



THE TONY ELUMELU
FOUNDATION

The Tony Elumelu Foundation

Enterprise Survey

JULY 2022

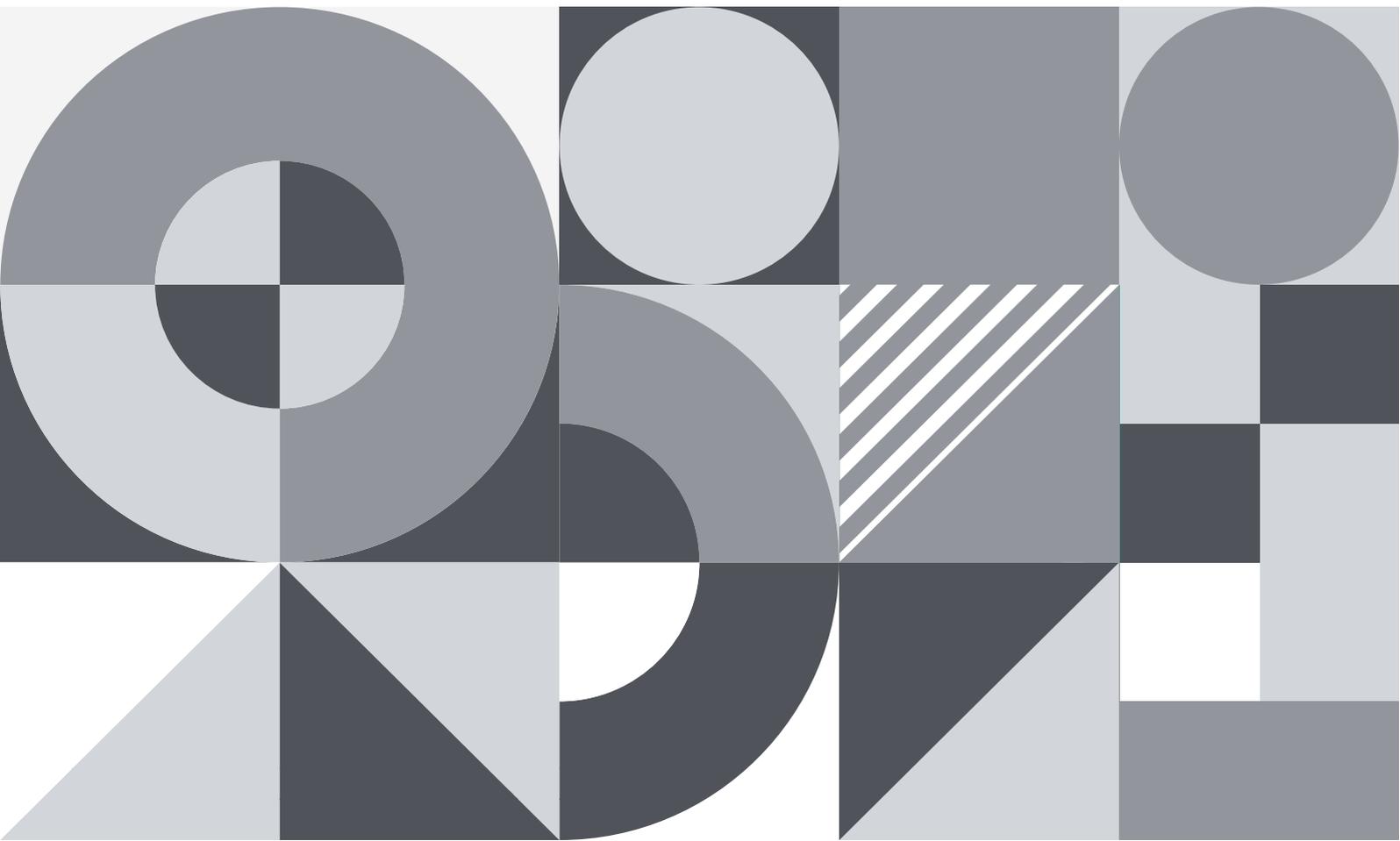




TABLE OF CONTENT

Acronyms	4
Executive summary	5
Introduction	6
TEF growth pathway	7
Characteristics of surveyed businesses	8
Regional spread	
Business community and neighbourhood	
Gender of surveyed entrepreneurs	
Sectors surveyed	
Enterprise performance	
Impact on job creation	11
Regional and sector contributions to job creation	
Impact on revenue generation	13
Top sectors and impact on business community performance	
Impact on women's entrepreneurship in africa	15
Expanded access to funding	17
Exponential migration in business stages	17
The severity of covid and the impact of digital technology	18
Learnings and opportunities for further intervention	20
Policy Recommendations	21

Acronyms

- MSMEs ————— Micro, Small, and medium Enterprises
- TEF ————— Tony Elumelu Foundation
- SME ————— Small and Medium Enterprises
- ICT ————— Information and Communication Technology
- FMCG ————— Fast Moving Consumer Goods
- GDP ————— Gross Domestic Products
- COVID-19 ————— Coronavirus Disease 2019

Executive Summary

Start-up funding and blended financing for MSMEs would boost the chances of business owners who would otherwise become stuck at the start-up phase to scale their businesses and flourish.

Micro, Small, and medium enterprises (MSMEs) are the core of the world economy, and they account for most businesses across nearly every region. In Africa, MSMEs provide an estimated 80 per cent of jobs across the continent, representing an important driver of economic growth. Sub-Saharan Africa has over 44 million micro, small, and medium enterprises, almost all of which started as micro businesses.

Following the growing importance of MSMEs as a source of employment, limitations to adequate funding have become a major barrier to socio-economic development. For businesses to grow, create more jobs, and contribute to economic growth, they need access to capital. Most of these businesses, however, require more funding than they can currently access. With the growing credit constraints, and the outrageous requirements by financial institutions to grant funding access to new businesses, MSMEs are unable to make the investments needed to start, scale, and ultimately grow.

