us to compete with international productions.” (Page 16.)

Entrepreneurs from across the region mirrored her comments, and in each market skills gaps emerged as a major issue hampering economic growth and innovation. Among the countries covered in this report, the challenges related to education and the lack of skilled labor are most prominently perceived in Angola. (Page 15.)

### The role of the government

Sub-Saharan governments have a critical role to play in fostering job creation and entrepreneurship in their respective countries—perhaps even more so than in other regions of the world. Forbes Insights research<sup>2</sup> reveals that, unlike in mature economies, where the private sector is often most content when governments do not meddle, entrepreneurs in developing economies tend to have more positive views of governmental involvement.

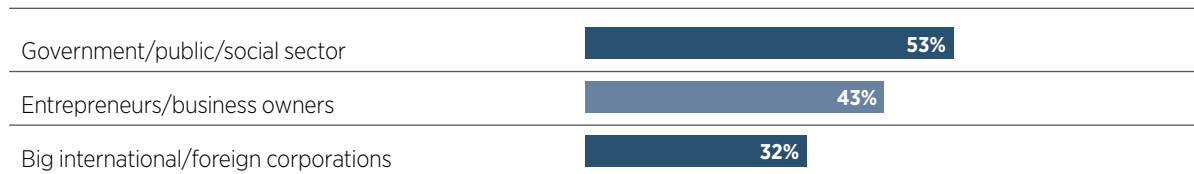
Conversations with Sub-Saharan entrepreneurs and economists confirm the notion that they have high expectations of the government playing a role in the private sector. In fact, they believe that there is no substitute for local leaders empowering local entrepreneurs, and, as Dadzie told Forbes Insights: “The right leadership will nurture entrepreneurs by creating

policies that encourage financial systems to make capital available and provide education—the same way that parents have the patience and endurance to invest in and cultivate the education of their children, house them and make them successful adults.” (Page 26.)

To be clear, entrepreneurs aren’t calling for paternalistic governments to use state funds to simply create jobs (something that is becoming more difficult, as some governments’ coffers aren’t as robust due to falling oil prices). For, as Derby notes, “the government has a role to play in building an economic ecosystem that promotes entrepreneurship and job creation.” Rather, this is a call for stimulating job creation via leveraging revenue generated from natural resources in a responsible and sustainable manner that provides long-term solutions for the country.

Economists, entrepreneurs and Forbes Insights/Djembe survey respondents acknowledge that while necessary, this diversification process will definitely be a long and continuing process. According to the survey, for the next five years, the public sector will continue to be the primary job creator. (Fig. 4.)

**Figure 4. Which entities will create the most jobs for young people over the next five years?**



<sup>1</sup>“Emerging Markets: Joining the Global Ranks of Wealth Creators—Africa, Central & Eastern Europe, Middle East,” by Kasia Moreno, Forbes Insights, 2013

<sup>2</sup>“Creating Wealth, A Survey of Entrepreneurs Worldwide: Their Insights. Their Challenges. Their Needs,” by Kasia Moreno, Forbes Insights, 2015

## Fostering entrepreneurship

Any government that is committed to promoting sustainable job creation must foster entrepreneurship. For this to occur it is vital that the government take real and credible steps to eliminate some of the major obstacles that serve as an impediment to entrepreneurship—two issues that clearly stand out are eradicating corruption and improving access to capital and financing for entrepreneurs. (Fig. 5.)

Corruption ranks as a top obstacle to doing business in the Forbes Insights/Djembe Consultants survey, cited by 45% of respondents. In fact, in Nigeria eliminating corruption is perceived as the single most important issue for the country's future (53%). The consequences of corruption are many—it impedes democracy, corrodes state institutions and stunts economic growth. Needless to say, its existence greatly impairs the potential for entrepreneurs to flourish, as confirmed by Forbes Insights research, which reveals<sup>3</sup> that lack of business

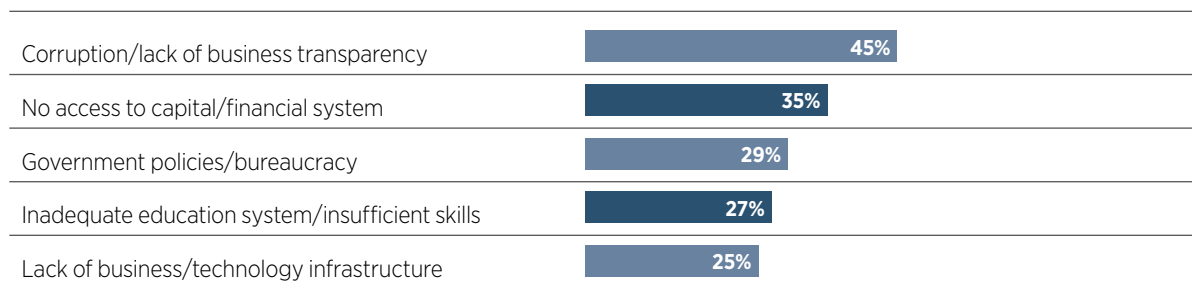
transparency is the top challenge for entrepreneurs across Asia, Africa and the Middle East.

Lack of access to capital and well-functioning financial and banking systems are also obstacles shared by entrepreneurs across the continent. While part of the solution lies in the creation of sound regulations, it is equally critical to create an environment and incentives for alternative types of funding, such as angel investing, private equity or venture capital.

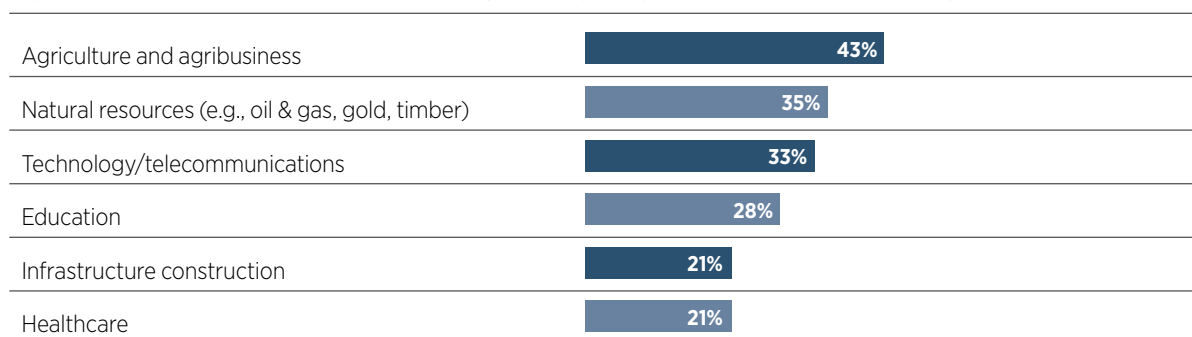
## Natural resources and agriculture

According to the respondents, the sectors where most jobs will be created are agriculture and natural resources. (Fig. 6.) Agriculture and agribusiness are ranked within the top two sectors that will create the most jobs over the next five years across all countries surveyed for this report. However, as Santos notes, “The paradoxical aspect of job creation in agriculture is that the bulk of the population already works in agriculture.”

**Figure 5. What are the top barriers to entrepreneurship in your country?**



**Figure 6. Sectors that will create the most jobs for young people over the next five years**



<sup>3</sup> “Creating Wealth, A Survey of Entrepreneurs Worldwide: Their Insights. Their Challenges. Their Needs,” by Kasia Moreno. Forbes Insights, 2015

Currently agricultural sectors across the continent are suffering from underdevelopment, underinvestment and a lack of technology.

To Santos’ point, in all countries covered in this report, significant percentages of the populations (from 40% to 70%) are employed in the agricultural sector—mostly informally. Economists and entrepreneurs all agree that the sector could be greatly expanded through policies aimed at reform and an increase in capacity. Currently agricultural sectors across the continent are suffering from underdevelopment, underinvestment and a lack of technology.

In Angola agriculture currently accounts for only 11% of GDP and 70% of total employment, and the country is currently not self-sufficient in many basic food commodities. “If I had a million dollars, I would look into agriculture and agribusiness with interest,” says Louis Leitao, Executive Director at Forbes Angola. (Page 18.) “Agribusiness is going to be the next big

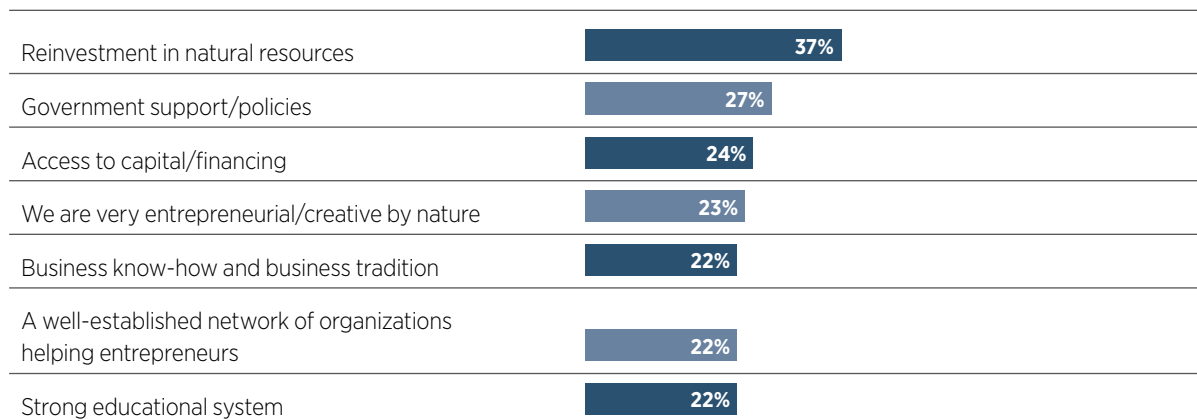
thing in Angola,” agrees Mendes. “The agricultural sector still has significant head room to develop,” adds Ghana’s Dadzie. (Page 25.)

Mozambican entrepreneur Prakash Ratilal echoes this sentiment, saying, “Productivity in agriculture, which is currently extremely low in Mozambique, needs to be improved, because this is the only sector that provides and will continue to provide jobs for the majority (more than 70%) of the population. Focus on agriculture should not be neglected, as has happened in most African countries, where priorities and investments have been concentrated on the oil and gas industries, in mining and infrastructure, as well as in non-productive investments. Therefore, young people specifically abandon the rural areas looking for a better life in the cities, thus increasing the pressure on the weak urban social infrastructure.” (Page 29.)

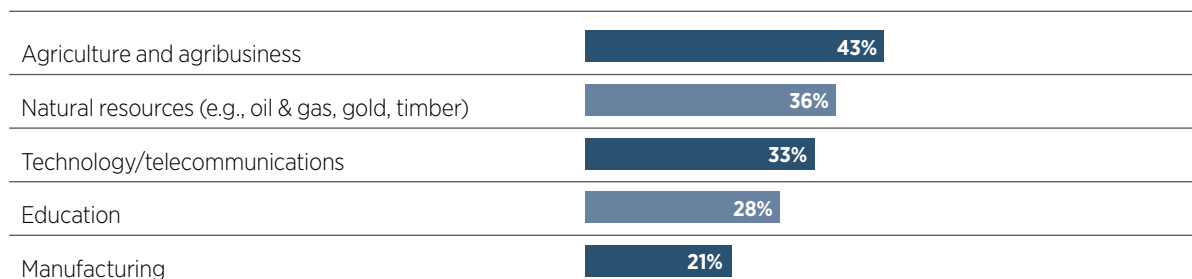
### The spillover effect

There exists a great need—and expectation—of a spillover effect from industries related to natural resources and agricultural sectors, which have thus far benefited too few people. The multiplier effect—all the services needed by large corporations in extractive industries—should have a positive impact on smaller companies. In fact, the largest percentage of survey respondents (37%) cited strategic reinvestments in natural resources as the top driver of entrepreneurship, and the second-ranked sector in creating the most entrepreneurs (36%). (Figs. 7 and 8.) Agriculture was the most cited sector (43%) for

**Figure 7. Top drivers of entrepreneurship**



**Figure 8. Industries that will create most entrepreneurs over the next five years**



creating the most entrepreneurs over the next five years, due to its untapped potential for increased productivity and the need for creating value-added products.

Responsible and sustainable management of income generated from natural resources sectors, such as strategic reinvestment, is imperative to ensure that extractive commodities are converted into more long-term prospects such as education, capacity building, innovation and job creation.

Shaun Cawood, who describes Mozambique's agriculture as a "sleeping giant with huge untapped potential," started a food processing business to supply vegetables to catering companies serving the mines in the Tete area of Mozambique. He serves as a perfect example of the combination of the spillover from the natural resources sectors and development of the agricultural sector.

