

Nexus Brief, Nr. 7, April 2019

Climate Change & Environment

Green entrepreneurship in French- speaking Africa



Key messages

Many countries in Africa already face major challenges, aggravated by the effects of climate change and degraded natural resources. The green economy is an opportunity for such countries, particularly in French-speaking Africa, to achieve economic growth and sustainable development targets, while mitigating the effects of climate change. The green economy should be an integral part of the strategies deployed to achieve growth that preserves and capitalises on natural and human assets.

French-speaking Africa needs to adopt a model that integrates green growth. Green entrepreneurship is an asset for supporting economic, technological and environmental transition in this part of the continent. Furthermore green entrepreneurship is a new, fast evolving economic dynamic at a time of growing awareness of global environmental stakes.

Young African entrepreneurs are promoting original, valuable initiatives that receive little notice, and often lack the backing needed to develop quickly. Governments now realise they need to support this promising sector by adapting the regulatory framework, capitalising on the work of green entrepreneurs and encouraging youth as a whole to espouse new forms of environmentally aware economic growth.

Context

Why this Nexus Brief?

The African economy is almost entirely dependent on its natural resources, which also secure the survival of most of the population. As a result Africans are particularly exposed to the effects of environmental change. The private sector could contribute more than 80% of the capital required to cope with the consequences of climate change (UNEP, 2013), making green entrepreneurship a prime asset for French-speaking countries in supporting their economic, technological and environmental transition. Organic farming, sustainable water management, reuse of waste materials (circular economy), access to renewable energy sources, and ecotourism all fall within the scope of this new form of entrepreneurship, much as many other sectors relating to sustainable industrial processes, designed to optimise the consumption of resources such as raw materials, water, energy, and reducing emissions.

Defining green entrepreneurship

Green entrepreneurship means choosing to engage with the green economy. It covers forms of business, technologies, products and services that cause less pollution and lead to a lasting reduction in greenhouse gas emissions and the overall environmental footprint. In short it minimises pollution and spares resources.

The many benefits of green entrepreneurship

Many African countries already face major challenges: poverty, food insecurity, infectious diseases such as HIV-AIDS, ongoing conflicts and soaring inequality, in particular regarding access to energy. Climate change, the degradation of natural resources and population

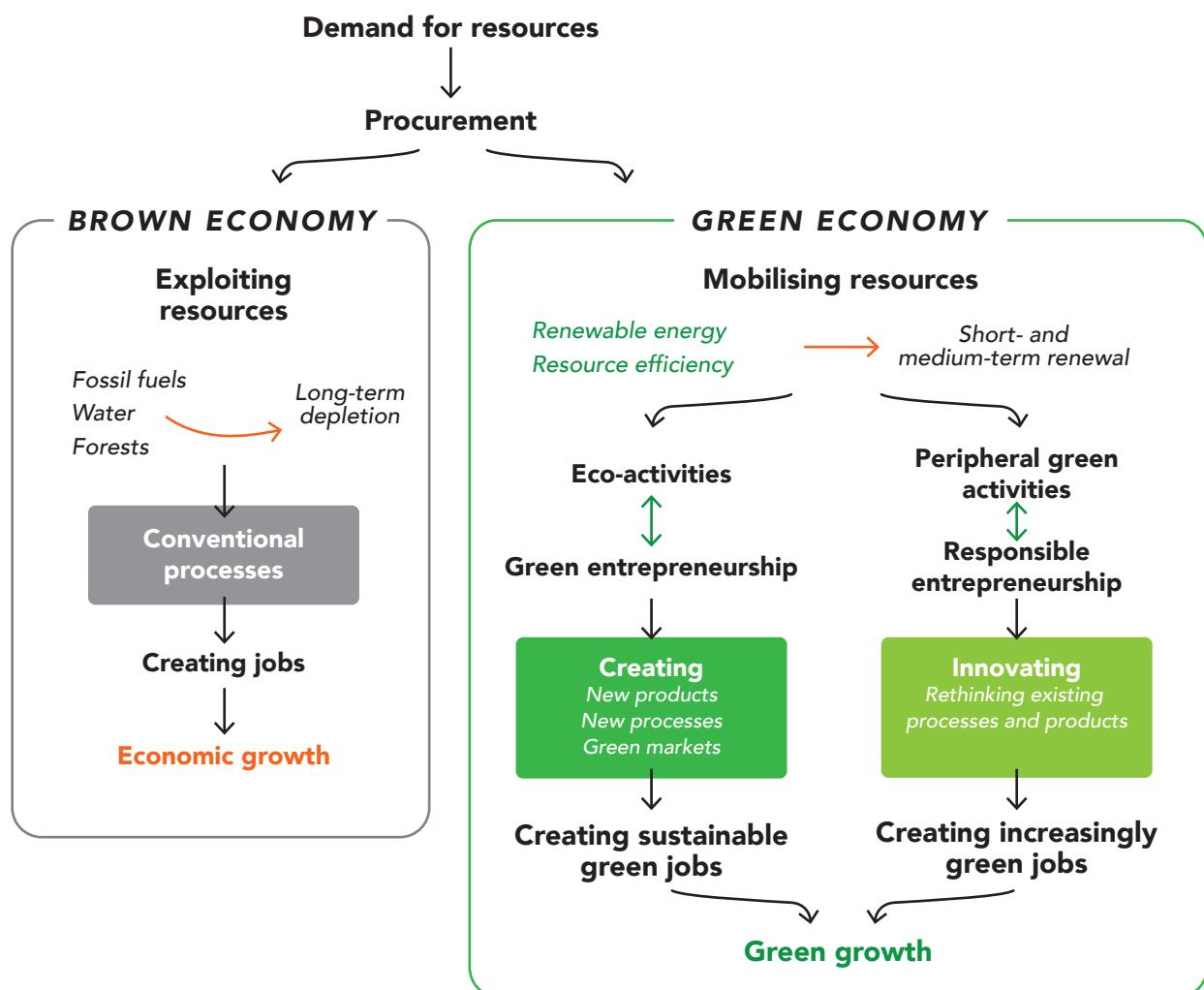
growth all exacerbate these challenges. At the micro-economic level the green economy is a way of bringing the private sector into play and achieving economic growth. According to a United Nations Environment Programme (UNEP) report published in 2013 the private sector could raise more than 80% of the capital required to cope with the impacts of climate change. The report also emphasises the potential benefits for firms that anticipate such change and adopt responsible, sustainable strategies. Increasingly the key criteria for

