

# A CASE STUDY OF THE TONY ELUMELU FOUNDATION

ENTREPRENEURSHIP  
PROGRAMME



THE TONY ELUMELU  
FOUNDATION



BERTHA  
FOUNDATION



Graduate School  
of **BUSINESS**  
UNIVERSITY OF CAPE TOWN



**BERTHA**  
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This informational case study is an exploration of how the Tony Elumelu Foundation (TEF) built the TEF Entrepreneurship Programme (TEF-EP), one of the most ambitious Entrepreneurship Programmes on the African continent. As the first two cohorts have graduated, this case study is an exploration of the initial challenges and the lessons learned.

**Discussion points could include:**

- What are, and what could be the markers of success for the programme?
- Is the TEF Entrepreneurship Programme different from (other) incubators and accelerators, and how?
- What are the next big challenges for improving the Pan-African entrepreneurial ecosystem, and what impact could an intervention such as the TEF Entrepreneurship Programme have on the ecosystem?
- What is the impact of having an entrepreneurial programme founded and created by an African organisation?

**TONY ELUMELU FOUNDATION ENTREPRENEURSHIP PROGRAMME SYNOPSIS**

Date established	<b>2014</b>
Capital committed	<b>\$100 million over 10 years</b>
Start-Up goal	<b>10,000 start-ups</b>
Job creation goal	<b>1 million jobs</b>
Revenue growth goal	<b>\$10 billion</b>
Total entrepreneurs selected to date	<b>2,000</b>
2015 and 2016 application demography	<b>53 African countries</b>
2015 and 2016 top three countries with most applications	<b>Nigeria, Kenya, Ghana</b>
2015 and 2016 top 3 sector distribution	<b>Agriculture, education &amp; training, commercial</b>
2015 and 2016 gender distribution	<b>29% female 71% male</b>
2015 and 2016 age of applicants	<b>23% 18-27 54% 28-37</b>
2015 and 2016 stage of business	<b>24% idea 30% market testing 24% market entry 21% growth</b>



## PRELUDE

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An entrepreneur, a business man, and a philanthropist, Tony O. Elumelu CON founded the Tony Elumelu Foundation (TEF) in 2010 as the philanthropic arm of Heirs Holdings, an African investment firm.

The overarching aim was to promote entrepreneurship throughout the African continent with a special focus on young and emerging entrepreneurs. Its mission is to “catalyse economic and social development in Africa”. Tony Elumelu coined the term “Africapitalism” to enable a narrative focused on “African development by Africans”, and the belief “that the private sector’s role is crucial for Africa’s development”. Africapitalism also stresses the importance of regional connectivity and the development of Pan-African networks.

In addition to the focus on entrepreneurship, features of this economic philosophy include the use of patient capital as well as investment in strategic sectors such as agriculture and healthcare. Tony Elumelu built the concept of Africapitalism around the notion that African businesses, investors and enterprises have a duty to include the ongoing and future development of their communities and countries in their decision-making matrices. According to him, the private sector should be concerned with more than revenue generation and wealth creation. It should also have a positive impact on other aspects of societal growth, such as job creation, inequality, community health and education, among others.

This was the basis of the TEF Entrepreneurship Programme.

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### LEADERSHIP



**Tony O. Elumelu**  
Founder



**Parminder Vir OBE**  
CEO

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# 01

## INTRODUCTION: THE IMPORTANCE OF INSTITUTIONALIZING LUCK FOR AFRICAN ENTREPRENEURS

The TEF Entrepreneurship Programme has allowed us to establish links and networks and maybe future partnerships with other African entrepreneurs. Funding is not an immediate priority for me at the moment. It's about getting to know more people and understand how they succeeded. That is how the programme inspires me.

- Abdek Idriss Youssouf, TEF Entrepreneurship Programme entrepreneur from Djibouti, Plastic Waste Management.

Abdek Idriss Youssouf applied to the 2016 cycle of the Nigeria based TEF-EP at the urging of a friend who was a 2015 TEF-EP alum. When Abdek applied, he expected that his key take-away would be improved business skills. What he actually experienced was the opportunity to take advantage of a Pan-African network of young entrepreneurs like himself. Through the TEF-EP, Abdek has established networks with fellow entrepreneurs across the continent who he can call on not only for support, but who he can also partner with in expanding his plastic waste management enterprise. Abdek is from Djibouti, a country far from the continent's incubators, accelerators and early-stage investors based in hubs such as Nairobi, Lagos, Cape Town.

Momarr Mass Tall is one of Abdek's fellow TEF-EP alumni and the founder of Tropingo Foods, a groundnut and mango processing and export company in Gambia. When Momarr applied for TEF-EP in January 2015, his business was not yet registered. By the conclusion of the programme's 12-week business development course, Tropingo Foods was up and running and gaining traction. In June 2016, just 18 months later, Momarr was listed on Forbes Africa's 30 under 30.

Momarr attributes a lot of his success to the business development training, the aspirational value and the international credibility that being a TEF-EP entrepreneur brings.