Cawood, who speaks of his business in terms of meals served, currently supplies firms feeding between 10,000 and 15,000 people per day, and he notes that

it is estimated that the Tete region will grow to about 30,000 meals a day over the next couple of years. Significantly, while Cawood was importing 90% of his produce at the onset, he has subsequently managed to reverse this ratio so that the majority of his produce is now locally grown. "Ours is an inclusive business model, serving the mines and also helping the local farmers," he says.

### Social attitudes

Generally speaking, Sub-Saharan Africans have a positive view of entrepreneurs and entrepreneurship. It is a positive indicator to see that Sub-Saharan entrepreneurs have become respected for their achievements and the role they play in economic development. The majority of survey respondents view entrepreneurs positively, with 56% of survey respondents counting on entrepreneurs to create jobs, and an equal number of respondents expressing their admiration for their commitment to hard work. (Fig. 9.)



Shaun Cawood started a food processing business to supply vegetables to catering companies serving the mines in the Tete area of Mozambique.

A minority point to using political connections (38%) and conducting business dishonestly (19%), but, for the most part, such misgivings need to be assuaged by government policies, such as stricter rules to eliminate corruption, and creating a business-friendly and transparent regulatory system.

Such positive attitudes overall toward entrepreneurs are encouraging in a region that suffers from some classic emerging markets' woes related to business transparency, income inequality and corruption. Forbes Insights research<sup>4</sup> reveals a disparity in attitudes toward wealth creators in mature markets versus emerging markets. On a scale of 1 to 10, with 10 the most positive, the Forbes wealth panel scored mature markets at 6.3 and emerging markets, such as Africa, at 4.1. In this ranking, Africa scored on par with the Middle East and Central and Eastern Europe.

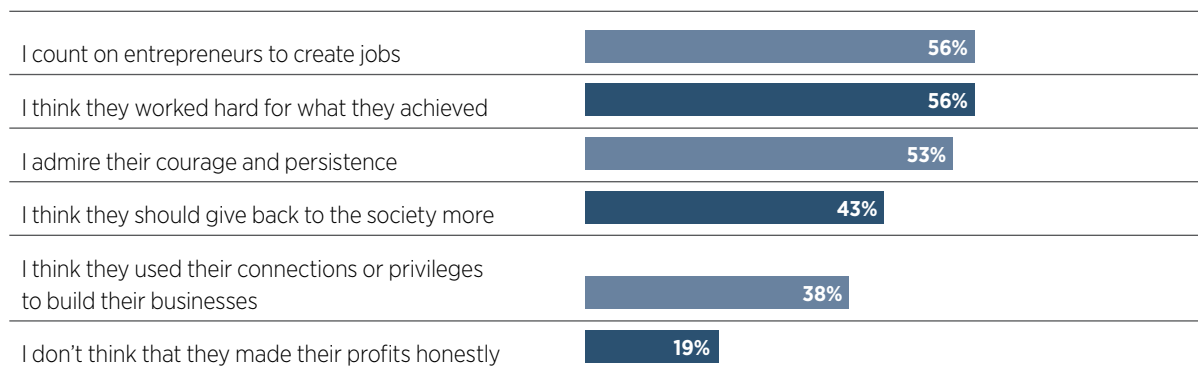
The two-point difference between mature and emerging markets is minimal, and represents a positive outcome for emerging markets, whose entrepreneurs operate at a substantial disadvantage to their counterparts in developed economies. Emerging markets are still building regulatory institutions, adopting sound

business practices and political systems, which mature markets have enjoyed for some time.

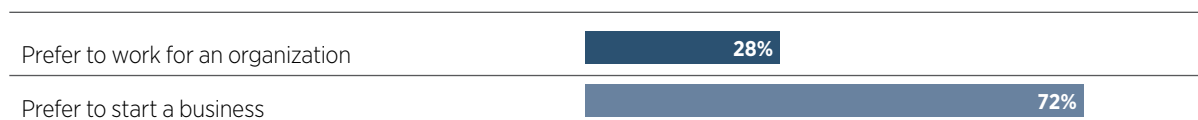
Despite the challenges, a majority of the Forbes Insights/Djembe survey respondents would prefer to start their own business (72%) than work for an existing organization (28%). (Fig. 10.) Of course, it has to be noted that in some cases the desire to start a business comes from sheer necessity, such as lack of jobs or inadequate education.

However, as Forbes' worldwide coverage of entrepreneurs shows, passion is what typically drives individual entrepreneurs. It is no different in Sub-Saharan Africa. "I was always passionate about creating things and spending the whole day working on my own ideas, so I decided to start my own business," says Mendes. Entrepreneurs are also driven by the challenges they see in their countries and the desire to find original solutions for them. Some aim to scale up their businesses and help bring prosperity to their communities, much the way Microsoft created new jobs and mini-industries and helped Seattle flourish. While definitely aspirational, that comparison with Microsoft is not in all cases far-fetched and underscores the entrepreneurs' ambitions and potential.

**Figure 9. Opinion about successful entrepreneurs**



**Figure 10. Preferable type of employment**

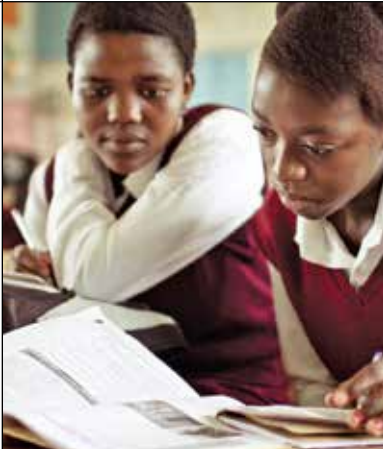


<sup>4</sup> "Emerging Markets: Joining the Global Ranks of Wealth Creators—Africa, Central & Eastern Europe, Middle East," by Kasia Moreno, Forbes Insights, 2013



# FOCUS ON ANGOLA

## TURNING PEACE INTO JOBS



In many ways Angolan entrepreneur Tchiloia Lara embodies the struggles her country endured for decades and the possibility of a brighter future. Born in the 1980s, for a long time she knew only war. “It was only after peace was declared that we were able to dream about contributing to our society. We thought there were no limits,” she says.



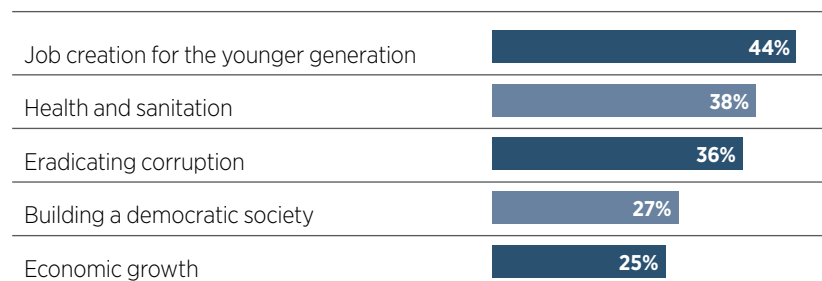
Lara and two partners, also born in the 1980s, founded Geracao 80, a video production company. “The name embodies the experience of living post-independence. Our generation is part of the emergence of the new Angola,” she says.

Now that Angola is entering its second decade of peace, Lara better understands the challenges facing both her company and her country. “We are beginning to see that there are limits. There needs to be more planning and more investment in basic infrastructure for us to be able to succeed,” she says.

At the core of Angola’s future is job creation for the young generation. (Fig. 11.) Unemployment has averaged 27% since 2007. A big part of the reason is the country’s dependence on oil, which accounts for some 40% of economic output and 70% of government revenue, according to the International Monetary Fund. “The crucial oil industry employs just 1% of Angolan workers,” according to “African Economic Outlook (Angola 2014).”



Figure 11. The most important issues for Angola’s future





“It’s very difficult to produce projects locally from conception to distribution while maintaining the high quality standard that would allow us to compete with international productions.”

**Tchiloia Lara**  
Co-founder, Geracao 80



### The power of education

Among the Sub-Saharan countries surveyed by Forbes Insights/Djembe Consultants, Angola stands out by having by far the most respondents citing education as crucial to job creation for the young. Education leads the list of top drivers of job creation for young people over the next five years, and is viewed as the sector that will create the most jobs for young people as well as the most entrepreneurs over the next five years. (Figs. 12, 13 and 14.) The main contribution of education to entrepreneurship is either by supplying skills that can lead to creating value-added businesses or by providing highly skilled employees for entrepreneurs.

Although the country has been rebuilding its education infrastructure since the cessation of the conflict, there’s still a lack of trained teachers around the country, school infrastructure remains undeveloped, and in many regions education is not a priority for parents. “The education sector weaknesses imply that it is necessary to start

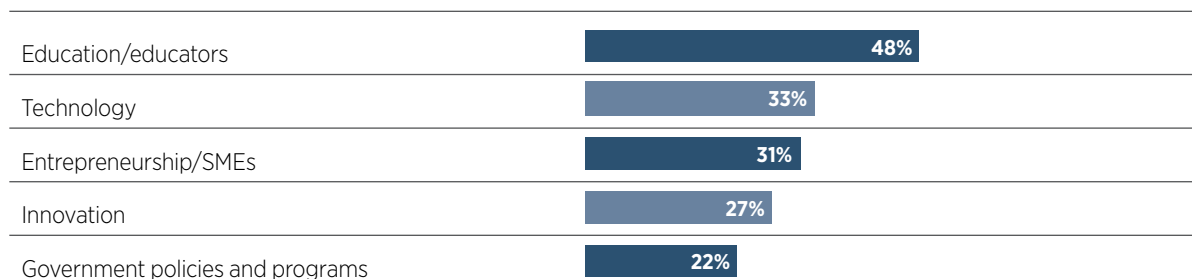
from the beginning, from the quality of primary education, while developing technical education crafts and increasing the credibility of higher education,” says Luis Leitao, Executive Director of Forbes Angola.

A positive sign is that Angola has seen a lot of international colleges, schools and universities opening courses and workshops in the country, including Colégio Angolano de Talatona, which has a partnership with Cambridge University, according to Leitao. Erika Acosta, Djembe Consultants’ Country Manager of Angola, notes, “In recent years the state of education in Angola has seen some improvement as a result of public and private sector collaboration and the adoption of such initiatives as Education for All. Angolans are recognizing the value of education and how advancements in knowledge and technical skills will make them more competitive in job markets.”

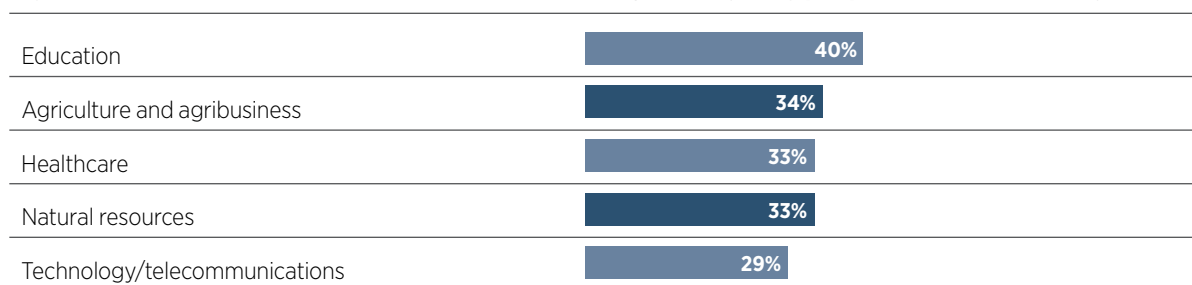
Because the number of trained and skilled people is far less than is required, many companies operating in Angola rely on expatriates. It is, of course, a natural phase for a developing economy to have a high level of foreign companies and expatriates. The companies bring the know-how and, in effect, help establish modern industry infrastructure, in such fields as the extraction of natural resources, banking or telecommunications. Typically, at the onset expatriates fill top management and key decision making positions, but it is hoped that over time locals should begin to assume these positions.

Angola stands out by having by far the most respondents citing education as crucial to job creation for the young.