assessing firms, gauging their standing and success, will depend on their ability to innovate and develop goods and services that limit their environmental footprint and consumption of natural resources.

Now, more than ever before, green growth is consistent with the priorities for Africa. The green entrepreneurship of young people responds to present and future challenges, improving quality of life for youth and creating openings for decent jobs.

Figure 1: Green entrepreneurship as part of the green economy

Produced by Zoï Environment Network, March 2019



Green growth promotes economic goals while making allowance for social and environmental concerns in response to key challenges. Unlike the conventional economic model, the quality of green growth constantly improves.

Facts & figures

African youth

With 230 million young people Africa has the world's most youthful population. Young people account for over 60% of the continent's unemployed (World Bank/AFD, 2014). In 2015 12 million African youths entered the job market, yet only 3.1 million new jobs were created. So millions of youths have no prospect of economic activity (AfDB, 2016). Under these circumstances many young Africans see entrepreneurship as a significant way of overcoming unemployment (Clémentot, 2016).

By 2050 Africa will be home to 26% of the global population. The number of youths aged 14 to 25 will rise from 230 million to 460 million (United Nations, 2017), making Africa the continent with the youngest population and the largest number of unemployed.

The entrepreneurial potential

The quest for new opportunities is driving an entrepreneurial dynamic, with 72% of young people drawn by the idea of going into business (OECD, 2011).

Africa is the part of the world that displays the most positive attitude to entrepreneurship. Three-quarters of the population of working age see it as a good career choice.

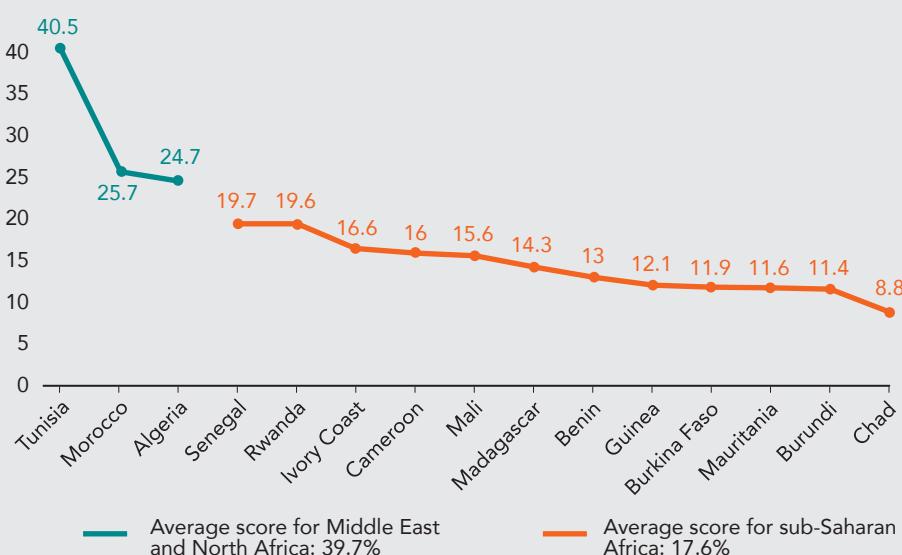
The lack of support

Compared with other parts of the world, there is a poor entrepreneurship ecosystem in Africa's French-speaking countries. The Global Entrepreneurship Index (GEI), which uses various criteria to measure the entrepreneurship ecosystem, reveals an uneven picture with wide variations between northern and southern Africa, and between east and west.