When Momarr raised funding from the World Bank to partly finance his machinery, he accredited it to the quality of the proposal, he learned to write during the programme; '... to be honest, before TEF-EP, I did not have a background in business. My background is in international development economics. When I started this company, one of the things I wanted to do was run it like a real company. But I didn't have the experience or background and that was one of the major reasons why I entered the programme. [It] wasn't for the USD 5000, it was for the skill development. The programme gave me that, but it also validated my dreams. I wanted to build a really big company. Going through the programme, looking at people like Tony Elumelu, makes you want to build a multinational company.' - Momarr Mass Tall, TEF Entrepreneurship Programme entrepreneur from Gambia, founder of Tropingo Foods.



One of the guiding principles of the foundation is the idea of "institutionalising luck". This is borne out on a practical level through the programme by creating opportunities for both Abdek and Momarr to meet mentors and access support that otherwise would not have been easily accessible to them in Gambia and Djibouti. The term institutionalising luck refers to the importance of creating an enabling environment for young African entrepreneurs by giving them access to funding, to support, to mentorship, to key decision- and policy-makers, to training and educational opportunities, and to a network of peers.



## 02

# PROFILE OF TONY O. ELUMELU CON

Tony Elumelu is a Nigerian entrepreneur, investor and philanthropist. He is candid in confessing that luck has been an integral part of his success. He was, for instance, able to develop relationships with the right mentors early in his career. The experience raised his passion for creating the same opportunities for all young African entrepreneurs. The work of his philanthropic foundation makes that possible.

As a corporate banker, he made his mark by acquiring Standard Trust Bank in Nigeria in 1997 and introducing a new customer-centric model of banking that was geared towards meeting the needs of Nigeria's growing middle-class. When Standard Trust Bank was merged with the United Bank for Africa (UBA) in 2005 — one of Nigeria's largest capital market mergers — the resulting banking group became a Pan-African institution with subsidiaries in

19 African countries. Following his retirement from UBA in 2010, Mr Elumelu founded Heirs Holdings. In 2011, Heirs Holdings acquired a controlling share in Transcorp P, a conglomerate with interests in agribusiness, energy, and hospitality. Tony Elumelu currently serves as the Chairman for the UBA, Transcorp P and Heirs Holdings. He is also the Founder of the Tony Elumelu Foundation.

As someone who describes himself as *“a Nigerian by birth, but an African in everything else...”* whether in business, investment, entrepreneurship, or philanthropy, Mr Elumelu believes that entrepreneurship is the mechanism that will drive Africa's development. He is committed to ensuring that TEF's work contributes to the creation of an entrepreneurial ecosystem that will support young Africans in achieving success.

## 03

# THE FOUNDATION'S JOURNEY TOWARDS THE TEF ENTREPRENEURSHIP PROGRAMME

Since TEF's inception in 2010, it has adopted and tested multiple strategies to realise the vision of Africapitalism. These include:

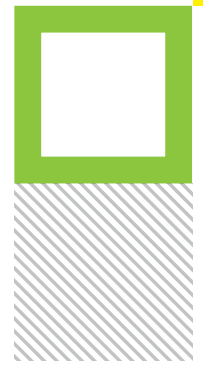
- launching the **Impact Economy Innovations Fund**, aimed at initiatives focused on the growth of Africa's impact investing and social enterprise sector;
- partnering with local Nigerian technology incubator Co-Creation Hub (**CcHUB**) to support early-stage ventures;
- establishing the **Blair-Elumelu Fellowship Programme**, an initiative between Mr. Elumelu and former UK Prime Minister Tony Blair to support governments to develop sustainable growth across Africa;
- co-founding the **African Philanthropy Forum**;
- funding the **National Competitiveness Council of Nigeria**; and
- co-founding **Africa Exchange Holdings**.

These initiatives aimed to target structural barriers for entrepreneurs. At the same time, the foundation launched initiatives focused on identifying and developing potential African leaders. Two of these initiatives were the **African Markets Internships Programme (AMIP)**, which identified high-calibre graduate students and placed them in strategic growth sectors in Africa; and the **Tony and Awele Elumelu Prize**, awarded to a student from Africa based on academic excellence.

According to Sam Nwanze, the Chief Finance Director of Heirs Holdings Group: *“TEF learned through these different initiatives that early-stage capital and business development support is not available on the right terms for entrepreneurs across the African continent. This led the foundation to develop this ambitious Entrepreneurship Programme in order to mitigate some of the existing challenges of the entrepreneurial ecosystem.”*

In April 2014, Tony Elumelu invited Parminder Vir OBE, a UK-based film and television producer, to help operationalise his commitment of investing USD 100 million in 10,000 African entrepreneurs. Vir was inspired to move from film to foundation by Tony Elumelu's white paper on Africapitalism. *“His paper was a revelation; a self-made man proposing an economic philosophy that was rooted in the realities and modalities of Africa. The key principles resonated with me: the idea of institutionalizing luck, democratizing opportunity and creating a generation of self-starting business leaders. Furthermore, his approach to structured philanthropy where you are equipping individuals to be masters of their own destiny was particularly potent and that you can 'do good while doing well' was essential.”*

# A SNAPSHOT OF THE PAN-AFRICAN ENTREPRENEURIAL AND IMPACT INVESTING ECOSYSTEM



According to the 2016 African Economic Outlook report, Africa's average economic growth is expected to grow by 4.5% by the end of 2017. This optimistic outlook is tempered by a World Bank estimation that suggests Sub-Saharan economies likely expanded by just 1.6% in 2016 — the slowest rate in two decades. **"Africa has a lot of long-term potential but people are questioning how quickly they can realize that potential so they are not spending as much time on that compared to the rest of the world."** - Robert Moritz, global chairman of consultancy PWC.