Start-up funding and blended financing for MSMEs would boost the chances of business owners who would otherwise become stuck at the start-up phase to scale their businesses and flourish.

The Tony Elumelu Foundation as Africa's leading champion of entrepreneurship is changing this narrative. In 2015, Mr. Tony O. Elumelu (CON) inspired the flagship Entrepreneurship programme with the inclusive economic philosophy of Africapitalism, which is predicated on the belief that Africa's social and economic potential can only be unlocked through collaboration between the public and private sectors, to create a sustainable and thriving environment where African entrepreneurs can access the critical elements of support in the early stages of their businesses. The Tony Elumelu Foundation Entrepreneurship Programme is a validated model for effective entrepreneurship empowerment in Africa.

Introduction

The document summarizes the results of the Enterprise Assessments for entrepreneurs' businesses funded through the Tony Elumelu Foundation Entrepreneurship Programme from 2021.



The Enterprise Survey focused on many aspects of the business environment. These factors attempted to accommodate several peculiarities to both new businesses and already existing businesses that are now beneficiaries of the Tony Elumelu Foundation Entrepreneurship programme in Africa.

MSMEs play an important role in whether an economy's private sector will thrive or not and consequently, contribute immensely to the economic growth of Africa. An accommodating business environment encourages MSMEs to operate efficiently. Such conditions strengthen incentives for businesses to innovate and increase productivity, and this is a crucial factor for sustainable development.

A more sustainable and productive private sector, in turn, reinvest excess capital to expand employment and increase contribution to taxes necessary for public investment in health, education, and other services. The Enterprise assessment seeks to cover all topical issues around access to financing for

entrepreneurs in Africa, jobs created, revenue generated by funded businesses, and their contributions to key indicators of economic social development with specific reference to key sustainable development goals as it relates to the programme results framework.

The TEF Enterprise Survey is conducted by the monitoring and evaluation department of the Tony Elumelu Foundation and covers enterprises in several sectors. All stages of businesses were considered during the survey as the programme is adequately inclusive to accommodate both businesses at idea stages and businesses at accelerator and growth stages. The document summarizes the results of the Enterprise Assessments for entrepreneurs' businesses funded through the Tony Elumelu Foundation Entrepreneurship Programme from 2021.

TEF Growth Pathway

To alleviate these socioeconomic challenges, partnerships between the public, civic, development and private sectors can help to deliver the capital and support required to effect seismic change.

At the core of the Tony Elumelu Foundation Entrepreneurship Programme's Growth Pathway is the belief that luck should be democratized and that every "small idea" has a chance to be successful while making an impact. At the base of the pathway are the millions of Africans with great ideas and passion, lacking the necessary access to business capital, capacity development, and most of all, a suitable ecosystem for growth and development - which leaves them stuck in poverty and living below their immense potential.

To alleviate these socioeconomic challenges, partnerships between the public, civic, development and private sectors can help to deliver the capital and support required to effect seismic change.

The Tony Elumelu Foundation is committed to providing Africans from all 54 African countries and all backgrounds with life-transforming opportunities. We are confident in the invaluable impact of targeted support, good governance,

and an enabling environment, and are staunch advocates for business-friendly policies and SME support. Ultimately, our goal is to ensure SME growth regardless of the level of capital investment.

In addition to encouraging healthy business ecosystems through training, funding, and upskilling African entrepreneurs across the continent, we also commit extensive resources to ensure the businesses we have funded can survive long after they have been established.

With the intervention of the Tony Elumelu Foundation, alongside our global partners, we look forward to the growth of more African SMEs helping to create jobs, providing consumers with better services, increasing innovation and competition, improving the business landscape, and delivering social benefits. Micro, Small, and Medium Enterprises increase the contribution of the private sector in stimulating sustainable economic development across Africa.

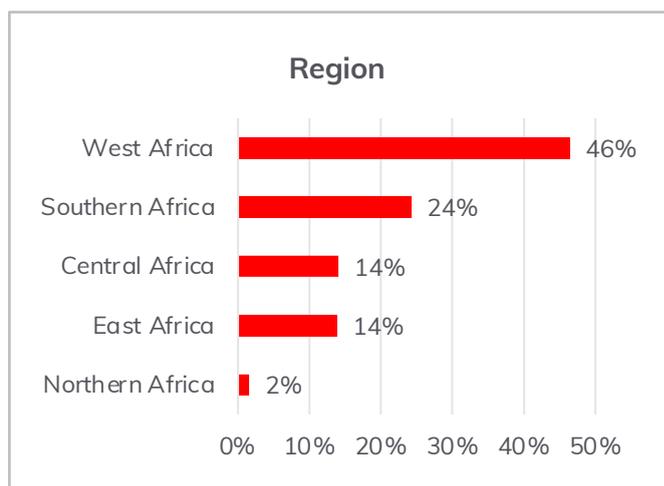
Characteristics of Surveyed Businesses

In 2021 The Tony Elumelu Foundation Entrepreneurship programme in partnership with several of its development partners supported 4,949 entrepreneurs across 54 countries in Africa. With a key focus on increasing the contribution of MSMEs in Africa by stimulating entrepreneurs to grow their businesses, create jobs and generate revenue on the African continent.

This survey seeks to assess the performance of these funded businesses within the first six months after funding. It would consider certain indicators to determine what and how progress has been made by the supported enterprise, their contributions to jobs, and revenues generated across sectors, and capture learnings that contribute to strategic programme improvement.