The GEI scores also reveal uneven development, highlighting the performance of North Africa. The graph details the scores for various countries in North and sub-Saharan Africa, compared with regional averages. Analysis of the factors underpinning the entrepreneurship ecosystem reveal that the overall score for Africa, and more particularly for the sub-Saharan region, is much lower than the global average.

Figure 2: the Global Entrepreneurship Index in French-speaking Africa¹

Source: GEDI, 2017



¹ This ranking covers 137 countries worldwide and measures the propensity for entrepreneurship. It is based on the following criteria: opportunity perception, startup skills, risk acceptance, networking, cultural support, technology absorption, human capital, extent of corruption, freedom of business initiative, quality of the funding market.

Profile and motivation of young green entrepreneurs in Africa

A 2018 survey² by the Swiss Agency for Development and Cooperation (SDC) revealed that green entrepreneurs display the following key features.

Figure 3: Profile and motivation of young green entrepreneurs in French-speaking Africa

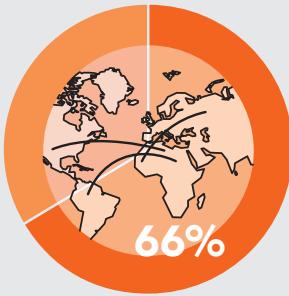
Source: SDC/AlliaDev, 2018



About two thirds of the responding entrepreneurs make a living with their business.



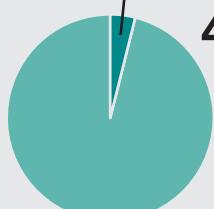
About three quarters of the surveyed entrepreneurs report filing a patent, brandname or copyright.



Green entrepreneurs serve a wide variety of customers, with about two thirds of them working for customers abroad.

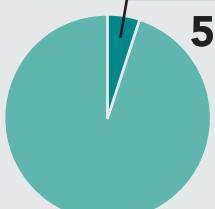
MOTIVATION

Need for additional earnings



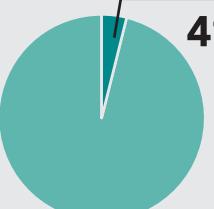
4%

Get rich



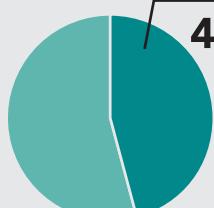
5%

Job loss / unemployment



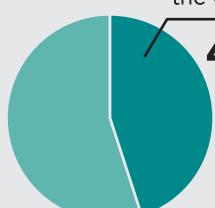
4%

Make an impact on society



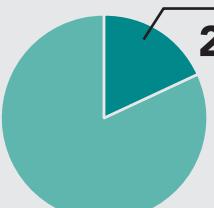
46%

Make an impact on the environment



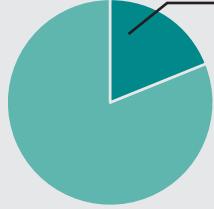
45%

Be inspired



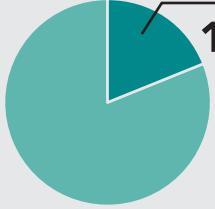
21%

Create or transform an industry



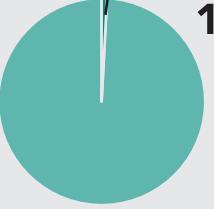
19%

Be your own boss



19%

Promote social entrepreneurship



1%

2 The survey covered young entrepreneurs in a dozen French-speaking countries in Africa and drew on analysis of 68 questionnaires, leading to the above profile (www.jeunes-entrepreneurs-vERTS.org).

Young green entrepreneurs stand out for their determination to have a positive impact on society and the environment. They make good use of local know-how and resources, facing various challenges, including the real impact of their business locally, particularly the need to create sustainable new jobs. In only about two thirds of the cases do they earn enough to make ends meet.