As the global optimism towards Africa appears to be reversing, the concept of Africapitalism might become more pertinent — particularly since the continent still faces real pressures regarding youth unemployment, limited job opportunities and access to education, finance and housing. The foundation believes that this landscape represents possibilities for young, hungry, innovative problem solvers with an entrepreneurial spirit and the desire to address the gaps they see in service delivery, business models and economic opportunities.

**"In answer to the question "what needs to change?": quite simply it is the African narrative; building of supply chains; investment and not aid from the outside world into Africa: [creating an] enabling environment for African start-ups so they have the chance to succeed; and [the] mind-set of the investors to understand the entrepreneurs and develop investment models which are aligned to supporting them."** - Parminder Vir, OBE, CEO of TEF, at the 7<sup>th</sup> Annual Dell Women's Entrepreneur Network Summit, July 2016.

Across Africa, governments are moving towards the recognition that innovation, entrepreneurship and economic growth are inextricably linked. For example, **Rwanda** has streamlined its business registration procedures to such an extent that it only takes six hours for an entrepreneur to register and be ready for operation.

**Kenya's** economy has been transformed through entrepreneurship and is a world-leader in mobile money, thanks to M-PESA. The Kenyan government has partnered with USAID to develop and deliver support, technical assistance and incubation for new ideas and enterprises. In addition, the government has established the Youth Enterprise Development fund to provide financing and business development services to youth-owned enterprises.

The **Ghanaian** government's Youth Enterprise Support initiative provides young entrepreneurs and innovators with opportunities to grow their businesses from idea to implementation to scale.

Enterprise Uganda is a programme of the **Ugandan** government supported by the United Kingdom's Department for International Development (DFID). The programme offers young entrepreneurs training and financial literacy support as well as a credit facilitation service that provides guidance on available sources of financing.

Finally, in a bid to stimulate innovation, **Burkina Faso** launched the Burkina Open Data Initiative (BODI) in 2014. The goal of BODI is for start-ups and entrepreneurs to use this open data — stemming from over 50 government data sets — to create services that benefit all citizens.

This snapshot of governmental engagement across Africa demonstrates the attempts to create entrepreneurial ecosystems that encourage and promote business development. These efforts are echoed by Entrepreneurship Programmes driven by the private sector and public-private partnerships. These programmes are attracting the interest of an increasing number of investors, often referred to as impact investors. According to the Global Impact Investing Network (GIIN), impact investments are *'made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return'*.

## Building an ecosystem for Africa's early-stage entrepreneurs

The foundation has positioned itself to play an active role in building an ecosystem for Africa's early-stage entrepreneurs. As these emerging enterprises are developing, impact investors are working alongside them to create access to flexible financing solutions that can help them grow.

As quoted in a 2014 USSIF report on US Sustainable, Responsible and Impact Investing Trends, the Monitor Institute, JP Morgan and the Rockefeller Foundation, and the Calvert Foundation estimated the size of the impact investing industry to be USD 60 billion, with growth predictions between USD 400 billion and USD 1trillion worldwide by 2020. 22% of global impact enterprises are found in Sub-Saharan Africa, which indicates the scale of the opportunity on this continent. However, much of this capital is not reaching early-stage enterprises and entrepreneurs. The message from investors continues to be that there are not enough investable deals, while entrepreneurs continually lament the lack of risk capital available in the market. How can both of these assertions be true? The answers to that questions are manifold. First, there is a mismatch between the principles that investors use to find and assess potential deals and the state of readiness of many enterprises. There is also a mismatch in the type of capital available and what investees are looking for.





Second, the distribution of impact capital needs strong intermediaries, especially when it comes to match-making between impact investors and enterprises, as well as investment-readiness support for enterprises to develop high-quality investment opportunities. An increasing number of incubators and accelerators are supporting entrepreneurs across the continent, many of whom are often stuck in what is referred to as the 'missing middle', defined as ticket sizes in the USD 200,000 to USD 2 million range. In East Africa, a known hub for impact investing, deals done to date are valued at USD 9.3 billion. However, of that, only USD 1 billion was in the USD 250,000 to USD 1 million ticket size range, and only USD 100 million of that amount (or 1% of total deal volume to date) came from non-development finance institutions.<sup>1</sup>

That said, this match-making role can be difficult to perform as projects are often smaller and less profit-driven. Many early-stage investors are debating whether it is still sustainable to fund these enterprises, or whether the enterprises should continue to rely on grant funding.

This match-making role can however be difficult to perform as projects are often smaller and less profit-driven. The early-stage investment industry is therefore still grappling with the sustainable delivery of these services, and debating to what extent they should continue to be largely grant

funded. A report by the FSG, which examined the deal flow ecosystem in East Africa, suggests that the industry should perhaps become comfortable with the use of grant capital to provide these services.<sup>2</sup> The report found that existing local service providers, that support enterprises raise capital and build capacity, face resource-constraints in terms of scaling their services. This demonstrates the gap in the ecosystem for early-stage entrepreneurship support, and while the industry is focused on supporting the missing middle, there is often limited focus on supporting Africa's young entrepreneurs at the ideation stage. Especially as it is capital intensive and challenging to reach entrepreneurs outside of hubs such as Nairobi and Lagos. Funders, such as USAID, are however starting to tailor their funding and business development to the needs of these very early-stage enterprises by making use of venture philanthropy and innovation lifecycle support. This is exemplified by the USAID's Development Innovation Ventures.