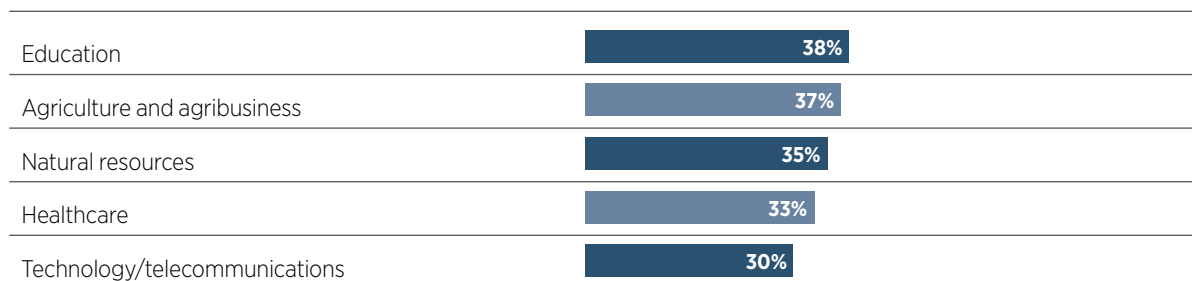
**Figure 12. The top drivers of job creation for young people over the next five years (Top Five)**



**Figure 13. These industries/sectors will create the most jobs for young people over the next five years**



**Figure 14. These industries/sectors will create the most entrepreneurs over the next five years**



In Angola, due to lack of skills, it is both management and mid-level positions across many industries that are often occupied by foreigners. In the natural resources sector there is a need for people who know how to mine, weld, run a rig, analyze product, cut stones and run machinery as well as for people who know how to operate the business at higher levels and take over the managing director positions that may have gone to expatriates, according to Jeannine Scott, president of the U.S.-Angola Chamber of Commerce.

Because Angolans lack much of the technical know-how, Angola has become home to a large foreign workforce, primarily in the oil and gas and banking sectors. “Angolans are noticing that if they could gain the right skills, they could also have a well-paid job like the foreigners,” says Leitao.

The skills gap of the local population is a major hurdle for Angolan entrepreneurs. Says Lara, “It’s very difficult to produce projects locally from conception to distribution while maintaining the high quality standard that would allow us to compete with international productions.”

Unable to find skills and know-how at home, Angolan entrepreneurs often approach the U.S.-Angola Chamber of Commerce in search of partners with capabilities, says Scott. Among some of her projects have been helping Angolan fruit farmers who were seeking help with canning and shipping technologies, ranchers who wanted to learn from Texas agricultural experience and entrepreneurs who needed technical partners to set up an oil tank cleaning business.

**Extractive natural resources and agriculture**

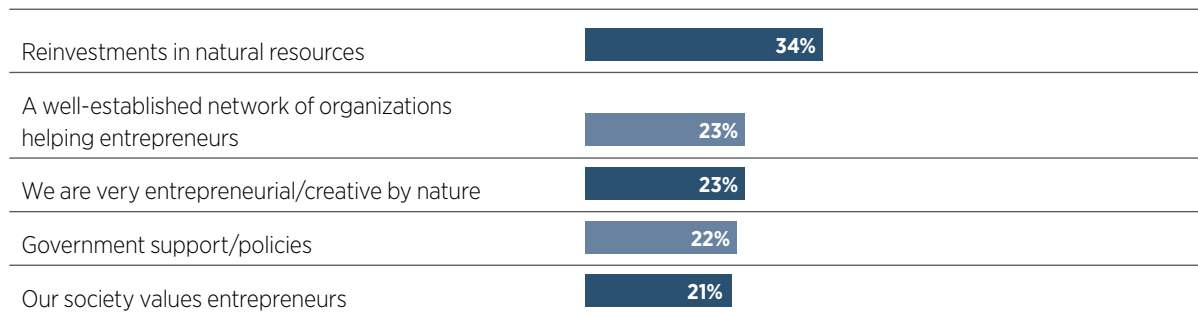
Natural resources is the sector that is seen as a top driver for entrepreneurship (Fig. 15). Run mostly by big international companies, the oil and gas sector offers opportunities in secondary businesses around the natural resources industry for Angolan firms. These myriad secondary businesses include catering, real estate, retail, car rental and restaurants. One of the members of the U.S.-Angola Chamber of Commerce, for example, runs a diving school that trains divers to service oil platforms under water.

Agriculture has been among the main drivers of growth, after Angola’s growth slowed to 4.5% in 2014, due to falling oil prices. Agriculture should be a priority for the government and for the private sector, according to Leitao. With high-quality soil and good water supplies, the potential is enormous. Currently, agriculture accounts for only 11% of GDP and 70% of total employment, and the country is currently not self-sufficient in many basic food groups.

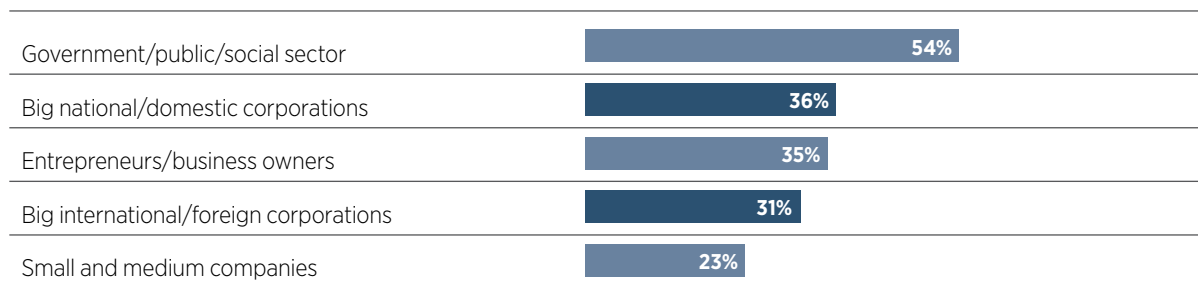
**Entrepreneurial drive and the role of government**

Angolans stand out among the Sub-Saharan populations surveyed by Forbes Insights in that fewer of them would rather start a business than work for an organization. Just about half of Angolans would like to start a business, compared with some 80% in the rest of the Sub-Saharan countries surveyed. Similar to young people in other countries surveyed for this report, Angolans see the government as creating the most jobs over the next five years. (Fig. 16.)

**Figure 15. The top drivers of entrepreneurship**



**Figure 16. Entities that will create the most jobs for young people over the next five years**



Young Angolans crave jobs at big organizations because they have seen a lot of skilled workers over the last five years get jobs at big companies and ride the “economic boom train,” which made them quite wealthy. “But you don’t have many self-made businessmen that can motivate the young to follow,” says Leitao. That justifies the perspective of the young who prefer to get a job in a big company rather than to build a business.

The high hopes for government as the job creator is quite typical for developing economies, where people often have grown accustomed to economic systems in which governments played a paternalistic role. Government jobs also tend to be more secure and easier to hold on to. However, despite what young Angolans may hope for, the government may not be in a position to spend more money directly creating more jobs, according to Leitao. Rather, it will promote a restructuring of the public sector, given the prominent position that human resources already occupies in the state budget, which has become more visible with lower oil prices, he adds.

Following its new austerity budget, “the government has twice reduced fuel subsidies—and further cuts in subsidies are planned—and introduced a freeze on public

sector hiring until the end of 2015...There is a risk that introducing kneejerk austerity measures—especially in the area of capital spending—could create longer term problems for the economy and slow down much-needed attempts at diversification. For the time being, therefore, the government remains overtly committed to an ambitious policy agenda designed to promote more stable and inclusive growth and formal job creation, as well as important social and infrastructure programs,” according to the World Bank.

Lara defines the roles that the government and the private sector should play in Angola’s economic future in the following way: “The public investment will continue to play a role in economic growth, functioning as a lever. But the private sector will be the engine.”

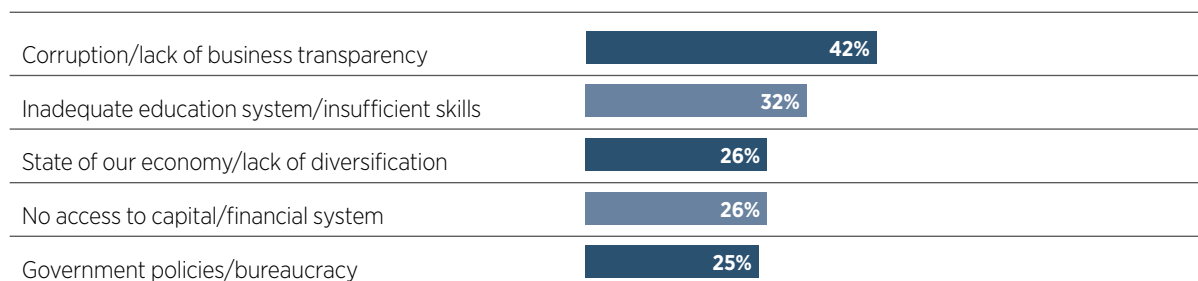
### The life of an entrepreneur

Being an entrepreneur in Angola presents its own challenges. Significant obstacles remain, and there is a high expectation from Angolan society that entrepreneurs will create jobs. The good news is that more young Angolans view entrepreneurs in a positive rather than a negative way. (Figs. 18, 19 and 20.)

**Figure 17. Preferable types of employment**



**Figure 18. Top barriers to entrepreneurship**



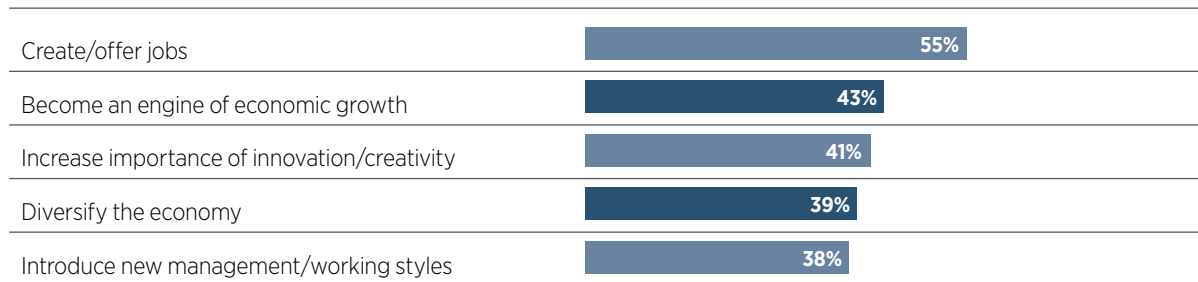
Lara’s company, Geracao 80, produces videos for corporations as well as art projects. “We want to be able to survive in business and still be able to inspire people with our art,” she says. The latter is hampered by the lack of promoters for local content and lack of distribution networks. She would also like to see a law obliging television channels to buy more content from independent production companies like hers.

In addition to industry-specific issues, Geracao 80 has to struggle with the same challenges as every other entrepreneur in Angola. Apart from macro issues such as

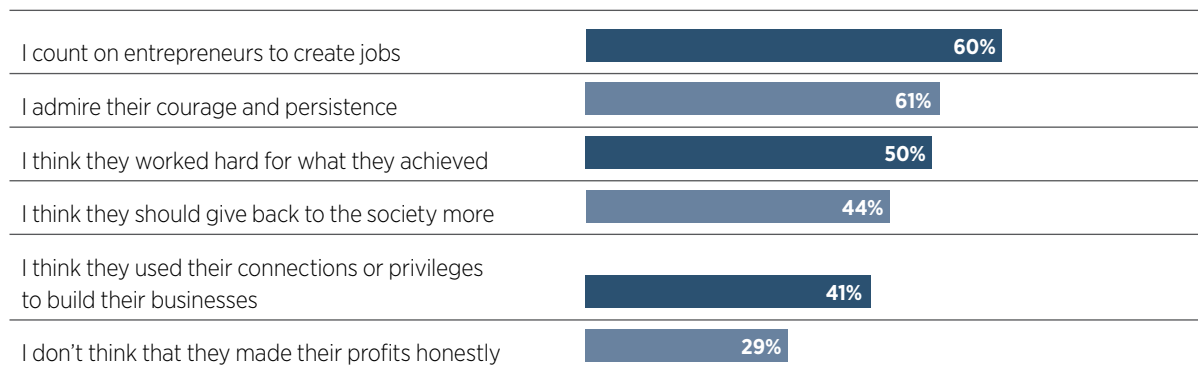
dealing with bureaucracy, talent gaps and lack of access to capital, Lara also would like to see an improvement in the quantity and quality of supportive services for small businesses such as IT management, finance, communications, marketing and managerial capabilities.

For all her hard work, she feels valued by other Angolans and believes that it makes a difference “to see your people succeed.” The difficulties do not deter her. “When there is so much to be done, one needs not to be discouraged,” she says. “When you see difficulties, there are also opportunities.”

**Figure 19. Entrepreneurs’ role in advancing the economy**



**Figure 20. Opinion about successful entrepreneurs**





# FOCUS ON GHANA

## HOME-GROWN TECHNOLOGY



“If we want to build rockets, we will build rockets,” a Ghanaian entrepreneur recently told Chris Bishop, the editor of Forbes Africa. Highly ambitious perhaps, but definitely the right mindset for achievement.