Challenges for green entrepreneurship in French-speaking Africa

Institutional and political challenges: only limited support mechanisms

Of all the regions analysed in the 2017 GEI survey, sub-Saharan Africa registered the lowest score on institutional environment, at 0.31. So countries in sub-Saharan Africa must improve their institutional environment in order to make better use of their entrepreneurial potential. Some countries have adopted strategies and national plans or programmes to develop entrepreneurship in general, in an attempt to cut persistently high youth unemployment. In addition some countries have placed the emphasis on policies that nurture a green economy and promote entrepreneurship in this domain. In North Africa for instance three sectors seem to be emerging. Eliminating pollution and waste management (collecting waste water and processing household and other waste) alone accounts for half of all the environmental companies in Tunisia. The second sector hinges on more efficient energy use. Morocco, for instance, is focussing on renewables. The last sector is organic farming. The political side of green entrepreneurship is still relatively new, however, and progress on building institutions and establishing a regulatory framework (norms) is slower. In some cases public policies or national plans to encourage the use of 'clean' production processes do not follow through into real-life activities (legal framework, standards, supervision and sanctions) in the field.

Some governments have introduced measures to support entrepreneurs, centralising information and providing incentives to invest in startups. But the lack of encouragement for specific environmental sectors, such as recycling, farming, renewables or eliminating pollution, is holding back further development of green entrepreneurship.

Coordination challenges: an expanding but still fragmented ecosystem

Many of the stakeholders needed to build a green entrepreneurship ecosystem already exist, but the respective roles of all the players in government and the ecosystem itself are still not clear. In any given ecosystem inadequate connections and poor synergy are exacerbated by a lack of communication between key figures in government and the private sector. So support for entrepreneurial activities is poor, particularly for green entrepreneurship.

Knowledge and skills challenges: shortage of support for entrepreneurs down the line

In some places there is scope for supporting green entrepreneurs in the early stages of their projects, but backing fails to carry through to the development phase.

The lack of information on green markets in Africa often means entrepreneurs create products, not knowing whether they will meet any real demand or lacking the means to deliver them to the target market. Furthermore the difficulties of market entry are such that opportunities are often restricted to large companies.

Cultural and social challenges: very little understanding of the green economy as a concept

Most people in Africa have little or no grasp of concepts such as sustainability or the green economy. There are clearly apparent cultural constraints: the main barriers to green entrepreneurship are society's perception of entrepreneurs, the lack of any awareness of the benefits of the green economy and fear of failure.

Financial challenges: difficulty in obtaining funding

The main challenge for anyone launching a project is finding the financial means to start a green enterprise. Entrepreneurship entails taking risks and conventional funding sources make no allowance for this hazard. Opportunities do exist but often they do not concern projects in the design phase, rather schemes that are already well advanced with a proper business plan. In general entrepreneurs dip into their own savings or contributions from relations to cover the cost of the early phases of feasibility studies. This type of funding is known as 'love money', a sort of cheap and cheerful venture capital.

In recent years startup competitions have become more common, but only a few are specifically designed for green entrepreneurs. So green projects must compete with other types of social or technological innovation. English-speaking countries currently differ from their French-speaking neighbours with regard to the close relations between business and investors: there are many more of the latter and above all they are much more inclined to take risks.

English-speaking countries have hosted most of the big fund-raising operations of recent years. Another feature emblematic of the greater financial dynamism of these countries in the past two years has been the growing number of business-angel networks (see <https://abanangels.org>).

International organisations and cooperation projects also contribute to funding and encourage green entrepreneurship through support programmes and grants. But their timeframe is limited and the conditions for obtaining even quite small grants can be a source of frustration.

Opportunities for green entrepreneurship in French-speaking Africa

Environmental opportunities: stimulating green innovation in society

Nature is an asset for African countries insofar as green entrepreneurship makes allowance for the nature variable and brings it into play without jeopardising it. These countries also face many environmental challenges that may turn into genuine economic opportunities.

Derived mainly from the degree of technical innovation, such as reduced pollution through clean processes and efficient use of resources, green entrepreneurship goes further than mere technology. It may feed a mindset oriented to life cycles, and stimulate green innovation throughout society. Green entrepreneurs contribute to changing the way people think, in favour of more environmentally aware attitudes that go hand-in-hand with increased demand for eco-prod-

ucts and services, thus enhancing the two-pronged effects of new jobs and environmental benefits.

Strategic opportunities: an institutional framework that fosters green entrepreneurship

The main incentive for green entrepreneurship involves reforming the legal, institutional and financial framework designed to encourage the creation of green firms. Furthermore, surfing on growing global awareness of the ecological stakes, international bodies are backing African countries through various programmes to support transition to a green economy.³

Economic opportunities: positive effects at a regional and local level

Creating green jobs will compensate for the loss of certain jobs due to the production of specific goods being banned. Investing 2% of global GDP in greening the 10 main economic sectors could yield high economic growth by 2050 (UNEP, 2011). Jobs would be created and poverty reduced, while mitigating ecological hazards and shortages linked to climate change – such as more acute water shortages or the loss of ecosystem services.