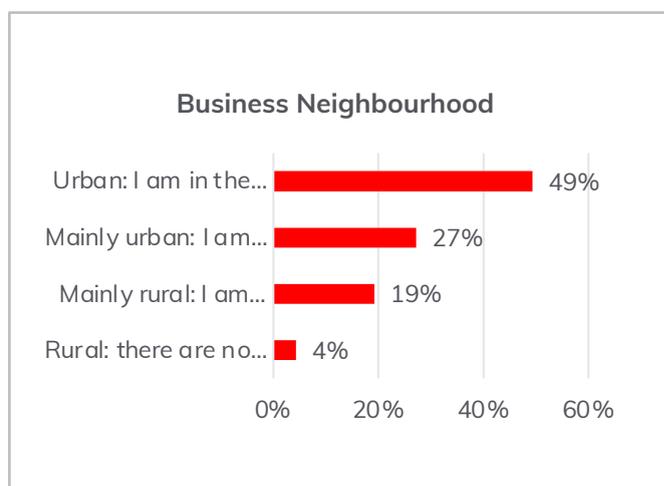
REGION SPREAD

Quantitative survey questions sent to all entrepreneurs captured responses from 443 valid respondents from purposively sampled 4949 cohorts supported by the programme in 2021. Respondents in the West African region had the highest response rate at 46% followed by South African countries with 24%. The lowest was North African countries with 2%. Also, Nigeria has the highest country representation with 13% followed by South Africa with 11% and Ghana with 5% rounding up the top 3 countries represented in the sample.



BUSINESS COMMUNITY AND NEIGHBOURHOOD

The majority of the respondents operate in Urban areas representing 76% with over 49% of the total sample operating in the middle of the city and 27% operating from urban communities that are very close to the major cities. Businesses operating in the rural areas represent 24% with 4% operating from communities that are far away from the nearest city. Limited by access to larger markets, most businesses in the rural areas are more into Agric production and provides for local consumption and raw materials production that feeds value chains for food processing and marketing businesses in urban communities.



GENDER OF SURVEYED ENTREPRENEURS

The TEF entrepreneurship programme continues to ensure complete inclusion and with a very practical approach to ensuring gender balance and increased women's participation and involvement in entrepreneurship. Female inclusion in economic activity is necessary for promoting shared prosperity. So far, the programme has trained, funded, and mentored 6,338 women on the programme since inception, out of which 3,369 are in the 2021 cohort.

Sampling for the enterprises surveyed - maintained consistency in the same effort by ensuring a very significant representation of data from women-owned businesses is consistently collected across all regions.

From the total data collected, 33% (146) are a representative sample of females in the 2021 cohort. Analysis and presentations of data and findings are also presented to communicate the same.



SECTORS SURVEYED

The surveys were administered to a responsive sample of beneficiaries across the agricultural sector, non-agricultural sector, Energy/Power Generation commercial/Retail, Food & Beverages, and most services sectors: ICT, Beauty & Wellness, construction, Consulting, Education and Training, Fashion, Financial Services, Haulage/ Logistics and Transportation, Healthcare, Media and Entertainment, Professional Services, Tourism/Hospitality, Waste Management.

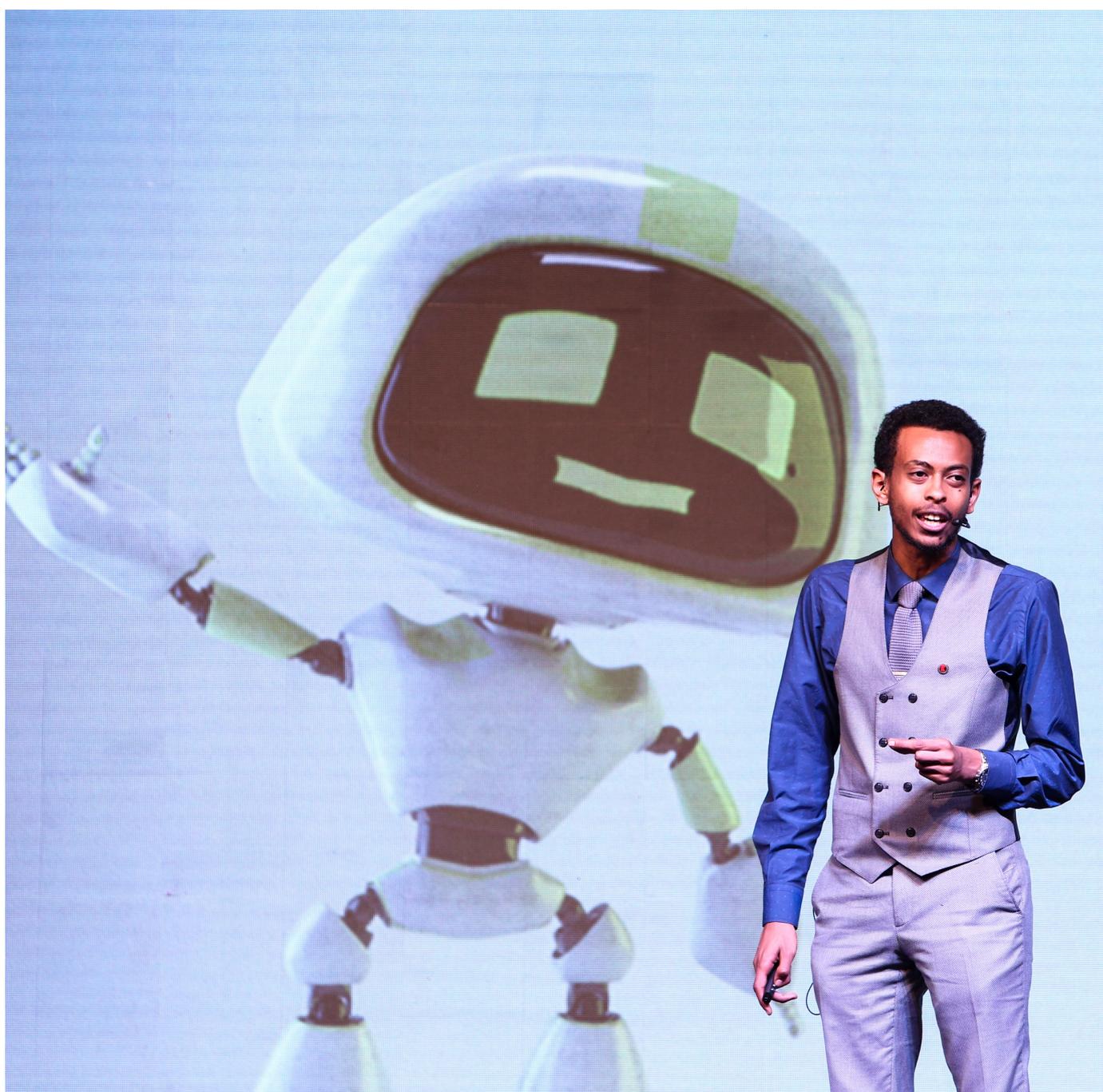
Sectors coverage is defined consistently across all regions in Africa and includes all stages of business. Interviews took place with top managers and business owners. Repeated assessments will be conducted every six months to ensure data reliability, and enable the study of trends, the evolution of the business environment and how it affects the dynamics of MSMEs in Africa.