Just as with other Sub-Saharan countries, job creation for the younger generation is viewed as most important for the country’s future. However, the approach to job creation is progressive, as it is based on technology and innovation, with technology seen as helping to fuel other sectors of the industry. And while the government has an important role to play in job creation, Ghanaians rank small and medium companies ahead of the government in the provision of employment. (Fig. 22.)

Figure 21. The most important issues for the country’s future

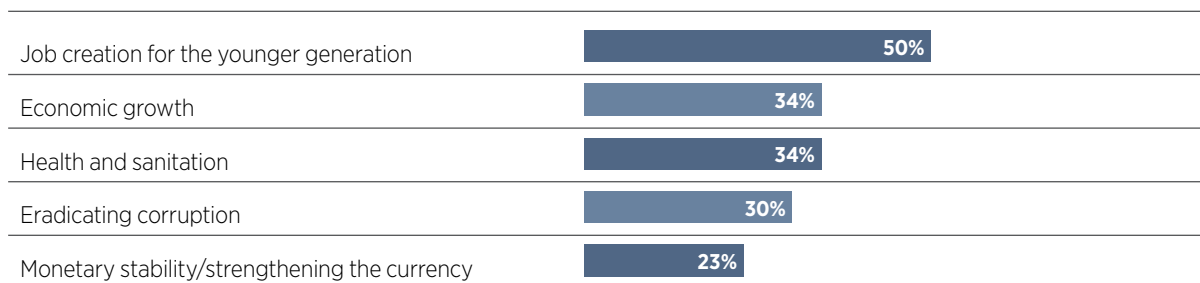
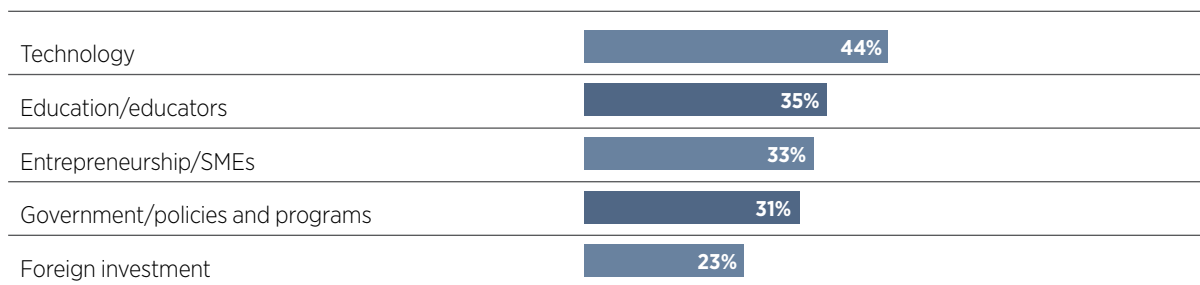


Figure 22. Top drivers of job creation for young people over the next five years





“There is an evolving economic structure that leads to economic formations that we have not really seen before in the traditional Western model, which is to me magic.”

**Kofi Dadzie**

Co-founder and Chief Executive Officer,  
Rancard

Its unique history is part of the reason behind this advanced thinking, according to Forbes Africa’s Bishop. Ghana has been independent longer than the other Sub-Saharan countries surveyed, and less impacted by conflict. The free market reforms introduced in the early 1990s have put the country on a path of economic growth.

Kofi Dadzie is co-founder and Chief Executive Officer of Rancard, a company that connects the world’s leading brands to relevant mobile audiences at the minimum cost per subscriber acquisition.

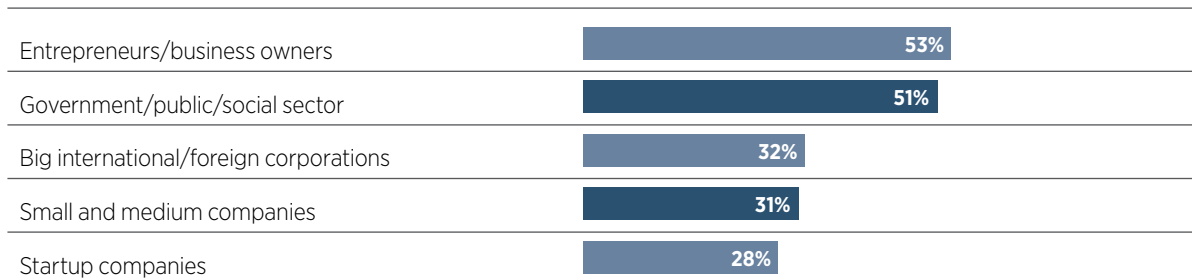
Dadzie sees technology as an enabler for other industry sectors and for small companies. Mobile will allow people to participate in the financial system, as they will have the ability to make and receive payments, access and receive credit, have their records tracked and thus become creditworthy, he says. This, in turn, will allow small businesses to become more accessible for consumers and be able to collect payments from them. Because

Africa has to a large degree leapfrogged Western economies by going mobile and bypassing desktops, its businesses need to develop their own operating models, different from those in Western countries.

The need for new models goes far beyond the uses of technology. And it also goes beyond what entrepreneurs can accomplish by themselves. It calls for governments to pave the way.

“There is an evolving economic structure that leads to economic formations that we have not really seen before in the traditional Western model, which is to me magic,” says Dadzie. “We need leaders who can determine the right policies to enable the innovations to surface. Job growth will come from an economic expansion in which better-empowered citizens can access and create their own opportunities that are specific to the nature of our market.”

**Figure 23. Entities that will create the most jobs for young people over the next five years**





“Entrepreneurs should look for ways to solve Ghanaian problems with Ghanaian solutions.”

**Anne Nutsuklo**  
Co-founder, Nandimobile

While the leaders need to create an environment for entrepreneurs to innovate, it is up to entrepreneurs to come up with creative ideas. Anne Nutsuklo, co-founder of Nandimobile, a software company whose core business is to leverage mobile phones for communications between businesses and their customers, believes that Ghana needs more creativity. It’s the only way to create value-added products and grow firms. “We don’t have a lot of “entrepreneurs who are coming up with their own ideas. Most of them are just copying and, as a result, staying small-scale,” she says. She believes that “entrepreneurs should look for ways to solve Ghanaian problems with Ghanaian solutions” instead of importing products that often don’t fit the local culture or needs.

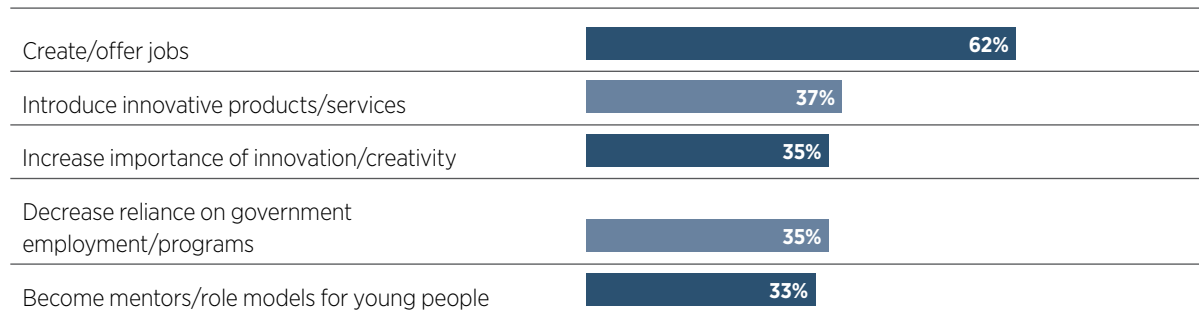
It is a progressive mindset about the need for innovation such as Nutsuklo’s that is reflected in Ghana’s relatively high global ranking in terms of innovation. The country still has some way to go in terms

of innovation. It is ranked 96th out of 143 countries on the Global Innovation Index 2014 (the third-highest African country, after South Africa and Uganda).

Nutsuklo herself has ambitious plans for her business. “In order for us to build a big business, we need to expand to other African countries,” she says. “We are hoping to extend our services to other countries. We’re also looking at bringing out products that would be unique.”

Raindolf Owusu, one of the entrepreneurs on Forbes Africa’s 30 Under 30 list (30 most promising entrepreneurs under the age of 30) agrees. Dubbed the Mark Zuckerberg of Accra by Forbes Africa, Owusu is the founder of Oasis Websoft, hailed as the developer of Africa’s first web browser. “I believe software can solve many problems in Africa. Our problems on the continent are different, and existing software from abroad is not built to suit our setting. I decided to build a company that will address this problem and develop homegrown software,” he told Forbes Africa.

**Figure 24. Entrepreneurs’ role in advancing the economy**





**Talent gaps**

After technology, survey respondents rank education and educators as the second most important driver for job creation in Ghana. “By the 1990s most educational policies had been revamped and focused on attaining some of the key tenets of the [United Nations] Millennium Development Goals,” according to *Learning to Compete*<sup>5</sup>. As a result, the country currently has a completion rate of about 85% in primary education and some 65% in junior secondary school.

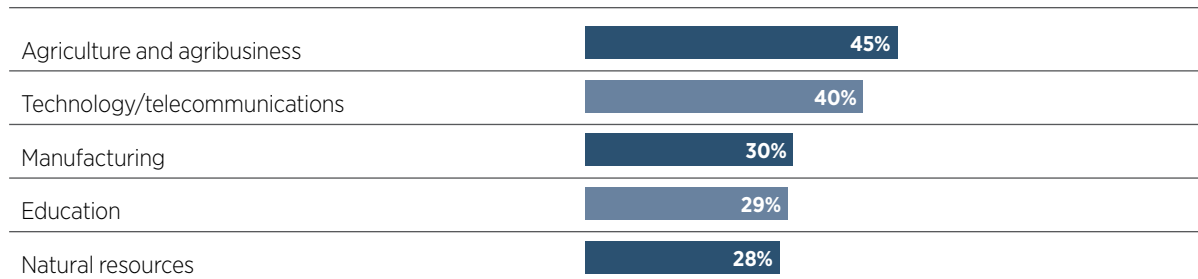
The entrepreneurs Forbes Insights spoke with for this report encounter these talent gaps on a daily basis. In fact, both have benefited from Western education. Dadzie has a computer engineering degree from the U.S.’ Vanderbilt University, in Tennessee, and prior to co-founding Rancard, he worked with a number of companies in the U.S., including Dell and Whirlpool. Nutsuklo got her funding from MEST, or the Meltwater Entrepreneurial School of Technology

(MEST), an incubator program, backed by a San Francisco-based foundation, that provides training and investment for African entrepreneurs.

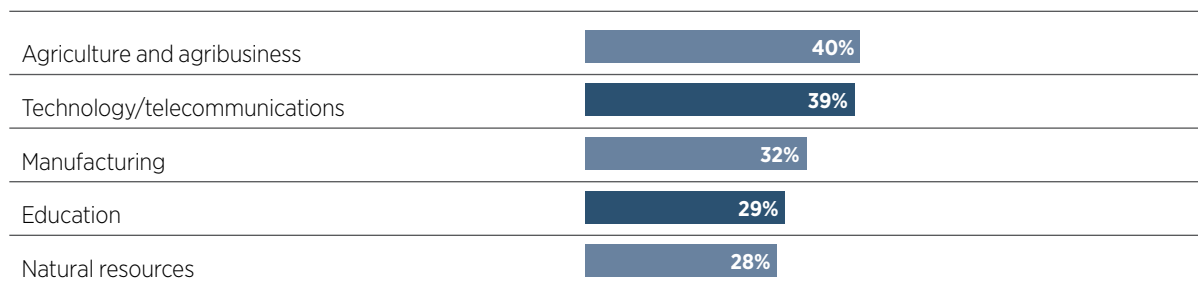
The existing talent gaps increase the costs of doing business. Startups either have to spend a lot of money to hire away qualified employees from well-paying jobs at big corporations or fund in-house training to foster talent. Just as in other Sub-Saharan countries, the best jobs in the oil sector or companies servicing it often go to foreigners due to a lack of skilled local workers, according to Amuzu.

“Our biggest challenge now is being able to recruit within the markets where we operate, such as Ghana, Nigeria or Kenya, because the skill sets for the software industry are not readily available,” says Dadzie. “It’s quite a challenge composing a team. It’s not like operating in Silicon Valley.”

**Figure 25. Industries/sectors that will create the most jobs for young people over the next five years**



**Figure 26. Industries/sectors that will create the most entrepreneurs over the next five years**



<sup>5</sup> *Learning to Compete (L2C)* is a collaborative research program of the Africa Growth Initiative at Brookings (AGI), the African Development Bank, (AfDB), and the United Nations University World Institute for Development Economics Research (UNU-WIDER) on industrial development in Africa.