- **An encouraging growth rate:** French-speaking countries in sub-Saharan Africa are still the continent's star performers in terms of growth. For the third year running – and the fourth time in five years – these countries recorded the best economic results (World Bank, 2017). This group of 22 countries achieved 3.7% growth overall, whereas the figure for the rest of sub-Saharan Africa was only 0.8%.⁴
- **Local economic development:** Green entrepreneurship in Africa encourages closed-loop marketing and more integrated production methods. Green entrepreneurs capitalise on local products and know-how, with a genuine local impact, the aim being to promote local development and create long-term jobs.

There are countless openings for green entrepreneurs in key business sectors, in particular farming, energy, industry, tourism, transport, construction

3 Such programmes include the UN Partnership for Action on Green Economy (www.un-page.org), and the European Union's Switch Africa Green (www.switchafricagreen.org) and SwitchMed (www.switchmed.eu) initiatives. For further examples see SDC/AlliaDev (2018).

4 L'Afrique subsaharienne francophone demeure championne de la croissance africaine, Les Échos, 9 February 2017, (http://archives.lesechos.fr/archives/cercle/2017/02/09/cercle_165914.htm), last consulted on 18 March 2019.

and planning. With this in mind making the transition to green agriculture is essential to securing a sustainable future. Energy is one of the main challenges for Africa as a whole. Making energy-efficient buildings, optimising public transport and rolling out renewable-energy sources – all of which represent huge development potential for Africa – or indeed enhancing industrial processes offer leverage for achieving a green, socially inclusive economy.

Social opportunities: a workforce readily available on the spot

Africa boasts the youngest population in the world, but many are unemployed. At the same time life in the countryside is difficult and increasingly exposed to the risks of climate change. So green entrepreneurship offers the prospect of local jobs and development that can secure lasting economic growth in French-speaking Africa. Here is a growth model that makes allowance for environmental and social issues: green, socially committed entrepreneurs contribute to local development by creating jobs.

Existing examples of green initiatives and firms show that green entrepreneurs stand out in two respects: upholding the interests of the community and achieving a genuine impact locally, thanks to activities that initially respond to strictly local demand (jobs, access to goods and services). Green entrepreneurship in Africa demands a sense of commitment, while promoting the green goods that underpin its business model.

Young green entrepreneurs in French-speaking Africa

E-trading platform for environmentally friendly farm produce in Benin⁵

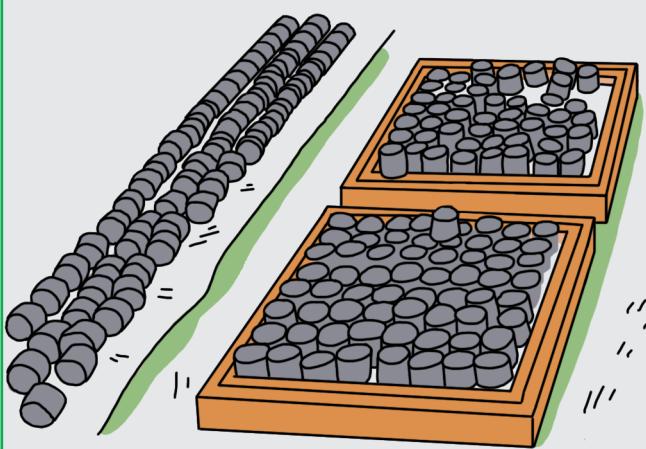


This initiative focuses on setting up a trading platform, Premium Hortus, accessible from a phone, pad or PC, enabling consumers to choose produce, place an order, pay online and receive home delivery of fruit and vegetables, beverages and other organic goods in complete security (<https://premium-hortus.com>). This way everyone can keep track of their consumption, while receiving food insurance credits.

Premium Hortus also makes life easier for farmers, with ready access to organic fertilisers, natural seed stocks and technical advice on the technology and communication systems they need. In addition it aims to make information technology work for eco-farming, with a view to reducing some of the greenhouse gas emissions produced by conventional methods.

As a further benefit to future producers Premium Hortus organises training courses, comprising five modules with personalised guidance on how to draft a farm project and raise funds.

Producing green charcoal in Cameroon⁶



Every year some 240,000 tonnes of charcoal are produced in Cameroon to meet the needs of 80% of the population. This contributes to deforestation. Furthermore organic waste produced by households and farming is left to rot, fermenting and producing greenhouse gases, which in turn contribute to global warming.

This project seeks to offer the poorest members of the community an alternative energy source that replaces charcoal or wood with green charcoal.

It simply involves collecting organic waste and turning it into green charcoal. This activity has already created 20 jobs. Every year 250 tonnes of organic waste is collected from households in Douala and turned into 35 tonnes of green charcoal.