The TEF-EP is playing an significant venture philanthropy role by developing very early-stage entrepreneurs across the continent primarily through remote support.

<sup>1</sup> The Global Impact Investing Network (GIIN) and Open Capital Advisors (with support from DFID's Impact Programme), *The Landscape for Impact Investing in East Africa* (New York: GIIN, August 2015).

<sup>2</sup> FSG (with support from DFID), *Catalysing Impact Deal Flow in East Africa*, June 2016



# 04

## THE TEF ENTREPRENEURSHIP PROGRAMME

As previously noted, the journey towards the TEF-EP was realised through various programmes relevant to different aspects of the challenges faced, and opportunities not yet fully maximised on the continent.

As part of its longstanding philanthropic programme, in 2012, the TEF partnered with the Lagos-based CcHUB to provide seed funding amounting to USD 5,000 for 20 of the centre's entrepreneurs. The seed funding allowed for experimentation and prototyping, leading to fully-fledged enterprises such as BudgIT, Wecyclers, Truppr, and Ticketmobile.

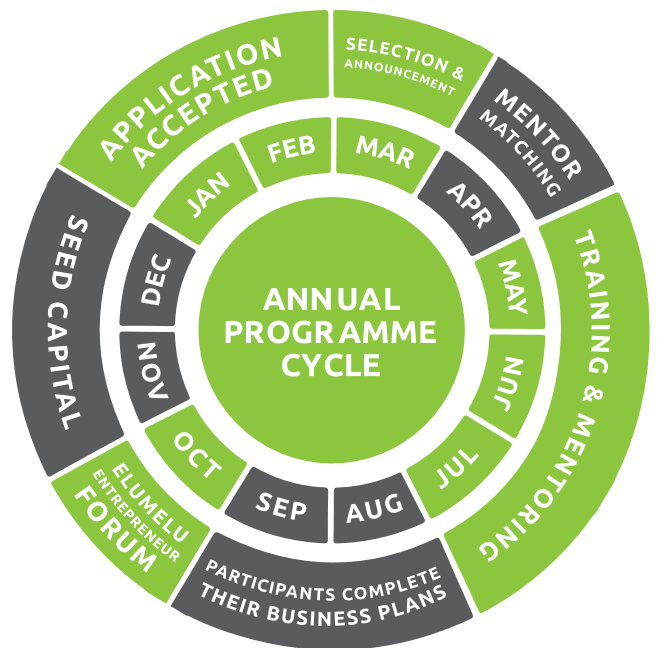
As Tony Elumelu and the team left the closing pitch event, they realized that the time was ripe to scale this type of intervention. They had experienced how a small injection of capital and support could help entrepreneurs, but believed it would require an holistic approach, based on their previous experiences. Early in the process, the team decided that such a programme would have to be internally managed. But where to start? Would it be strategic to start rolling the programme out to Nigeria, West Africa, or across the continent?

When Parminder Vir OBE joined the team to lead the programme, ultimately stepping into the role of CEO, the foundation found the answers to this question. The team aspired to design a sustainable programme reflecting the many challenges that entrepreneurs face. In Vir's words the programme should be: **"A programme which is Pan-African, multilingual, scalable, replicable, technology-driven and above all made in Africa, by an African and for Africans"** According to Vir, the programme initially faced resistance for being too ambitious.

Four years after that 2012 pitch day, 20 Nigerian entrepreneurs had become a network of 2,000 Pan-African entrepreneurs. This case study looks at the initial challenges, lessons learned and what's next on the programme's horizon.

Launched in December 2014, after a 12-month development period, the TEF-EP is a USD 100 million initiative that aims to identify and empower 10,000 African entrepreneurs from 2015 to 2025. The programme also aims to create a million jobs and to add USD 10 billion in revenue to Africa's economy.

Every year, after a rigorous application process, 1,000 unique entrepreneurs from across Africa are selected. The second cycle of the programme occurred in 2016, and participants