Kweku Agyei Hackson, an artist and entrepreneur, has started a vegetable growing venture, Re-layed. He believes that agribusiness is suffering from a lack of funds available to farmers.

He thus cites good leadership and empowerment of people via education as the most important factor for Ghana's future. "It will take political leadership together with social leadership such as the church or businesses to develop our human capital," says Dadzie.

### Modernizing agriculture

In Ghana, not unlike other Sub-Saharan countries surveyed for this report, natural resources and agribusiness are seen as top creators of entrepreneurs and jobs. (Figs. 25 and 26.) Ghana's relatively low unemployment rate has benefited from jobs created across sectors, especially in agriculture, according to "African Economic Outlook 2015." Although agriculture accounts for around a fifth of the country's GDP, it remains the mainstay of the economy in terms of crop production and employment, accounting for an estimated 40% of the total labor force.

Cocoa is the most important crop traditionally, accounting for some 20% of exports, though the sector has been affected by declining cocoa prices. It is thus even more important to increase the value-add

of cocoa exports. Current programs aim to export at least 50% of total production as processed cocoa. "The agricultural sector still has significant head room to develop," says Dadzie.

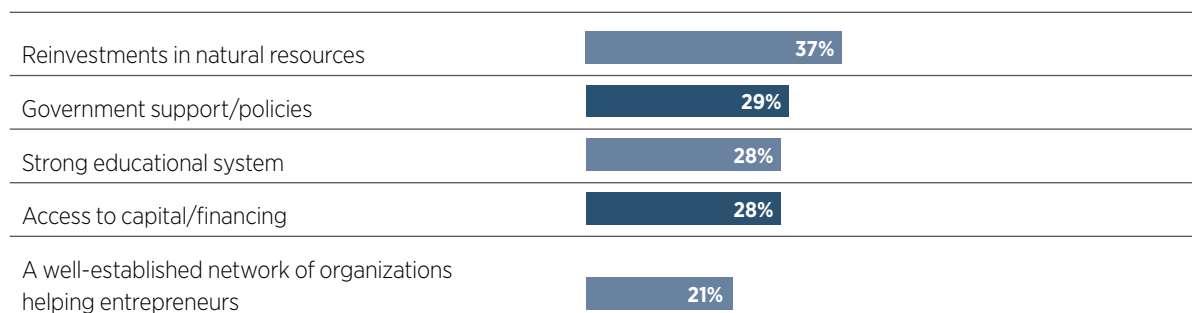
Kweku Agyei Hackson, an artist and entrepreneur, has started a vegetable growing venture, Re-layed Agro. He believes that agribusiness is suffering from a lack of funds available to farmers. Hackson is approaching this issue in an entrepreneurial fashion. His LinkedIn profile includes a pitch to investors to invest in his farm.

And while compared with other Sub-Saharan countries, Ghana has a smaller percentage of its population employed in agriculture, this number may decline further once the sector becomes modernized.

### Challenges and attitudes

The World Bank ranks Ghana 70th out of 189 countries in terms of ease of doing business. Ghana ranks fourth in Sub-Saharan Africa, after Mauritius, South Africa and Rwanda.

Figure 27. Top drivers of entrepreneurship



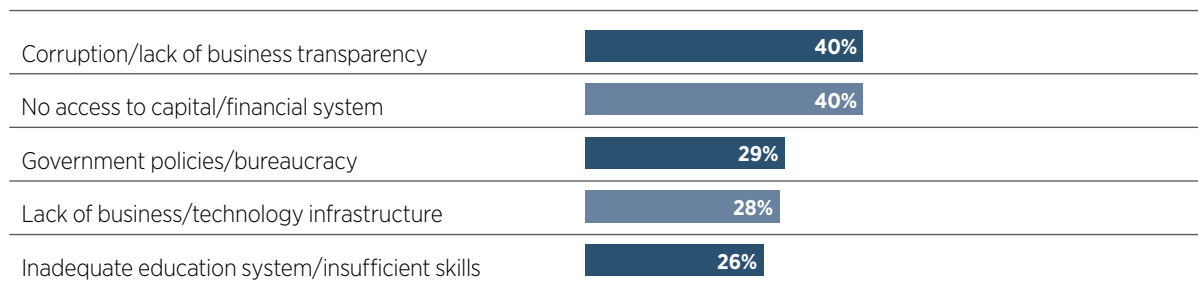
As we have seen, however, some entrepreneurs have their doubts. “I think the rankings are a true reflection of doing business as a big multinational company,” says Nutsuklo. “If you are a startup with an idea for a business, funding options are virtually nonexistent.” There are few internal investor networks, and being funded from outside the country is not easy, as most investors are not familiar with the market, and thus investing in Ghana is considered high risk.

Other challenges, according to Nutsuklo, are inflation and currency fluctuations, which create issues for tech companies, which have to pay for imports in dollars but charge their customers in the local currency, cedis. In addition, the tax system is not favorable for

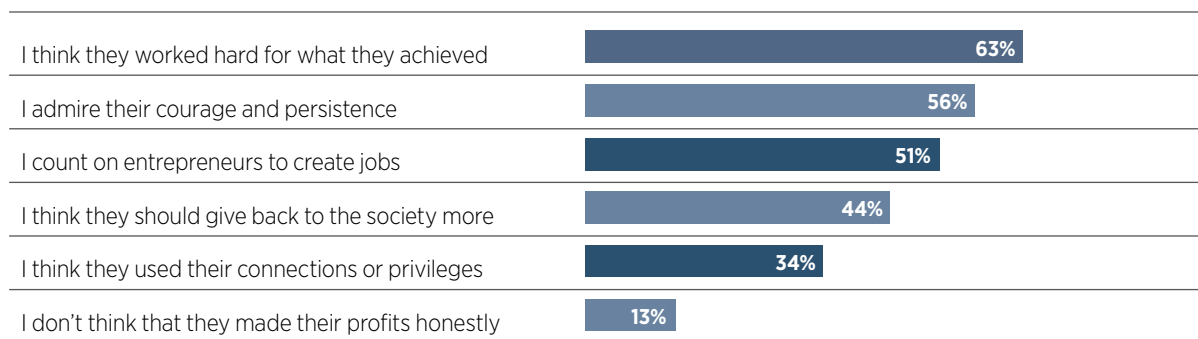
startups. As a result, speaking as an entrepreneur, Nutsuklo would rank her country 7 out of 10 on the ease of doing business scale.

Dadzie ties the environment for entrepreneurs back to the role of the country’s leadership: “Progress is tied to leadership. The right leadership will nurture entrepreneurs by creating policies that encourage financial systems to make capital available and provide education—the same way that parents have the patience and endurance to invest in and cultivate the education of their children, house them and make them successful adults. There is no substitute for local leaders empowering local entrepreneurs.”

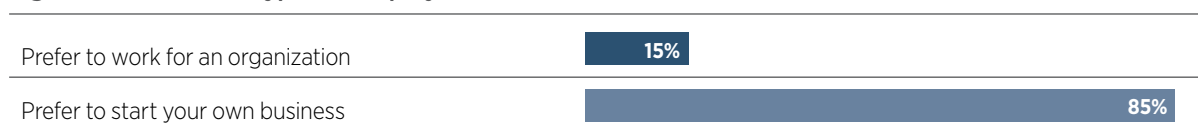
**Figure 28. Top barriers to entrepreneurship**



**Figure 29. Opinion about successful entrepreneurs**



**Figure 30. Preferable types of employment**





# FOCUS ON MOZAMBIQUE

## JOBS FOR YOUTH

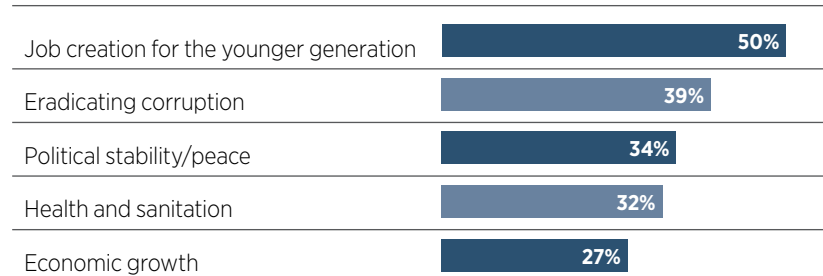


“What is most important for our country’s future is creating sustainable economic growth, a wide range of income distribution that is promoted in an inclusive manner, and the provision of jobs for more than 400,000 young people each year,” says Prakash Ratilal, founder of a financial company, Mozambique Capitais, which has more than 400 shareholders. This Mozambican holding company holds 51% of the shares in Moza Banco, Mozambique’s fourth-largest bank.



It is clear to see why job creation is the most important issue on the minds of young people surveyed by Forbes Insights. (Fig. 31.) The private sector creates fewer than 18,000 jobs per year. The Mozambican economy relies mostly on mega-projects in the extractive industries and energy sectors. Its capital-intensive nature does not generate enough jobs to provide sufficient opportunities for the fast-growing young population. In fact, in 2010 all mega-projects combined generated just 3,800 direct jobs, according to “African Economic Outlook 2015.”

**Figure 31. Most important issues for the country’s future**





“Combining the mega-projects with the small and medium enterprises and associating local communities and private capital with foreign companies should contribute to promote sustainable growth.”

**Prakash Ratilal**  
Founder,  
Mozambique Capitais

As a result, Mozambique’s growth has not yet benefited wide swaths of the population. “It is crucial to combine the private and public sectors of Mozambique in economic growth. Currently, the local private sector does not adequately participate in the mega-projects. The private sector in Mozambique is the country’s first generation of businessmen. In general, Mozambicans do not have the initial capital and knowledge to produce and compete with quality international goods and services to supply to the country’s mega-projects.

Combining the mega-projects with the small and medium enterprises and associating local communities and private capital with foreign companies should contribute to promote sustainable growth,” says Ratilal.

The Forbes Insights Mozambique survey results reveal that young people agree that the government and entrepreneurs are both key for job creation. (Figs. 32 and 33.) In this sense, the survey results bear most resemblance to the results of Angola. Another similarity is that survey respondents in Mozambique also rank education highly in terms of its importance in job creation, though not as high as did Angolans.

Just as in Angola, education—despite some recent government efforts to reform—remains a challenge. Human resources is a difficult area for entrepreneurs, according to Dita Mpfumo, founder of a catering and events company called Kussema. “We don’t have qualified people, so basically you end up doing everyone’s work,” she says. Small companies like Kussema, which employs 14 people, have additional costs related to recruiting. They either have to pay well-qualified employees the same rates that deep-pocketed enterprises can afford to pay, or conduct extensive internal training.

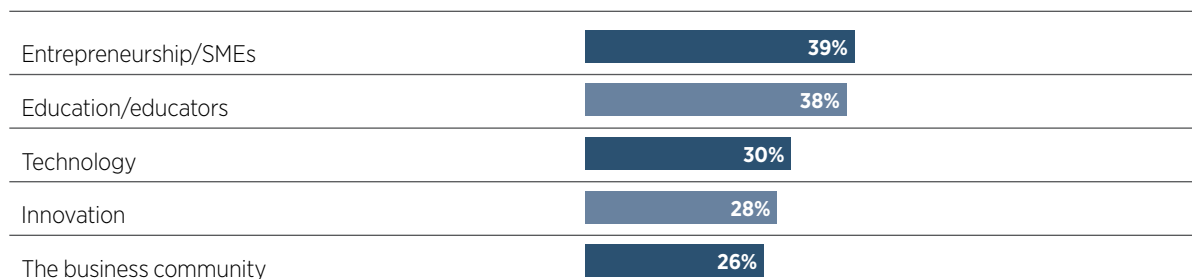
### Natural resources

Across Sub-Saharan countries, the natural resources sector is seen as a significant driver of jobs and entrepreneurship. According to the experts, Mozambique is home to a gas field with the world’s third-largest recoverable reserves, discovered offshore in Rovuma Basin in 2010. Driven by foreign direct investment, the gas field is being developed, and it could make Mozambique one of the largest producers of liquefied natural gas in the world.