5 Watch www.initiativesclimat.org/Mediatheque/Reportages/Premium-Hortus, last consulted on 18 March 2019.

6 Watch www.initiativesclimat.org/Mediatheque/Reportages/Production-de-charbon-vert-au-Cameroun, last consulted on 18 March 2019.

Key issues

Key issue 1: Transitioning to a green economy

Green entrepreneurship represents a new economic dynamic that is evolving fast at a time of growing awareness of the environmental stakes for our planet. By contributing to the transition to a green economy, it is an asset for French-speaking Africa. Green entrepreneurship is a concept that at one and the same time benefits:

- The environment, through sustainable management of natural resources (circular economy, alternative renewable energy sources)
- The economy, by generating revenue (creating new jobs, growing the local economy and raising living standards)
- Society, as a whole, through greater health and well-being (better food and a less polluted environment)

Key issue 2: Capitalising on human assets

Green entrepreneurs' ideas are as diverse as their profiles. They have far-reaching ambitions but often find it hard to put their ideas into practice. The perception of business opportunity in French-speaking Africa is close to the global level, but efforts are needed in terms of education, startup skills and product innovation. Prospective entrepreneurs need training in basic business skills (managing human resources, managing a business and finance, market research, framing a business plan, mounting a project, marketing and sales, communication strategy), and need to develop more specific skills related to value chains in a green economy, such as sustainable agriculture, renewable energies, waste recovery or biomass fuels.

Key issue 3: Creating opportunities for support and guidance by ecosystem players

The various organisations tasked with supporting and supervising new businesses must encourage the various players in the ecosystem to work together and make it easier for young people to be integrated. This goal can be achieved by creating a database of project leaders and apprenticeship supervisors, organising discussion groups and workshops on green entrepreneurship. As for large companies they should branch out into sectors related to sustainable development, find ways of involving the private sector more deeply – demanding greater commitment in favour of green entrepreneurship and innovation, through collaboration, joint projects and startup mentoring – while contributing more to the work of supervisory bodies in research, development and innovation.

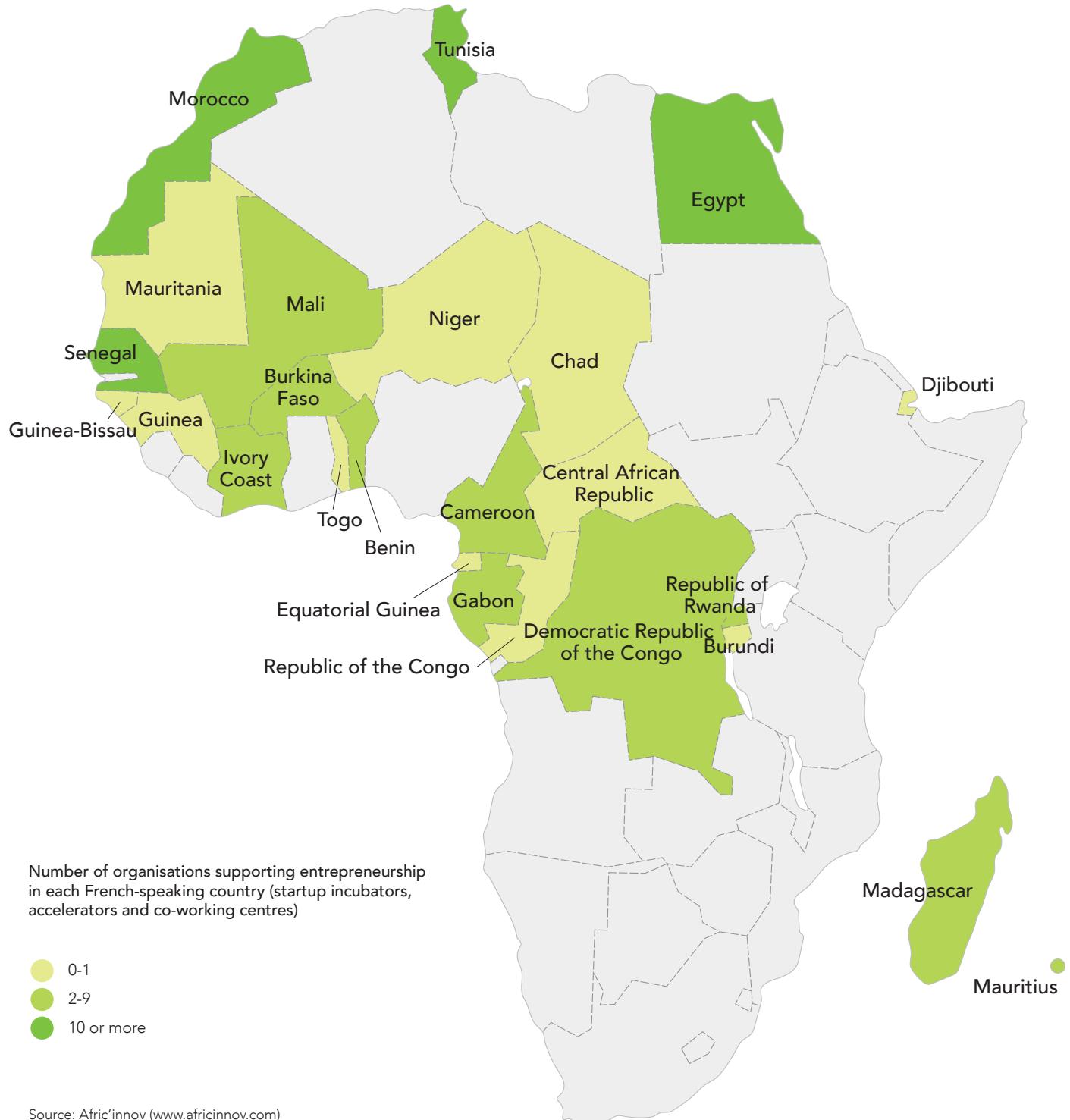
Several types of organisations offer support to green entrepreneurs, depending on how far advanced their project is. Their services mainly consist of providing premises and guidance, networking and funding.