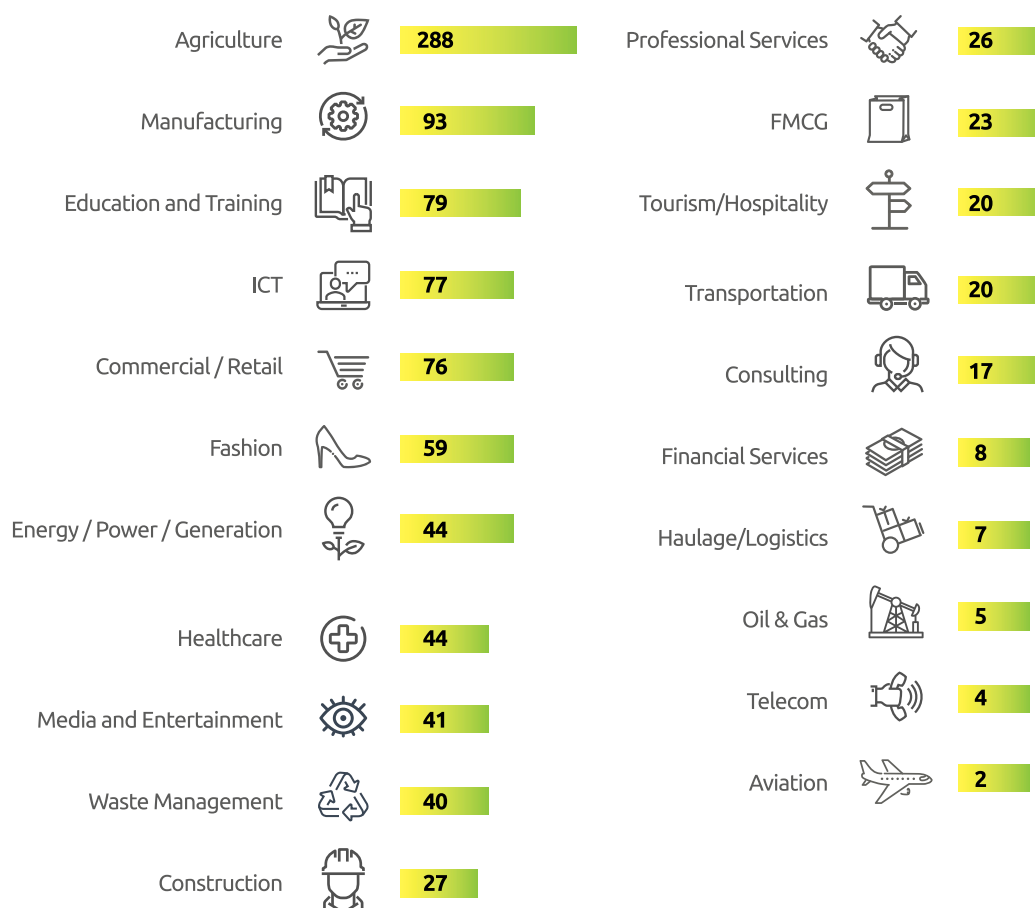
were selected from an application pool of 45,000 entrepreneurs from all 54 African countries. This is more than double the number of applications received in 2015, when 20,000 entrepreneurs from 51 African countries applied to the programme.

In the foundation's words, the TEF-EP is designed to train, fund, mentor and provide networking opportunities to the next generation of African entrepreneurs who are designing and delivering innovative and creative solutions addressing Africa's most pressing challenges. These are African solutions designed for Africans by Africans.

As the programme is sector-agnostic, entrepreneurs represent a wide variety of industries and focus areas. According to CEO Parminder Vir, this is by design. The programme aims to appeal to young, early-stage entrepreneurs across sectors, geographies, and gender lines. According to the TEF team, the intention is to ensure that the majority of Africa's needs are reflected through programme entrepreneurs. Of the 1,000 accepted entrepreneurs, in 2016, the largest cohort came from the agricultural sector, with manufacturing and education and training comprising the next most popular sectors for entrepreneurs.

## 04 THE TEF Entrepreneurship Programme (continued...)

A snapshot of the 2016 sector distribution is as follows:



Once entrepreneurs are selected as eligible for the programme, they move through an induction, training and mentorship cycle known as the 7 Pillars of the TEF-EP. This year-long curriculum includes a 12-week Start-Up Enterprise Toolkit training course, access to an online library of resources, as well as a learning platform. Entrepreneurs are also assigned a mentor who they meet either online or in person. The mentorship component is designed to ensure that each programme entrepreneur has access to a dedicated, passionate mentor who is able to provide real-world guidance. To date, the programme has engaged with over 450 mentors who represent 46 countries.

Beyond the toolkit, online library and mentorship, additional programme pillars include meet-up events, attendance of the two-day TEF Entrepreneurship Forum in Lagos, non-returnable seed capital investment, and membership of the Pan-African Tony Elumelu Entrepreneurs Alumni network.

A non-refundable seed capital investment of USD 5,000 is only awarded once entrepreneurs have completed each of the seven pillars and have submitted a business plan which is reviewed by global consultancy Accenture.

The performance of the TEF Entrepreneurs is monitored and they are given access to additional services through a network of partnerships. These partners include Microsoft, which has previously provided access to the BizSpark software suite which enables them to increase their business's operational efficiencies; and SAGE, which has provided the entrepreneurs with accounting software for one year. Through its networks, the foundation also connects entrepreneurs with appropriate investors.



# 05

## KEY FEATURES AND LESSONS LEARNED: A CLOSER LOOK AT THE 7 PILLARS

With 65,000 TEF-EP applications over the last two years, it is evident that the programme appeals to young early-stage entrepreneurs who are hungry for support, funding, and mentorship.

In 2017, the TEF received 93,000 applications from 54 African countries for the third cohort of the TEF-EP. This cohort will benefit from the experiences and lessons learned from the two previous years. The key features and associated lessons learned are framed within the programme's seven pillars described below.