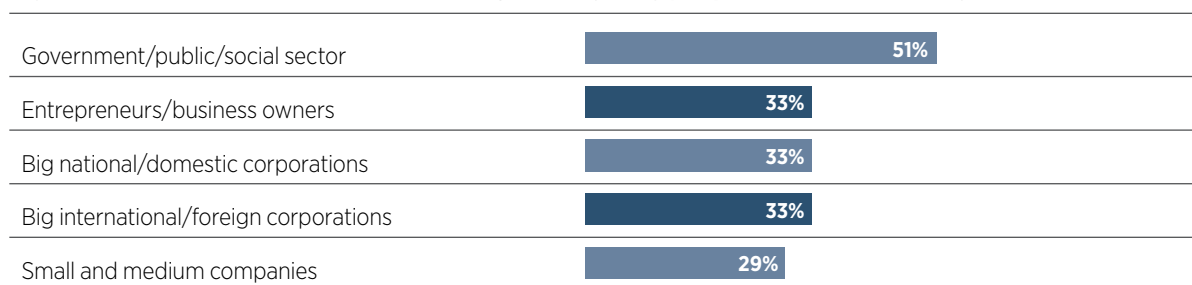
Additionally, “vast coal reserves and significant potential for additional mineral deposits in Mozambique position the country as one of the most important growth stories in the global mining sector going forward,” according to KPMG International. “Mozambique is set to benefit from large coal demand from China and India and could well become one of the 10 largest coal exporters globally by 2017.”

Infrastructure, including transportation, is often lacking, hampering the functioning of the natural resources sector. Forbes Africa’s Chris Bishop sees it as a good sign that CFM, Mozambique’s ports and railways company, is partnering with private investors to build railways to move coal. He also remarks on the

**Figure 32. Top drivers of job creation for young people over the next five years**



**Figure 33. Entities that will create the most jobs for young people over the next five years**



economic growth of the northwest region, thanks to the coal mining industry's economic multiplier effect. "It used to be one of the most rundown parts of the country. Today there are daily flights and roads being built," he says.

Kussema is one small company benefiting from the multiplier effect of the natural resources boom. Mpfumo opportunistically expands her company as

a service provider for booming industries, and she is currently supplying uniforms, cleaning services and catering for workers in the natural resources sector.

The agriculture sector, employing 70% of the population, lacks economic dynamism, although it is growing at above 4%. Because of its size, it's a crucial sector for job creation, and what is needed is transformation of small subsistence farms into modern value-added moneymakers.

Increasing productivity in agriculture requires knowledge, science, research and resources. "It needs to be worked out, because this is the only sector that can provide jobs and growing income for the majority of the population," says Ratalil. "Agriculture should not be neglected, as has happened in several countries in Africa, where we concentrate on the oil and gas industries, and the majority of people are poor."

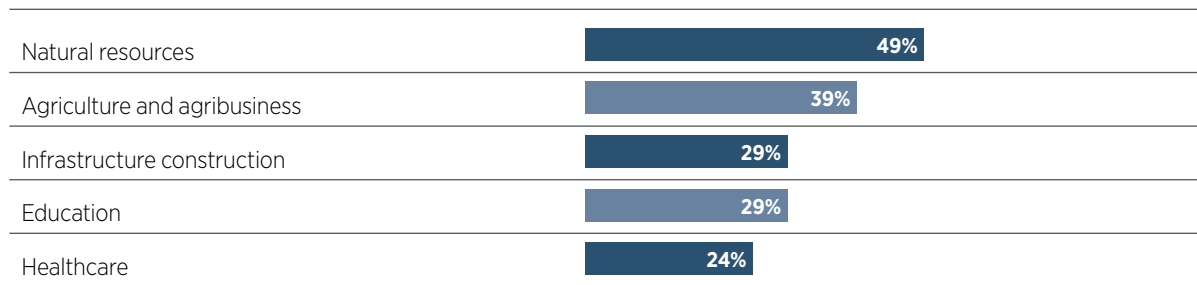
Mozambique is home to a gas field with the world's third-largest recoverable reserves, discovered offshore in Rovuma Basin in 2010.

In some countries, the richness of natural resources creates what is often referred to as a resource curse: these nations rely on the extraction industries to the detriment of developing other, value-added parts of the economy that are less tightly connected to commodity prices. “Are resources a curse for Mozambique?” asks Bishop. “It’s up to Mozambicans themselves to strike the best deal they can with the oil companies so they can benefit from their natural resources.”

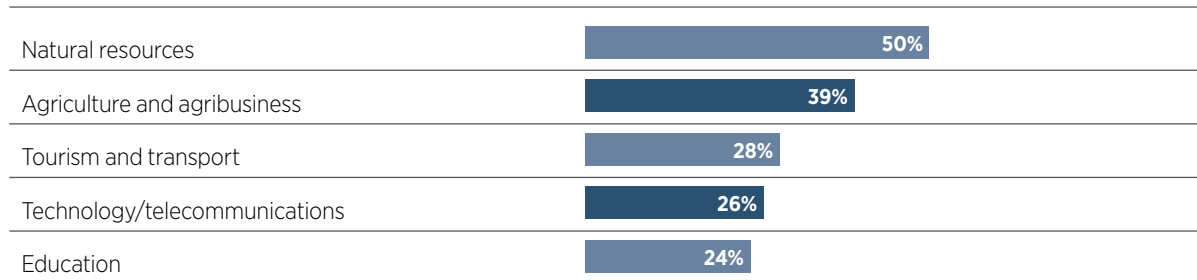
**Entrepreneurial drive**

Mozambique gained its independence at a time when some post-colonial nations sought to align themselves with the Soviet bloc, and thus transitioned to a state-controlled Marxist economy. Over time this decision resulted in long lines for fuel, shortages of basic products and a lengthy civil war. The country eventually implemented some economic reforms toward a free market economy around the time of the fall of the Berlin Wall.

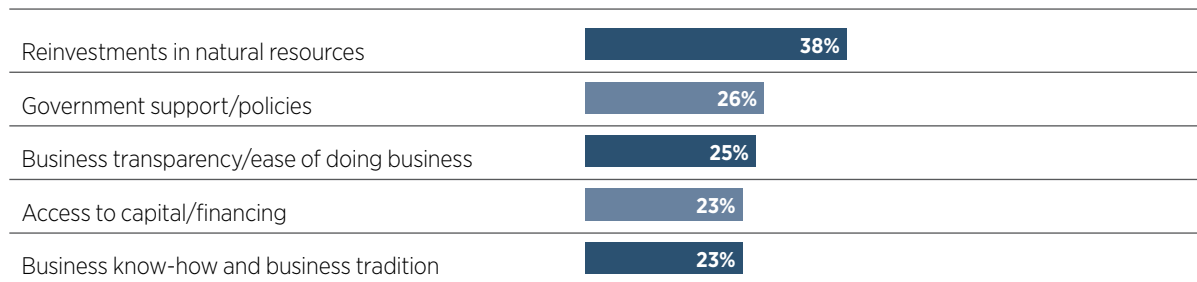
**Figure 34. Industries/sectors that will create the most jobs for young people over the next five years**



**Figure 35. Industries/sectors that will create the most entrepreneurs over the next five years**



**Figure 36. Top drivers of entrepreneurship in your country**





“We don’t have qualified people, so basically you end up doing everyone’s work.”

**Dita Mpfumo**  
Founder, Kussema

While not as enthusiastic about entrepreneurs as their counterparts in Ghana or Nigeria, Mozambicans under 40 still have mostly positive views regarding entrepreneurs, and would rather start a business than work for an organization. (Fig. 37.) “In Mozambique,” say Djembe Consultants’ Country Manager, Victor Nhatitima, “we have seen a certain level of pragmatism that drives entrepreneurship, as the lack of job availability has com-pelled people to be more resourceful and inventive. Additionally, heavy investment in national infrastructure over recent years has also increased logistical capacity for businesses to thrive.”

While there is still some feeling that “the government must help us out, must make jobs happen,” according to Bishop, “the government coffers in African countries are drying up fast, they can’t simply cater to their popula-tions.” Thus, the assistance from the government should be mainly through smart policies and investments, with entrepreneurs taking the lead.

Ratilal says the role of the government in supporting entrepreneurs is a complex issue. “It’s about how the government can support the private sector so that we can become competitive. Small local companies can’t compete with large or international companies,

which function at a large scale,” he says. Local SMEs play in the market as un-equals: it’s a case of fragile compa-nies versus stronger companies. Ratilal believes that the government, as well as Mozambican society, must recognize the fundamental role of the private sector in creating wealth, generating employment and income. Government has a pivotal role in supporting local small and medium companies (SMEs), at least in their ini-tial phase. Foreign companies too should participate in this process of development. A positive environment for business development and stability allows for better economic results for all, according to Ratilal.

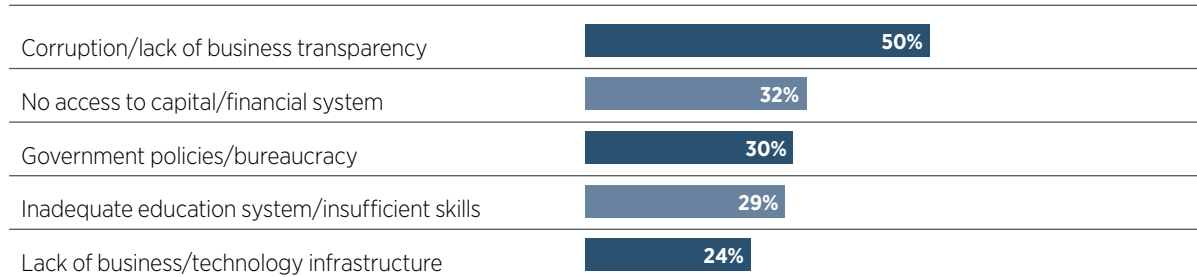
Mozambican entrepreneurs interviewed for this report started early. Ratilal learned entrepreneurship from his father, when he was five years old. “My father taught me that for me to have one ball, I have to sell 10 balls,” he remembers. “Later, in the school, I understood the meaning of 10%!” Thus Ratilal concludes: “Entrepreneurship is not only having money available or cheap access to credits. The gut should be there, the knowledge and understanding of the market and value chain should be there. And, more than anything, the willingness to transform and take things to another level is the determining factor for success.”

**Figure 37. Preferable types of employment**

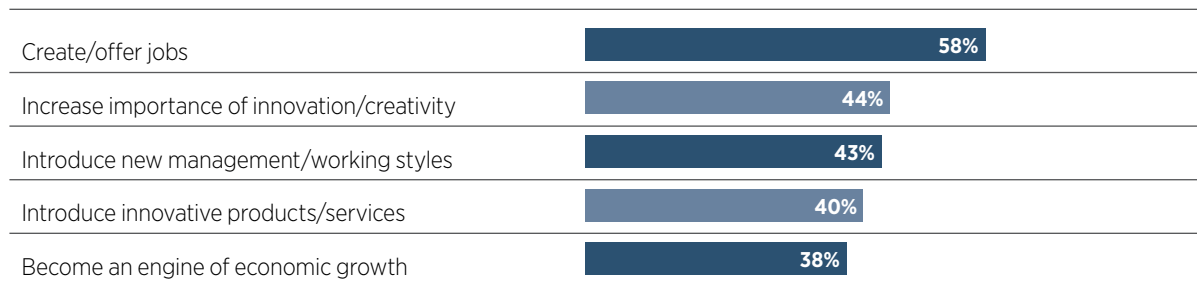




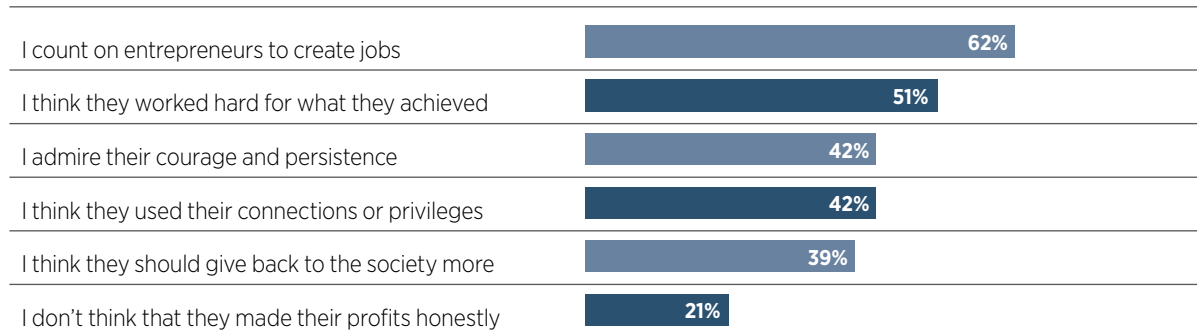
**Figure 38. Top barriers to entrepreneurship**



**Figure 39. Entrepreneurs' role in advancing the economy**



**Figure 40. Opinion about successful entrepreneurs**



Mpfumo believes that entrepreneurial drive is something one is born with. Even back in the boarding school in South Africa she attended, she was selling things and washing cars, and dreamed about starting her own business one day. “It’s my God-given talent,” she says.