Sectors
Agriculture
Beauty & Wellness
Commercial/Retail
Construction
Consulting
Education and Training
Energy/Power Generation
Event planning
Fashion
FCMG
Financial Services
Food processing and Beverage
Haulage/Logistics
Healthcare
ICT
Media & Entertainment
Professional Services
Telecommunication
Textile
Tourism & Hospitality
Transportation
Waste Management

Figure 1: Sectors of the economy covered by the Enterprise Surveys

ENTERPRISE PERFORMANCE

The entrepreneurship ecosystem in Africa is growing more competitive and gaining more support from both internal and external stakeholders. Resources are often channeled to sectors and businesses that are seen to be most productive and scalable and demonstrate more capacity to create decent jobs and generate the most revenue. Using responses from questions on monthly revenue, numbers of existing employees, numbers of retained employees, numbers of added employees, growth measures can be computed for each business, and results disaggregated and compared across regions, the business community, the gender of business owners, and business sectors.



Impact on Job Creation

Within 6 months post-training and funding on the programme, supported enterprises reflected a 165% increase in jobs created. A typical enterprise with just 2 employees at the beginning of the intervention in the fall of December 2021, has now added at least 3 new employees at the time of the survey.

MSMEs in Africa have been recognized as a major contributor to Sustainable development goals owing to their ability to create jobs and reduce poverty. They do not only serve as a major growth partner to large enterprises in providing support services, but they have also stimulated economic development in rural communities as our findings have also come to reflect.

The rate of increase in employees, however, varied across sectors, business locations and regions. Reasons for variation were further explored to inform learning and contribute to further intervention.

The **4949** entrepreneurs selected for the programme in 2021 have now added 14,847 permanent jobs from the point of funding in the wake of 2022 to June 2022. 7,547 of these employees are male, and 7,300 are female employees. 87% (12,920) of these newly created jobs are youths between the ages of 18 to 35.

REGIONAL AND SECTOR CONTRIBUTIONS TO JOB CREATION

Further findings at the regional level reflected that the supported business in Central Africa region has recorded the highest change in jobs created with a 229% increase in jobs created by businesses funded within the region. The rapid increase in jobs created in this region was largely due to the level of businesses surveyed within the region. Central Africa had a sample representation that is mainly existing businesses at the time of the funding. Eastern Africa reported a 173% increase in jobs added, Southern Africa with a 188% increase, and West Africa with a 144% increase in jobs added and a 133% increase in Northern Africa.

Figure 2.0 job contribution by region

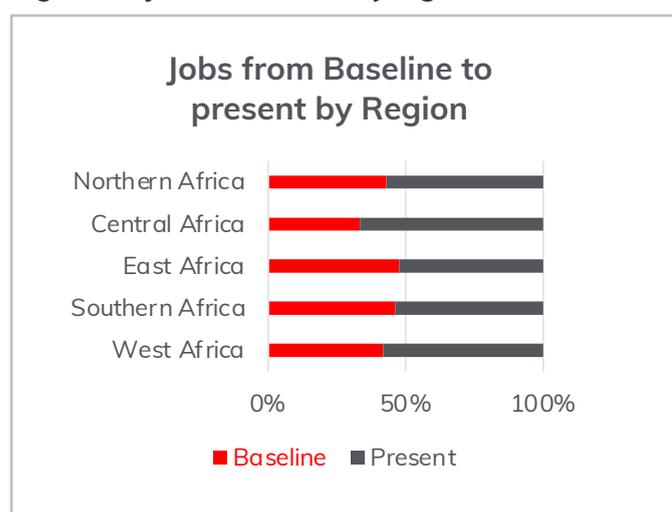


Figure 2.1: Job contribution by sector



Figure 2.1 reflects the contributions to jobs created by funded business sectors on the programme. Most jobs were contributed by the agricultural sector. This was observed across all regions. This very significant contribution is consistent with other studies showing sectorial contributions of businesses to job creation in Africa, and it speaks to the capacity of the agricultural sector to create new jobs within a short period.

However, most of these agricultural jobs are seen to be seasonal and not sustained due to the seasonality of agricultural production. But with better support and more sector-specific investment, these jobs can be sustained by ensuring all-year-round production across the continent.

ICT is influencing employment both as an industry that creates jobs and as a tool that empowers workers to access new forms of work, in new and more flexible ways. It has contributed to both direct and indirect jobs, temporary and permanent jobs across regions. Though it is predominantly an urban-based business, it has also contributed to increasing visibility for rural-based businesses. The sector is creating new job opportunities and making labour markets more innovative, inclusive, and global.



Impact on Revenue Generation

Enterprises supported by the TEF programme reported a 48% increase in revenue which is an estimated 12 million dollars in additional revenue within 6 months after initial funding.