### Pillar 1: Start-up Enterprise Toolkit

A 12-week programme designed to equip entrepreneurs with the basic skills necessary to launch their early-stage business and/or start-ups. The programme mixes online and face-to-face learning opportunities and is bolstered by ongoing mentor support. Topics covered in the curriculum include business development, marketing strategy and product design.

The TEF-EP receives applications from entrepreneurs across a wide variety of sectors, such as agriculture, fashion, tourism, energy, aviation and healthcare. By remaining sector-agnostic, the programme leaves the field open to diverse potential solutions, encourages knowledge building around these sectors, and inspires cross-border collaboration between programme entrepreneurs.

The programme pursues a low-touch approach to its entrepreneurs. Apart from financial reporting requirements, mentoring, and attending the Entrepreneurship Forum, the programme imposes relatively few expectations on the entrepreneurs. The online nature of the programme is a contributing factor to this low-touch approach. The foundation believes that freedom from restrictive reporting requirements leaves entrepreneurs able to pursue the day-to-day business of their enterprise, and to set the milestones and key performance metrics that make sense to the organic growth of their venture.

*Being recognised, and being chosen for TEF EP was incredibly validating, and gave me so much confidence. That validation was key – knowing someone like Tony Elumelu believed in me was empowering. For the rest of my life, I'll know that the TEF EP programme thought that I was worth investing in. - Temitope Esosa Afolabi, TEF Entrepreneurship Programme entrepreneur from Nigeria, Fashion.*

### Pillar 2: Mentoring

Mentors are selected to participate due to their expertise, passion, and alignment to the programme's mission and vision. They are located across the world, and are able to share their experiences of similar challenges with their mentees. Mentors are expected to commit their time, to share their business skills, and to provide ongoing guidance and support. This process is also managed through the online platform.

Active mentor involvement has been cited by many programme entrepreneurs as a vital component in their success. It has also spurred entrepreneurs in seeking to act as mentors to others who might not have access to these essential resources and sounding boards.

*Having an active mentor has been key to gaining many skills – business and lifetime skills. I would like to create a local [entrepreneurship] group for support outside of the internet and the online platform. We need to be able to provide a forum for rural or isolated entrepreneurs. - Denyse Uwineza, TEF Entrepreneurship Programme entrepreneur from Rwanda, Software Development.*

### Pillar 3: Online resource library

The TEF-EP provides access to a curated online resource library that contains case studies, sample business plans, research documents, podcasts and industry articles. The goal of the library is to provide African entrepreneurs with relevant content that will enhance the competitiveness of their businesses.

By ensuring that entrepreneurs from across Africa have access to resources and training materials, the programme boosts the idea that home-grown solutions deserve to be supported, encouraged, focused on, and disseminated widely.

### Pillar 4: TEF Entrepreneurship Forum

The annual forum is one of the most vibrant aspects of the TEF-EP. The forum is designed to celebrate the entrepreneurs who participate in the programme, and it represents an opportunity for African start-ups to appear in front of a global audience of entrepreneurs, incubators, businesses, corporations, government, investors and academia.

Through face-to-face sessions delivered by specialist trainers, this interactive two-day learning experience is designed to help the entrepreneurs develop a range of soft skills. The forum takes place at the end of the 12-week Startup Enterprise Toolkit online training programme. The 1,000 entrepreneurs come together to share their stories, develop their skills and expand their networks. The strong networking focus not only creates connections between programme entrepreneurs from within the same country or region. It also has the potential to facilitate connections from across all corners of the continent. If an Egyptian entrepreneur has a good idea, a Nigerian entrepreneur could learn about it and implement it in his or her own enterprise.

In addition, Mr Elumelu is intentional about inviting high-level politicians such as sitting and former African presidents to create a forum where young entrepreneurs can demand accountability from their governments. This is a valuable side-effect of the forum. It is his aim to create a connection between these two parties which will hopefully carry an impetus beyond the forum itself.





### Pillar 5: Seed capital

Programme entrepreneurs who have completed the 12-week Startup Enterprise Toolkit programme, and who have attended the Entrepreneurship Forum are awarded a seed capital grant of USD 5,000 to further develop their business idea(s).

The first two cohorts could become eligible for an additional USD 5,000 of follow-on funding, once they have made sufficient progress in their business plans. This second tranche of funding was a seed capital investment provided as a convertible note, released on a case-by-case basis as the entrepreneurs reached their milestones. A significant number of the entrepreneurs did not apply for this second tranche, some because they needed larger investments and others because they had not yet reached their milestones. As such, only 5% of the 2015 cohort had applied for the second funding tranche by the end of 2016.

As a result of this learning, the foundation decided to set up an investment fund instead of providing the second investment tranche. At the time of writing in August 2017, the foundation is working with United Capital Plc to create an African SME Fund, through which entrepreneurs can apply for larger amounts of capital. The African SME Fund will be managed by a professional fund manager and will be open to the TEF Entrepreneurs as well as other SMEs.

### Pillar 6: TEF Entrepreneurship Programme alumni network

The TEF-EP Programme is a year-long programme. Participating entrepreneurs develop their business plans, learn essential business skills; and actively develop their professional relationships and support networks through mentoring and peer interaction. An important component, beyond the one-year commitment, is continuing engagement through active participation in the TEF-EP alumni network.