Some of the challenges Mozambican entrepreneurs face is the function of the newness of a free market. Capital is an issue partly because the Mozambican private sector is in its first generation, and there hasn’t been any wealth accumulation from parents to children.

One thing is clear: the country is on the right path and now needs smart policies to make sure this will lead to widespread economic growth. Writes Forbes Africa, “Mozambique 40 years ago was all about freedom and raising the Marxist flag. Now it’s about creating jobs, pumping out gas and digging for rubies.” And, hopefully, empowering its private sector.



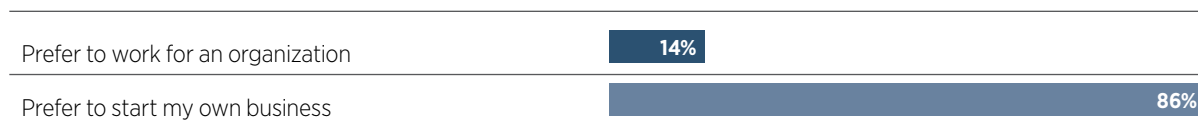
# FOCUS ON NIGERIA

## THE NIGERIAN DREAM

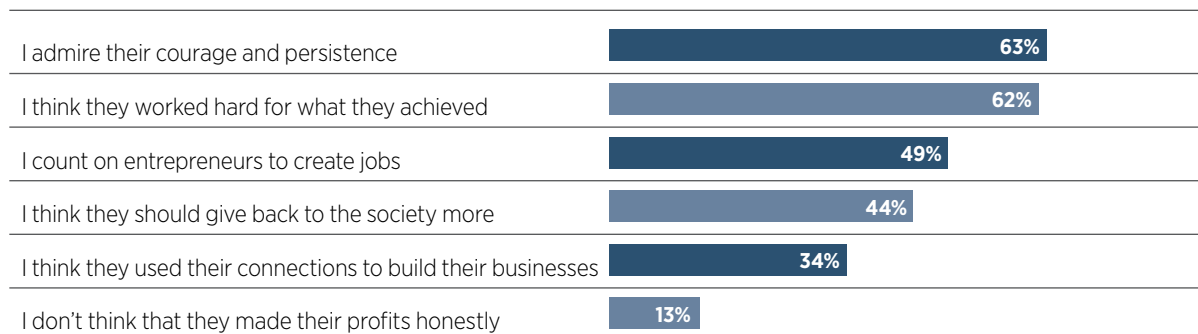


Nigeria stands out among the Sub-Saharan countries surveyed by Forbes Insights in that it has the highest number of young people wanting to be entrepreneurs. Nigerian entrepreneurs are also viewed most positively by fellow Nigerians, with just 13% of young people suspecting entrepreneurs of dishonesty. As in other Sub-Saharan countries, entrepreneurs are also looked to for job creation. (Figs. 41, 42 and 43.)

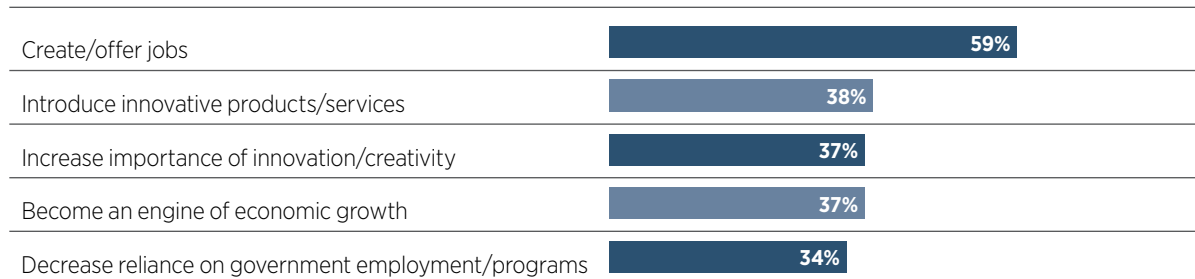
**Figure 41. Preferable types of employment**



**Figure 42. Opinion about successful entrepreneurs**



**Figure 43. Entrepreneurs' role in advancing the economy**



“One thing that really concerns me is that Nigerians value the perception of actual wealth over and above the story of how the entrepreneur got there.”

**Jason Njoku**  
Founder, iROKO Partners

**D**jembe Consultants’ Country Manager of Nigeria, Onome Okwah, suggests, “Today Nigerians appreciate entrepreneurs as the drivers of the new economy and as indicators of the positive shift away from dependence on the oil sector. There are so many great examples of successful SMEs across industries from Konga to Globacom, increasingly prominent banks such as GTBank and UBA, as well as Resourcery and Computer Warehouse Group blazing the trail in the systems integration field.”

Entrepreneurs are the “lifeblood of Nigeria and Africa,” to quote entrepreneur Tony Elumelu. While Jason Njoku, founder of Internet company iROKO Partners, appreciates Nigeria’s admiration for entrepreneurs, he sometimes questions the value system that it is based on. “One thing that really concerns me is that Nigerians value the perception of actual wealth over and above the story of how the entrepreneur got there,” he says.

While a lot of young Nigerians do not want to be employees, not all of them realize that it takes an incredible amount of determination and know-how to succeed as an entrepreneur, agrees Mfonobong Nsehe, a Forbes contributor and creator of the Forbes list of the richest Africans. He points to the importance of assistance from organizations such as the Tony Elumelu Foundation Entrepreneurship Programme. It operates under the belief that entrepreneurship and business skills are both teachable and learnable. The foundation offers a 12-week program to equip startups with the basic skills required to launch and run their businesses, as well as seed funding.

Njoku has a message for aspiring entrepreneurs: “It’s going to be hard. There’s no shortcut. You need to earn this. You need to earn the right to be a successful entrepreneur.”

“Nigerians are a unique set of people in that they still manage to overcome all these challenges, every day. Because there is no choice but to innovate.”

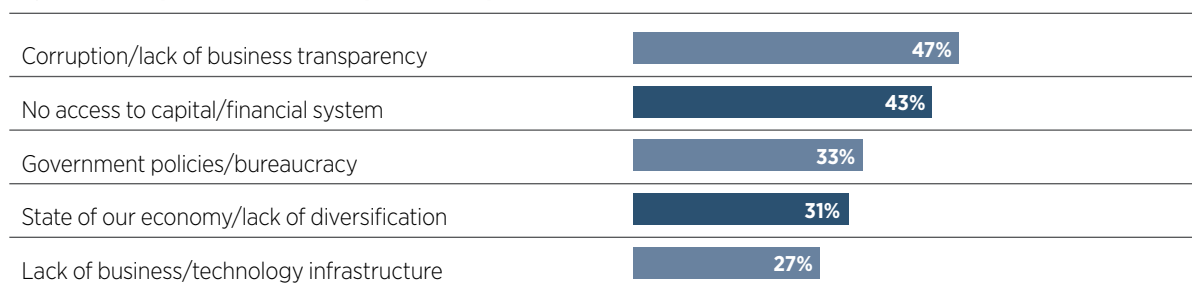
**Michael Akindede**  
Co-founder, SOLO Phone



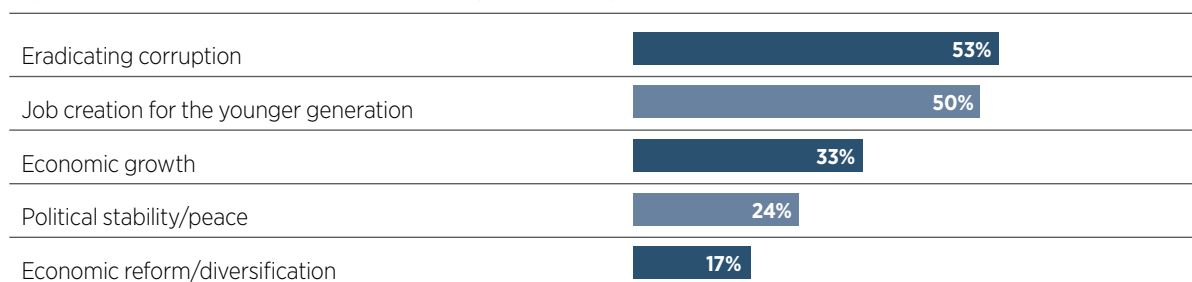
### Making the dream happen

Indeed, Nigerians face some serious obstacles. Top among them is corruption and lack of business transparency, which is also perceived as the main issue for the country’s future. Nigeria is, in fact, the only country among the Sub-Saharan countries surveyed where job creation for the young generation is not ranked as the issue of the highest importance for the country’s future, underscoring the pressing need to eradicate corruption. (Figs. 44 and 45.)

**Figure 44. Top barriers to entrepreneurship**



**Figure 45. The most important issues for your country’s future?**



Many Nigerians are hopeful that with the inauguration of Nigeria’s new president, Muhammadu Buhari—who has a reputation for not tolerating corruption—the illegal costs of corrupt practices will be eradicated. However, there is an understanding that this will be an uphill battle, considering that corruption is now so ingrained in the system that it has become culturally acceptable.

Another major challenge entrepreneurs face in Nigeria is the cost of capital. It is not abnormal to see banks in Nigeria granting loan facilities to small-scale entrepreneurs at crippling interest rates of 20% or 30%. There’s also an infrastructural deficit. Nigerians are still grappling with inconsistent electricity supply, and as a result many entrepreneurs have to depend largely on imported generators that run on fuel and diesel, adding to the financial burden.

Lack of industry-specific infrastructure, as well as its usage by potential customers, hampers the creation of certain business models. Njoku, whose company, iROKO, offers streaming of movies and shows, has plenty of massively popular content. However, the company is struggling with added payment challenges, as most people do not have bank accounts.

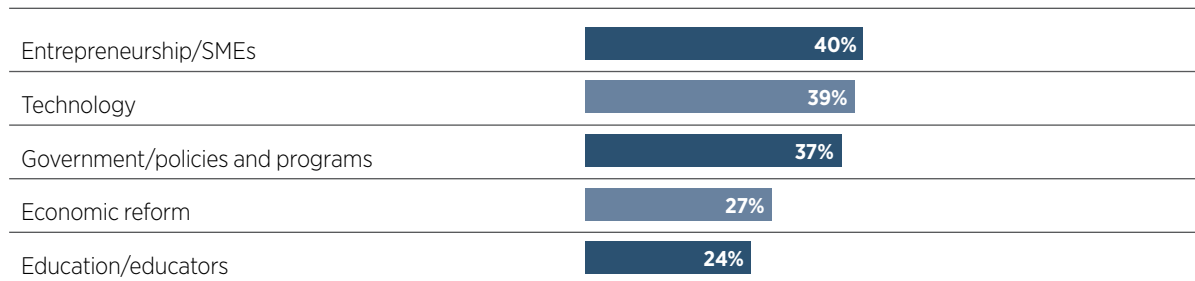
Michael Akindele, co-founder of SOLO Phone, an experience-driven digital content and mobile device company, is changing the economics of how highly price-sensitive consumers can access content. With some 5 million Nigerians with cable TV and some 100 million with mobile phones, SOLO’s \$150 smartphone that comes with up to 20 million free songs may be just the solution.

In Akindele’s mind, the challenges of the Nigerian market are opportunities for innovation. He believes Nigerians are more than up to the challenge: “Nigerians are a unique set of people in that they still manage to overcome all these challenges, every day. Because there is no choice but to innovate,” he says.

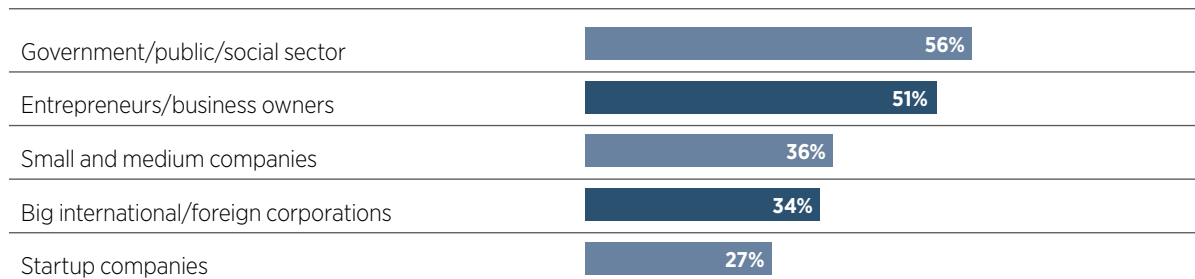
### The public and private partnership

Similar to other Sub-Saharan countries, Nigerians revealed a discrepancy in their understanding of the role of entrepreneurs and the government in job creation. While a large group of survey respondents sees entrepreneurs and small companies as drivers of job creation over the next five years, at the same time, even in this entrepreneurial-minded country, the single most cited answer is that the government will create the most jobs. (Fig. 47.)