A recent report conducted by McKinsey and Company, projected the rise in revenue generation for Small and Medium Enterprises (SMEs) in Africa. According to the report, SMEs form the backbone of many economies around the world, particularly in Africa. Representing one-fifth of global banking revenues, SMEs generate around \$850 billion of annual revenue for banks, a pool expected to grow by approximately seven per cent annually over the next seven years.

Consistent with the findings of the referenced report, enterprises supported by the TEF programme reported a 48% increase in revenue which is an estimated 12 million dollars in additional revenue within 6 months after initial funding.

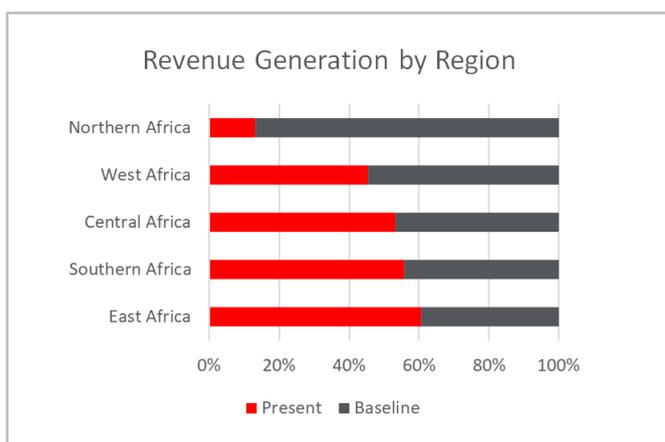


Figure 2.2 Revenue generated by region

Business Industry	Added revenue
FMCG	\$ 18,700.00
Food and beverage	\$13,250.25
Manufacturing	\$ 13,288.10
Energy/Power Generation	\$ 8,554.50
Agriculture	\$ 997.28
Haulage/Logistic	\$13,000.00
Beauty & Wellness	\$10,561.34
Financial Services	\$5,967.07
Fashion	\$3,442.70

Figure 2.3 Top Revenue generating region

Though this leap in revenue varies across sectors and regions, it is indicative of the rapid shift in revenue and the capacity of funded businesses to grind out some level of results within a short time. Results were well attributed to the gained capacity from the programme and the continued mentorship support received even after funding.

Sectorial contribution analyses reflected that FMCG, Food and beverages, manufacturing and Haulage/Logistics business sectors contributed the most revenue within the surveyed period. While agriculture may have contributed very largely to jobs, that has not reflected a corresponding increase in revenue. The inelastic nature of demand for an agricultural product still places Agric-businesses at a huge limitation in terms of capacity to control product prices and generate the required level of revenue that adequately reflects the level of investment. Findings highlight the need for further investment to cover the high cost of input for agricultural production, control the entire value chain and maximize revenue.

TOP SECTORS AND IMPACTS ON BUSINESS COMMUNITY PERFORMANCE

Categorization of supported enterprises into the business communities where the businesses are located allowed for more granular findings on the effects the nature of the business community may have on performance in terms of job creation and revenue generation across sectors. Findings indicate that the businesses in the rural communities had a 98% increase in jobs created, while businesses located in urban areas reflected an increase of 53% in jobs created.

Survey results further highlighted the agricultural sector as a major contributor to the rapid job creation in rural communities. However, with a non-corresponding lead in revenue generation, these jobs are seen to be seasonal and cannot be sustained during off seasons of agricultural production. The study further highlighted the challenge of inadequate access to transportation and the associated difficulties in moving their products to urban markets which is impacting access to markets and revenue.

SECTOR		RURAL		
Business Industry	Present	Baseline	Difference	Percentage
FMCG	\$ 25,000.00	\$ 6,300.00	\$ 18,700.00	397%
Food and beverage	\$ 9,620.25	\$ 4,000.00	\$ 5,620.25	141%
Manufacturing	\$ 23,016.67	\$ 9,728.57	\$ 13,288.10	137%
Energy/Power Generation	\$ 16,554.50	\$ 8,000.00	\$ 8,554.50	107%
Agriculture	\$ 7,130.07	\$ 6,132.79	\$ 997.28	16%
SECTOR		URBAN		
Business Industry	Present	Baseline	Difference	Percentage
Haulage/Logistic	\$17,350.00	\$4,350.00	\$13,000.00	380%
Beauty & Wellness	\$17,626.13	\$7,064.79	\$10,561.34	149%
Food and Beverage	\$14,649.00	\$7,013.21	\$7,635.79	109%
Financial Services	\$12,440.75	\$6,473.68	\$5,967.07	92%
Fashion	\$9,537.14	\$6,094.44	\$3,442.70	56%

Figure 2.4: top performing sectors by the business community

In assessing revenue generation by business sectors as categorized into business communities, findings showed a 397% increase in revenue generated by Fast Moving Consumer Goods (FMCG). Fast-moving consumer goods are products that sell quickly at a relatively low cost. This is very indicative looking at the earnings of

consumers in rural communities. With low-paying jobs and very slow economic activities, consumers reflect a very low marginal propensity to spend. Hence, they can only spend piecemeal on goods with low shelf life and high consumer demand. rapidly increased level of income generated by businesses in rural areas.

On the flip side, haulage and logistics lead the revenue generation in the urban communities. This is well expected looking at the quantum leap in business revenue because of digitalization and the increase in the number of consumers and businesses engaged in online sales of goods and services. This has created a chain of services that ensures support for digital marketing.

Haulage and logistics control the effective forward and reverse flow of goods and services from origin to the recipient. This means that logistics has an impact on the shipment of goods and how quickly they can get to the consumer, again adding a competitive edge to other businesses by reducing delivery time and expanding the reach of products regardless of geographical barriers.