According to Mr Elumelu, the alumni are a product of the foundation and of the programme. **'We have a goal to achieve 10,000 entrepreneurs and we can do that because it's in our control. But we also want to create 1,000,000 jobs and that's not so much in our control. And create USD 10 billion in revenue. How do we track that? It's through the alumni. They are the ones that will be generating those jobs and revenue so we have to track them and continuously engage with them.'**

The alumni network gives programme entrepreneurs the opportunity to continue to connect with mentors and fellow start-ups, access the online resource library, and the chance to volunteer at and attend the annual Tony Elumelu Foundation Entrepreneurship Forum. The network helps to promote the programme and extend its Pan-African reach by fostering an entrepreneurial ecosystem that enables cross-pollination of businesses and collaboration between young African entrepreneurs.

### Pillar 7: Meet-Ups

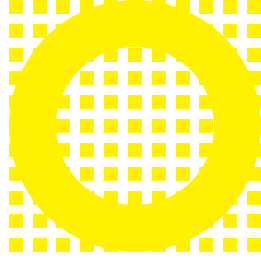
Working in tandem with the core Alumni Network activities, the country meet-ups provide entrepreneurs with an opportunity to meet face-to-face with each other as well as to build out local entrepreneurship hubs.

As the TEF-EP continues to grow, the foundation hopes the meet-ups will play a role in creating local entrepreneurship communities that can lobby government, target foreign investment and in due course mentor future cadre of entrepreneurs.

### Knowledge development and advocacy

In addition to the seven pillars of the TEF-EP, the foundation pursues a knowledge development and advocacy strategy aimed at building the entrepreneurial ecosystem across the continent. Based on the compiled insights and feedback of the entrepreneurs, the foundation continuously produces reports outlining recommendations for local and regional policymakers. TEF has invested in evidence-based research, such as two studies assessing the agricultural sector and the African entrepreneurial landscape. The foundation's policy and research unit is mandated to partner with other academic institutions, think-tanks and research bodies to extract insights and recommendations from the programme. This is linked to building strong alumni chapters and defining the right support strategies from the foundation.

The foundation is developing a strategy that uses the alumni chapter meetings to identify key local issues and create action plans, which can also draw upon the foundation's resources and convening power. In Uganda, for instance, the alumni chapter is working as an association to access additional resources for their work. The foundation supports this by opening doors and helping them draft the strategy.



*I want to share my story to inspire others, not with someone that was chosen but with someone who was not chosen. I want to tell my stories of the difficult times I had to people, to encourage them and inspire them and empower them. So that even if the TEF Entrepreneurship Programme doesn't select you, to encourage them to carry on... I want something more for those who were not selected. Somehow create a focus around those that were not selected – invite them to come and be coached, come be mentored. Offer them some type of support. - Joseph Onuegbu Twenty, TEF Entrepreneurship Programme entrepreneur from Nigeria, Furniture*

By focusing on supporting those of his peers not enrolled on the programme, Joseph is echoing the thoughts of the team at TEF. As stated by Owen Omogiafo, the Chief Operating Officer of the foundation, the organisation remains relevant because **“with each success and failure we have, we go back and refine...we don't stay asleep”**.

With a total application pool of 158,000 aspiring entrepreneurs, as well as 2,000 alumni entrepreneurs, what are the possibilities for scale and what are the next steps for the TEF-EP team in Lagos?

The team is thinking about this in a number of ways:

### 1. Accepting more entrepreneurs onto the programme through partnerships

The foundation has received a significant amount of interest from entrepreneurs across the continent, and built a platform which can accommodate more than the annual cohort of 1,000 entrepreneurs. It is now exploring partnerships with key stakeholders that might be able to commit resources to, for instance, support an additional 1,000 participants every year. An alternative way of achieving this, could be to offer the platform as a 'white label product' to other partners as well.

### 2. Enabling access to follow-on investments for the entrepreneurs

As demonstrated earlier, impact investors are generally grappling with how to access a flow of quality deals across the continent, especially outside of the entrepreneurial hubs. In response, the investment team is creating an impact investing fund which could provide follow-on investment for the entrepreneurs in the range of USD 50,000-150,000, as well as a network of impact investors looking for early-stage deals across the continent.

### 3. Building a vibrant alumni network

The foundation has a unique opportunity to support its alums in creating local networks with global connections. A large portion of the alumni are from parts of Africa where

limited support exists. Combining digital outreach with local hands-on support could be a powerful combination.

The TEF Hub is one way in which the foundation continues to invest in and support Pan-African entrepreneurs. The Hub is an online platform that is intended to promote the development and support of an integrated entrepreneurial ecosystem.

### 4. Creating a lightweight support system for the entrepreneurs who are not selected for the programme

TEF invested significantly in building the programme's support platform, and is mindful that it could be used more widely. Responding to the large number of unsuccessful applications, the foundation is exploring ways of creating access to some of the platform's learning resources, as well as exploring a lightweight support programme. This would include webinars, learning tools and local networks, among others. This might ultimately prove, as Tony Elumelu and the team believes, that young Africans can succeed because “entrepreneurship is in their blood”.

Both Abdek and Momarr, whom we met earlier, are in the process of setting up entrepreneurial development programmes in Djibouti and Gambia respectively. This is an exciting and inspiring development which refers to the positive “unintentional” impacts that the programme is having on African entrepreneurs who have not had the opportunity to participate in the TEF-EP.