The current trend is for FabLabs, manufacturing workshops open to all, providing tools and machine-tools for designing and producing real-life objects. Africa boasts 18 FabLabs, of which six are located in French-speaking countries.

These places are no less dynamic than their counterparts in other parts of Africa, but there is a disparity with regard to the amount of funding they attract.

The map on the following page details the organisations supporting innovative entrepreneurship projects in Africa's French-speaking countries. It is apparent that they are more common in some countries (Morocco, Egypt, Senegal) than others (Niger, Chad). This may be due to the shortage of resources and financial backing needed to run such organisations.

Figure 4: Organisations supporting entrepreneurship in French-speaking Africa



Key issue 4: Focusing on nature and infrastructure, with real potential for Africa

Nature is a prime asset for African countries provided green entrepreneurship makes full allowance for the 'nature' variable, making good use of it without jeopardising it. The continent is brimming with raw materials that may be used in the green economy's various value chains, such as farming, fisheries, eco-design or energy. It offers an opportunity to promote underprivileged regions, particularly in the countryside, by developing unexplored value chains and giving priority to the circular economy.

Key issue 5: Steering youth towards entrepreneurship

Green entrepreneurship responds to young people's hopes and expectations. It is also a means of combating unemployment. To this end young entrepreneurs need to extend their knowledge and gain the necessary skills to develop their business and create green enterprises. The difficulties in obtaining funding must not stand in the way of innovation and entrepreneurship; rather they should be seen as a challenge.

Key issue 6: Promoting innovation from South to North

A colloquial word in Hindi, *jugaad*, which might be translated as resourcefulness, means in a broader sense meeting needs in the simplest, most effective way and with only limited means. It sums up the principle of supplying good quality, low cost solutions: in short, less is more. The South is increasingly exporting this new approach to innovation to the North, helped by millennials' concern for ethical consumption. By putting the accent on capitalising on local resources to cope with more widespread challenges, the projects mounted by green entrepreneurs may become part of this trend, fielding ingenious solutions at a time of increasingly scarce resources, demographic upheaval and fast-changing technology. The export of local goods may consequently achieve greater growth.

Key issue 7: Creating a network of young green entrepreneurs in French-speaking Africa

It is essential to create a network for young green entrepreneurs in French-speaking Africa in order to encourage the exchange of information and build partnerships. The network could include hubs in French-speaking countries. It will connect its work with that of existing networks, while gathering intelligence and information of use to young entrepreneurs and more broadly the international network.

Key issue 8: Promoting new forms of funding and strengthening their legal framework

Crowd-funding is obviously an important source of leverage. It is very topical, both for funding socially oriented or environmental projects, or indeed for channelling funds from the émigré community towards productive investments. This new financial instrument raises hopes of obtaining funds for small entrepreneurs, in the form of grants, loans, investment or any other means with a ratchet effect. But the legal constraints specific to individual countries often make it difficult to set up the relevant platforms.

Relevance for SDC

The Swiss Agency for Development and Cooperation is active in most French-speaking African countries, which it sees as a priority. It is involved in programmes and projects of strategic (economic development, governance, environment and climate change, migration) and geographic importance (North and West Africa) for Switzerland.