Impact on Women Entrepreneurship in Africa

In the past decade, there has been a significant increase in interventions focused on female entrepreneurship and female-owned businesses in Africa. World Bank’s recent report on women in Africa. 2008 showed that the three countries with the highest percentage of women entrepreneurs were Ghana (44%), Cape Verde (43%), and Rwanda (41%). These patterns are confirmed by a more recent study on developing countries, the Mastercard Index of Women Entrepreneurs (2018), which also noted that countries with the highest number of female entrepreneurs included Ghana, Uganda, Bangladesh, and Vietnam. The report comments that Ghana far outstrips all its peers with the highest percentage of women business owners (46%). This speaks to a long history of female entrepreneurship in Ghana. Sub-Saharan Africa has the highest rate of female entrepreneurs globally with approximately 26% of female adults involved in entrepreneurial activity. Female entrepreneurs contributed between US\$250 billion and US\$300 billion to Africa’s economic growth in 2016, equivalent to about 13% of the continent’s GDP.

The Tony Elumelu Foundation has supported 15,847 entrepreneurs across all 54 countries in Africa. 6,338 of this funded population are women. Through strategic partnerships, the programme has invested above \$40 Million in developing and funding these women entrepreneurs from 2015 to 2021. These include 2,540 women supported by the European Union on the Women Entrepreneurs for Africa WE4A programme implemented in a consortium with GIZ and SAFEEM, and 500 women funded through a Google partnership with the Tony Elumelu Foundation.

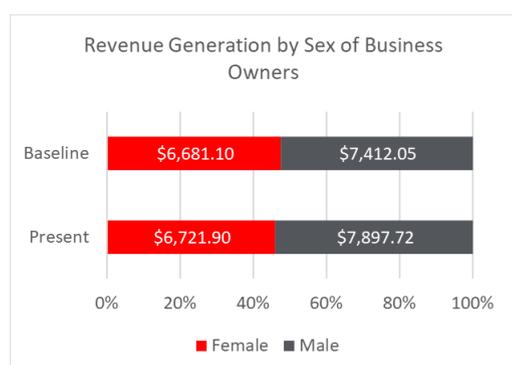


Figure 2.5: Revenue added by gender of business owner

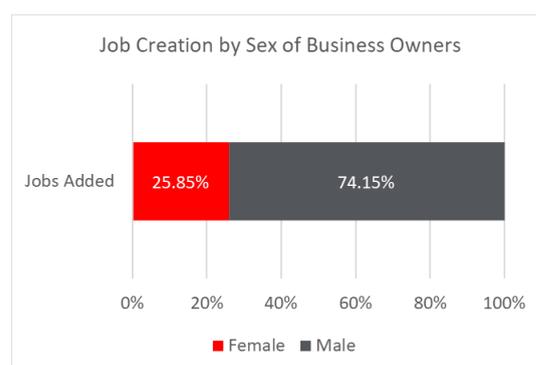


Figure 2.6: Jobs creation by gender of business owner

Women-owned businesses have generated an estimated 5.4 million dollars and added 7,915 new jobs so far on the programme beneficiaries funded in 2021.

Very significant to the study is the high level of contribution observed from women-led businesses on the programme. Just like businesses led by their male counterparts, they have reported more than a 100% increase in revenue and jobs created compared to where they were at the baseline. This speaks to the intended outcome and justification for a more inclusive programme that ensures complete democratization of luck and equality in support regardless of region and gender of businesses owner.



Expanded Access to Funding

Increased local support for MSMEs in South Africa has largely translated to increased funding access for existing businesses and stimulating faster growth and sustainability.

One of the most significant challenges faced by micro, small and medium-scale enterprises MSMEs is that an extra second wave of funding is required for scaling. Steep qualification thresholds, high-interest rates, stringent requirements for collateral, financial track records and other conditions are some of the barriers faced by SMEs seeking to raise funds, particularly through debt.

The survey reflected that 14% of the businesses supported by the programme in the last six months indicated that they have had access to more business funding opportunities with most access attributed directly and indirectly to the efforts of the programme in positioning beneficiaries for more opportunities. One of the most mentioned grants was the National Youth Development Agency which was established to address youth development issues at National, Provincial and Local government levels in South Africa.

Exponential Migration in Business Stages

Data gathered at the start of the intervention showed that only 24% of supported businesses were fully operational at the time of funding.

Current findings indicate that 40% of the businesses are now fully operational. This is a 16% increase from the figures reported at the baseline assessment.

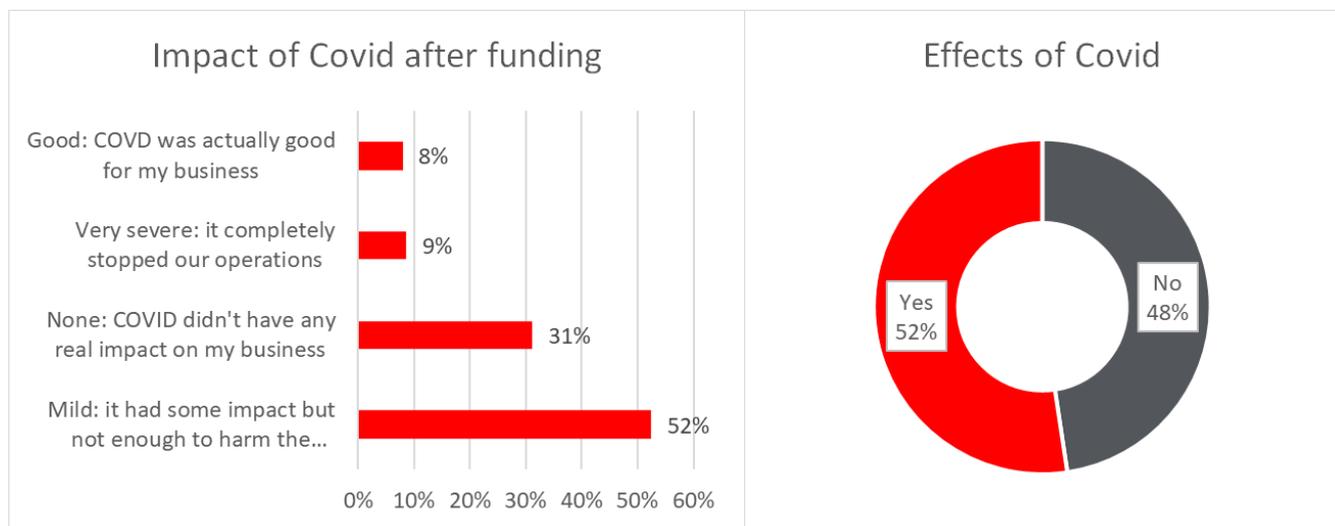
However, some businesses are yet to start operations. These delays were attributed to the inadequacy of the funding to provide the necessary business equipment required for very cost-intensive businesses; this includes the cost of office space.