**Figure 46. Top drivers of job creation for young people over the next five years**



**Figure 47. Entities that will create the most jobs for young people over the next five years**



The key to unlocking this discrepancy is understanding local perspectives on the roles of the private and public sectors in job creation in Sub-Saharan Africa. Entrepreneurs and technology are seen as the top drivers in job creation. Many young Nigerians have seen or heard the success stories of young tech entrepreneurs like Mark Zuckerberg (co-founder of Facebook) and Brian Chesky (co-founder of Airbnb) among others, who have built fortunes in tech-related ventures: they believe a similar tech wave will sweep across Africa, and they'll make fortunes. "It's the Nigerian dream," says Nsehe.

One of the benefits of technology is that it is producing high-paying, value-added jobs, mostly for young people, according to Njoku. He also sees the Internet as a great equalizer and force for democratizing business in Nigeria. While with the right name or connections, it is easier to become successful in business in Nigeria, these old types of connections do not apply to consumer Internet.

While the entrepreneurs will be the driver, the government will be the enabler. "The role of government is to ensure that the entrepreneurs have an enabling environment to build businesses without having to

contend with corruption, and also to help entrepreneurs with access to capital," says Nsehe.

The previous government developed the Youth Entrepreneurship Scheme (YES), which granted young entrepreneurs with brilliant business ideas and concrete business plans grants of up to \$50,000 to launch new businesses. The new government needs to continue investing in similar programs. "Government needs to improve infrastructure and also introduce entrepreneurship into the curriculum of schools in Nigeria—from high school to university," according to Nsehe.

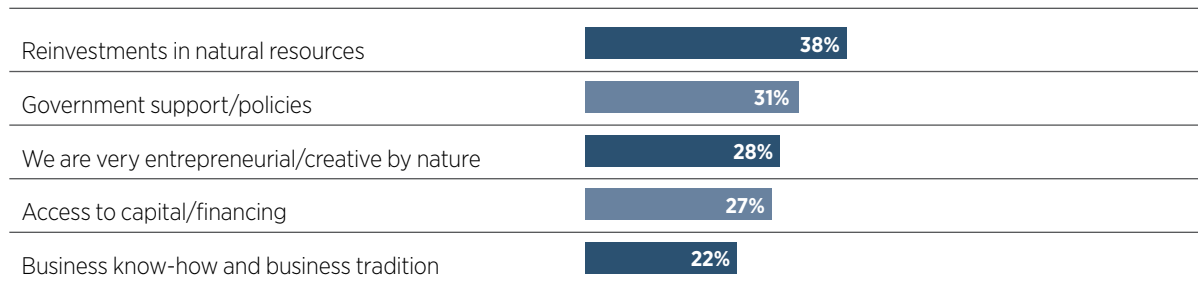
Akindele agrees, stating, "I'm a firm believer that the solutions to our challenges have to be driven by both the public and the private sectors."

### The potential of agriculture

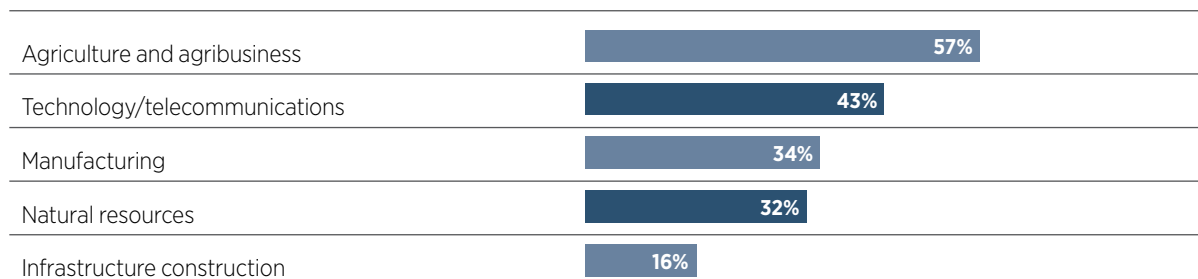
In terms of industries and sectors, natural resources and the agriculture sector will be the top drivers of entrepreneurship and create the most jobs and entrepreneurs over the next five years. (Figs. 48, 49 and 50.)

In fact, agriculture continues to be one of the main drivers of economic growth in the non-oil sector. Agriculture, which is largely informal, employs about 70% of the labor force, a large portion of which is

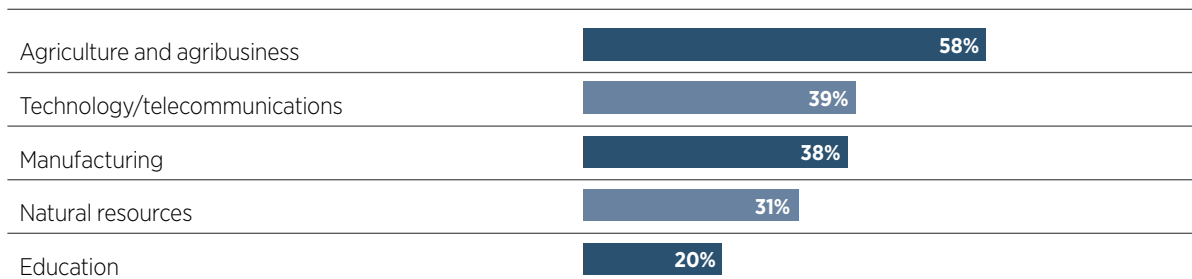
**Figure 48. Top drivers of entrepreneurship**



**Figure 49. Industries/sectors that will create the most jobs for young people over the next five years**



**Figure 50. Industries/sectors that will create the most entrepreneurs over the next five years**



poor. “Adding value to agriculture tradeables will create more jobs through its upstream and downstream integration with other sectors of the economy, increase export revenues, boost income of the poor and reduce poverty incidence,” according to “African Economic Outlook 2015.”

Adding value to exports of primary products, which is the cornerstone of the Agricultural Transformation Agenda, could help Nigeria climb up the value chain towards industrialization and provide opportunities to bring the large informal sector progressively into the formal economy, thereby making growth more inclusive and offering a high potential for job creation, increased income and poverty reduction, according to “African Economic Outlook 2015.”

Simbo Adeeko is a young Nigerian entrepreneur who entered agribusiness due partly to its promotion by the government. “The young people like myself are getting into agriculture. So the dynamics or the demographics that you have traditionally had in agriculture are changing in Nigeria,” she says. Her company, Shihor International, farms cassava and trades commodities such as buckwheat and grains. She is now also working on a technology platform to market agricultural products.

While its natural resource sectors offer growth opportunities, with its entrepreneurial spirit, Nigeria has the human capital to avoid falling into the “paradox of plenty” and following countries and regions with an abundance of natural resources but poor economic growth. The next steps are to harness this spirit through public/private partnerships to help the country diversify and grow.



“The young people like myself are getting into agriculture. So the dynamics or the demographics that you have traditionally had in agriculture are changing in Nigeria.”

**Simbo Adeeko**  
Founder, Shihor International

# RECOMMENDATIONS

**T**his report revealed that entrepreneurs play a particularly important role in Sub-Saharan Africa by creating jobs and stimulating both competition and innovation. It also informed us that the African entrepreneur—and Africa itself by default—is being held back by a series of constraints and impediments that need be addressed. As a key driver of employment growth, the government and all other stakeholders must do everything they can to

support entrepreneurs and foster economic growth. Hence, the following section presents a series of recommendations that, if adopted, will lay the groundwork for a thriving entrepreneurial landscape. The primary audience is, of course, governments and policymakers across Africa, but the ideas presented are also relevant for educational institutions, private enterprise, NGOs and entrepreneurs themselves.

**Vocalize** recognition of the special role entrepreneurs and SMEs play in driving the national economy and in job creation, and affirm your commitment to protect their interests through the adoption of policies that foster an environment conducive to starting a business.

**Inaugurate** technical and vocational tertiary education programs that provide practical, hands-on training programs in key entrepreneurial fields related to business management, programming, engineering, design, website development, coding, user experience (UX) in addition to job placement assistance post-graduation.

**Establish** incubators that will provide affordable facilities, technical infrastructure, access to optimized resources and talent to nurture entrepreneurs as their SMEs begin to take shape.

**Encourage** existing tech companies to launch mentoring and training programs for startups to transfer knowledge and capacity building on relevant topics and best practices to enhance business development.

**Reduce** marginal tax rates for new businesses, which will both incentivize entrepreneurs and send a clear message that policymakers are committed to fostering the sound development of SMEs in a practical and sustainable manner.

**Facilitate** engagement between public and private sectors to seek commitments of startup seed money from existing companies as part of their CSR commitments.

**Support** non-profit organizations' efforts to provide entrepreneurship education and technical training to rural communities.

**Launch** government programs that ensure availability of low-interest venture loans to pre-qualified SMEs to incentivize potential entrepreneurs and minimize personal risk.

**Protect** banks and other lenders with guarantees against loss from investing in SMEs via the creation of an LLC, holding company or Special Purpose Vehicle.

**Create** dedicated and independent Small Business Development Centers with the tools and resources to serve SMEs with business counsel, contacts and network access, and legal support to build their businesses in recognition of the role that they play in driving the national economy.



## ACKNOWLEDGMENTS

Forbes Insights and Djembe Consultants would like to thank the following entrepreneurs and experts for their time and expertise:

**Simbo Adeeko**, Founder and CEO, Shihor International Limited, Nigeria

**Michael Akindele**, Co-founder and Director, SOLO Phone, Nigeria

**Akin-Olusoji Akinyele**, Research and Office Manager, Infomineo, Nigeria

**Chris Bishop**, Managing Editor, Forbes Africa

**Shaun Cawood**, CEO and Founder, CB Farm Fresh, Mozambique

**Kofi Dadzie**, Co-founder and CEO, Rancard, Ghana

**Nanette Derby**, Private Sector Specialist at African Development Bank, Ghana

**Kerry Dolan**, Assistant Managing Editor, Forbes

**Kweku Agyei Hackson**, CEO Re-layed Agro, Ghana

**Tchiloia Lara**, Co-founder of Geracao 80, Angola

**Luis Leitao**, Executive Director, Forbes Angola

**Reuben Mendes**, Founder and CEO of Imbondeiro IT, Angola

**Dita Mpfumo**, Founder and Managing Director, Kussema Lda, Mozambique

**Jason Njoku**, Co-founder and CEO, iRoko Partners, Nigeria

**Mfonobong Nsehe**, Contributing Editor, Forbes

**Anne Nutsuklo**, Co-founder and CEO, Nandimobile Ltd., Ghana

**Prakash Ratilal**, Founder and Chairman of Moza Banco, SA and of Mocambique Capitais, SA, Mozambique

**Andre Almeida Santos**, Principal Country Economist, African Development Bank, Mozambique

**Jeannine Scott**, President, U.S.-Angola Chamber of Commerce

## METHODOLOGY

The data in this report is based on a survey of 4,000 individuals, ages 16 to 40, from Nigeria, Ghana, Angola and Mozambique. The respondents represent all levels of education, with the biggest groups being university students (28%) and secondary school students (26%). They come from all socio-economic levels. The largest group (41%) define themselves as middle class. Roughly two-thirds of respondents are men, and a third are women.

The numbers in the charts and tables may not add up to 100%. In some cases, it is because survey respondents could choose more than one answer option. In other cases, it may be due to rounding.



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Named after the West African drum, Djembe Consultants is a unique organically-grown communications consultancy committed to amplifying an African narrative founded on opportunity, growth and innovation.

Djembe Consultants provides organizations and individuals with strategic communications counsel designed to manage, guide and develop reputations and perceptions in a way that changes behaviours and attitudes. Djembe's capabilities span the full gamut of reputation management, including crisis management, digital engagement and market entry strategies pertinent to the nuances of individual African countries in a global context.

Our work is built upon powerful, research-driven communications strategies that very often dovetail with highly complex stakeholder environments. Our job is to enhance your success within them.

An old African proverb proclaims that when the drummers change the beat, the dancers must also change their steps. Africa is changing its beat and Djembe helps our clients change theirs. [www.djembeconsultants.com](http://www.djembeconsultants.com)

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Chief Insights Officer

#### **Erika Maguire**

Project Manager

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