*‘I know a lot of kids back home that have start-ups, but they are just like I was before TEF-EP. They have no structure; they have no business plan. So I am starting to teach them slowly about what they to do and the avenues they can go through. Trying to tell them to apply for TEF-EP, but with the right mindset; there has to be a mindset change in young people - an awakening of what business really means. People are infatuated with the idea of entrepreneurs. Right now it's the cool thing to be. But what it really means, the work that goes behind it, and what goes into getting into TEF-EP or getting a grant from the World Bank, you can't just write a two-page summary of your business and expect to get a grant. - Momarr Mass Tall, TEF-EP entrepreneur from Gambia, founder of Tropingo Foods.*

### 5. Continuing to build an inclusive programme

The team behind the programme aims to develop a diverse application pool, which represents the make-up of the continent. For instance, in 2015, 76% of programme applicants were male and 24% were female. By the next year, 32% of applicants were female and 68% were male. This represents a steady increase which the foundation is hoping





to see grow further, by, for example, paying special attention to the profiling of female entrepreneurs already enrolled in the programme. ***“It was deepening the engagement rather than engineering increases via a quota system that has accelerated the organic growth,”*** says Mazzi Odu, Head of Foundation Projects.

In addition, the TEF-EP has aimed to create a welcoming environment for Africans from English-speaking, Francophone, Lusophone and Arabic African countries. This highlights the programme ethos that Africapitalism should be for all Africans. While less than 1% of programme entrepreneurs in 2016 were from North Africa, this number should be expected to grow as the TEF-EP continues its concerted outreach and advocacy to the North.

### 6. Creating a rigorous monitoring and evaluation (M&E) framework

As the TEF-EP is moving beyond the inauguration phase and the track record is building, the team is exploring how to put in place an impactful M&E framework. Such a framework will track programmatic metrics such as diversity of the application pool, and admission and completion rates, among others; as well as tracking the entrepreneurs, their financial performance, job creation, and so on. However, this depends upon what the success metrics are.

Beyond the ambitious targets already put in place, a key question is what is the real impact of the programme? A sample set of programme entrepreneurs have expressed that while business skills and seed funding is important, the key impacts for them have been softer. In this respect,

entrepreneurs have cited access to a Pan-African network of like-minded peers, feeling empowered, and gaining credibility as having more impact. The M&E framework needs to encompass all of this, as well as tracking how the entrepreneurs are passing on the baton.

### 7. Empowering youth in employment

In 2015, the Population Division of the UN Department of Economic and Social Affairs released some sobering statistics related to global population growth. While youth populations globally might be stabilising, Africa is experiencing a youth population boom. The number of youth in Africa – defined as young people between the ages of 15-24 – is projected to rise above 300 million by 2030, and to reach 500 million by 2060. In addition, Africa faces several endemic issues: low literacy rates, lack of access to education and high youth unemployment. Given this, it is important to consider what are the best tools to support young people on the continent.

Opportunities for impact include increased investment in health and education and investment in developing the human capital of the younger population. According to Vir, further developing this part of the TEF-EP ***“is one example of a solution that has the potential – through direct intervention with programme entrepreneurs and through the knock-on impact of the Pan-African alumni network – to empower African youth by supporting entrepreneurial economic growth, by emphasizing self-reliance, by supporting home-grown solutions, and by conferring practical knowledge and toolkits.”***



# 07 CONCLUSION: WHAT IS SUCCESS?



In Tony Elumelu's words: *'The concept "Africapitalism" means that TEF has focused its narrative on African solutions developed for Africans by Africans. This is an important shift from traditional notions that Western solutions are better than home-grown solutions. By creating a programme that actively seeks to empower young African entrepreneurs, TEF is seeking to create [a] self-sustaining and inclusive entrepreneurial movement that will drive African economic growth, independent of Western norms and expectations.'*

The foundation is seeking to develop a systemic solution to challenges facing Africa's early-stage entrepreneurs through a programme led by the private sector which can be adapted to different parties and ultimately scaled. But beyond the key metrics that the foundation outlined at its inception, what defines success for a programme like TEF-EP? In South Africa, the most developed economy on the continent, almost 80% of small businesses fail within the first three years of operation. In the US, with a strong venture capital industry, conventional wisdom dictates that just over 70% of startups stall at some point in the venture capital process, and fail to exit or raise follow-on funding.

In his own words, Tony Elumelu would be happy to see 20% of the programme entrepreneurs grow into sustainable businesses. What, then, is success for a venture philanthropy programme operating in some of the most

challenging countries on the continent? Is it feasible to also measure softer metrics, such as creating a generation of employable youth with business acumen or creating a network of empowered change-makers? Ultimately, the goal of developing these metrics is to demonstrate if and how these change-makers create impact beyond small business development and job creation.

**As mentioned at the beginning of this case study, discussion points could include:**

- What are, and what could be the markers of success for the programme?
- If the TEF-EP is different from (other) incubators and accelerators, and how it is it different?
- What are the next big challenges for improving the Pan-African entrepreneurial ecosystem, and what impact could an intervention such as the TEF-EP have?
- What is the impact of having an entrepreneurial programme founded and created by an African organisation?