Most of these businesses are now looking for other alternatives to the very expensive office spaces suitable for their business. Another significant reason for a delayed start which has also had a very huge impact on operational businesses is government regulations that have been seen to demonstrate very little consideration for new businesses and hence have become a burden to entrepreneurs and their businesses.

The Severity of Covid and The Impact of Digital Technology

The COVID-19 impact, and the corresponding preventive measures taken by several governments in Africa including border closures, movement restrictions, and the disruption of supply chains to reduce spread, left a wide range of both expected and unexpected microeconomics on Africa and business owners across all sectors. These measures disrupted income-

generating activities and exacerbated food price increases in the markets. The most affected are people who rely on income sources such as small traders, street vendors and casual workers. These also had a direct impact on MSMEs across Africa.



In response to the current realities of COVID and the corresponding economic recession sweeping through most African nations, entrepreneurs have had to reduce production and increase prices to meet up with the unprecedented rise cost of raw materials have had a direct impact on the projected cost of production, especially for business already existing before the pandemic. Working with other businesses, diversification of suppliers, and sourcing locally produced raw materials rather than importing them were also critical for businesses on the programme. In 2021, the TEF Entrepreneurship programme took deliberate steps in ensuring the programme design adequately accommodate capacity strengthening on key innovations that

reduces the prevalence of covid impact while taking advantage of digital solutions to increase productivity.

Previous findings in the wake of COVID showed that every week of lockdown and the corresponding reduction in economic activities had an exponential negative economic impact on businesses. Hence, keeping up with economic activity is very crucial to business survival. With tailored support, newly funded entrepreneurs on the programme have devised various means of adapting their business models to adapt better to the changing contexts and ensure continued business activities while also maintaining COVID protocols.

Learnings from COVID created new opportunities in the digital space.

Digital marketing has significantly increased the capacity of businesses to reach their products and services to a wider audience.

Businesses have created an online presence through websites and social media engagements to provide services to their existing customers and advertise to potential customers and clients.

Digitalisation has not only strengthened businesses' capacity to expand sales and increased access to the market but has now contributed to the increased scalability of haulage and logistic business. To guarantee the effectiveness of online sales, businesses must ensure a suitable delivery system that ensures products are delivered to customers at their locations by engaging the growing logistics sector while leveraging online ordering solutions.

To further deepen business capacity to survive, the TEF programme prioritised and optimised the training components of the programme and intensified sessions on marketing strategies and digitalisation. The programme trained over 200,000 African entrepreneurs in 2021 and over 200,000 in 2022. Though the programme is not able to fund all trained entrepreneurs on the programme the impact of the training has generally improved the capacity of entrepreneurs in driving business sustainability as Africa continues the path of recovery from the impact of covid.

Learnings and Opportunities for Further Intervention

STRUCTURED SPECIALIZED SKILLS DEVELOPMENT PROGRAMMES

Rural entrepreneurs are more into agri-business and rely more on unskilled labour to meet production demands within the season. This presents a dual opportunity for increased innovation and mechanization support to ensure in season and out of season production, and the opportunity to support Agric-business with more specialized skill development initiatives to scale production in rural communities. With more support, entrepreneurs can add more skilled labour, improve productivity, and maximize revenue.

BUSINESS NETWORKING INITIATIVES

Extensive business networks have benefited entrepreneurs operating in urban areas. Most entrepreneurs surveyed in the urban areas opined to improved capacity to resolve immediate challenges through regular interactions and peer mentoring. On the other hand, businesses in rural locations have suffered a lack of access to interactive platforms with other entrepreneurs. This is largely due to gaps in technology and very minimal access to online connections or internet.

Networking with entrepreneurs on the programme has created a unique platform for peer connection and learning. It has laid the foundation for productive partnerships and other business opportunities. However, Entrepreneurs in rural locations would benefit more from increased opportunities for networking and platforms for cross-sector and cross-country collaborations.

INCREASED DIGITILISATION INITIATIVES FOR RURAL-BASED BUSINESSES

We easily learned that businesses that are funded post-pandemic made adequate attempts to structure their businesses to accommodate current realities. Increased digitalization and e-commerce from design have also reduced the severity of COVID impacts compared to businesses funded at the same time in 2020.

E-commerce has not only increased the capacity of businesses to reach a wider range of customers, but it also created more value for other lines of businesses with a new chain of opportunities. Sectors like logistics and haulage reaped a substantial windfall, and online marketing solution providers became more sought after. On the other hand, there has been no evidence collected to show that this has directly impacted the marketing and increased revenue for more rural-based businesses like Agribusiness.

A digitalisation initiative with a particular focus on rural businesses will significantly increase visibility, and access to a wider market for rural-based businesses and also bridge gaps in access to raw materials for urban-based businesses who depend on raw materials from rural-based businesses for production.