Economic growth and employment in North Africa, and development of the rural economy in West Africa – two fields in which the Agency intervenes – could both benefit from direct, or indirect, support for green entrepreneurship, thus making progress towards long-term goals.

1. Green entrepreneurship helps make the private sector more dynamic, focusing on scope for creating decent jobs for young people, in the hope of subsequent scaling effects, while consolidating the environmental dimension across the board.
2. Green entrepreneurship aims to give priority to short supply chains and more integrated forms of production. The work of green entrepreneurship capitalises on local know-how and goods. It has a genuinely local impact, promoting local development and creating long-term jobs.

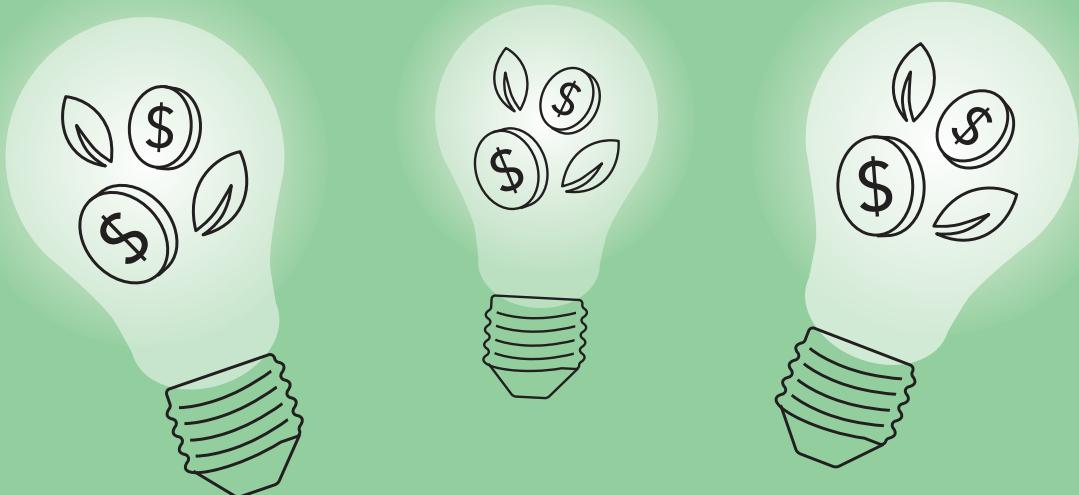
What is SDC already doing?

Climate initiatives in French-speaking Africa

The Swiss Agency for Development and Cooperation supports the Initiatives Climat project which contributes, in a positive way, to growing awareness of what is at stake with climate change and its impact on human development (www.initiativesclimat.org). In practice this means:

- Promoting projects mitigating the effects of climate change with a view to their transfer to other countries by various types of non-state players: local authorities, civil society organisations as well as green entrepreneurs, be they young people or women
- Publicising the most exemplary climate-related actions
- Fostering greater mutual understanding between project leaders

Initiatives Climat is an opportunity for all players, but in particular green entrepreneurs, to pool and exchange ideas, and to set up South-South collaboration projects, with a view to replicating their projects in other countries.⁷



⁷ Watch reports on climate initiatives online: www.initiativesclimat.org/Mediatheque/Reportages, last consulted on 18 March 2019.

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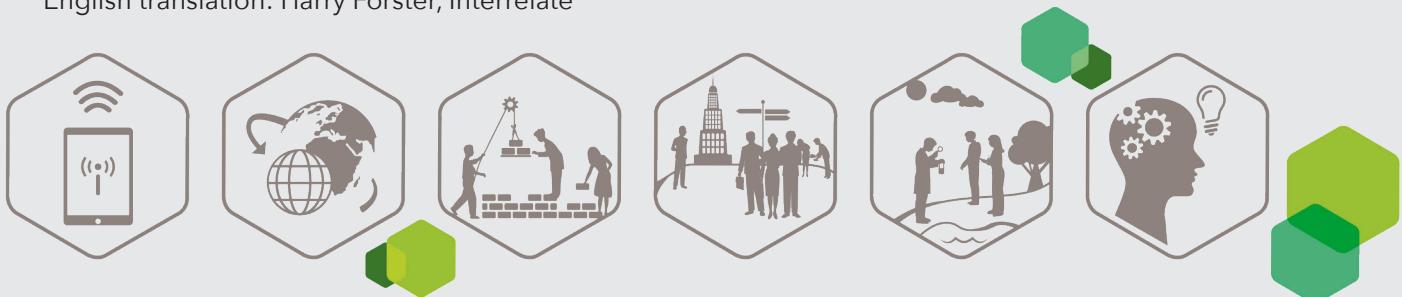
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Contributors

Author: Mouna Lyoubi (Swiss Embassy, Rabat, Morocco) in partnership with AlliaDev.

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