Policy Recommendations

Logistics and Supply Chain:

Ensure the interest of MSMEs are effectively represented in the policy discussions and formulation processes on local logistics and global supply chains

As countries in Africa continue to seek every means necessary to recover from the economic impact of covid, increased performance of both large holding companies and MSMEs has become critical. Companies are increasingly organizing the production of goods and services through global supply chains, and local distribution channels, and adding value as a result. A company's ability to participate in these supply chains depend largely on its government's policies on the subject area.

A deliberate effort needs to be made to ensure that MSMEs' interests are effectively represented in the policy prioritization process and that solutions are designed to address specific constraints that disproportionately affect the ability of enterprises to efficiently move products and services to the very doorsteps of consumers.

Digitalized Business Ecosystem:

A highly digitalized business ecosystem to unlock new pathways for rapid economic growth in Africa.

At the current pace of economic and social advancement, Africa should think big about digital development. Africa's rising population of youth-owned businesses may miss the opportunity of leveraging the global rise of digital technology to actively participate in the next economic revolution. Digital technologies offer a chance to disrupt this trajectory and unlock new pathways for rapid economic growth,

innovation, job creation, and access to services that would essentially change the way businesses are run in Africa.

New policies on business development at all levels in Africa must make an intentional effort to ensure digitalization is at the very core of all its strategies. This study largely demonstrated that digitalization has not only strengthened businesses' capacity to expand sales, increased access to the market, and maximize revenue, but has now contributed to the creation of new frontiers along several value chains

Inclusive Tax Laws:

Sector and business size inclusive approach to formulation and amendment of Tax Laws.

Emerging entrepreneurs and existing businesses would benefit from a more sector and business-level inclusive approach to taxation. Some businesses with more capacity to generate new jobs and stimulate improved living standards require a taxation structure that allows them a suitable environment to sustain their businesses and retain jobs. Similarly, some sectors like the ICT with not just the capacity to generate revenue on their own but also create solutions that would improve other businesses to increase productivity and generate revenue can also do better with tax structures that ensure the needed ecosystem for sustained support. A good example is the just approved **Nigeria Start-up Bill** which is a collaborative effort between the Nigerian president's office, the Federal Ministry of Communications and Digital Economy, the Nigerian Export and Promotion Council and other government bodies in Nigeria.

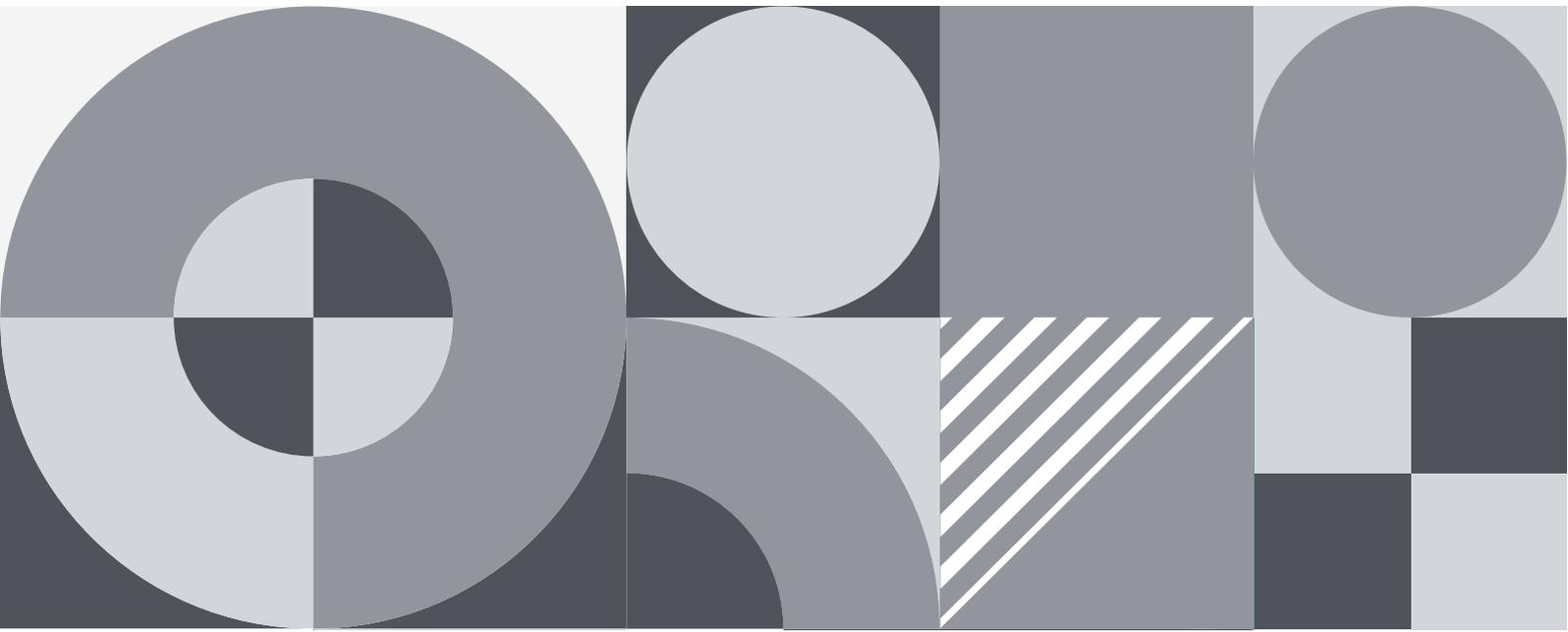
Economic Integration:

Increase effort at country levels to deepen Economic Integration in Africa.

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

Entrepreneurs in Africa are yet to benefit from the African continental free trade area brokered by the African Union (AU), signed by 44 of its 55 member states on March 21, 2018. More effort needs to be made by African leaders and policymakers at country levels to conclude negotiations on the many issues needed to be resolved and ensure the agreement is fully functional in 2022.





THE TONY ELUMELU
FOUNDATION

www.tonyelumelufoundation.org