

## FIVE FACES OF AFRICAN INNOVATION AND ENTREPRENEURSHIP

Africa's influence on Western culture has been celebrated for centuries, yet the continent has long been seen as requiring outside intervention to fuel its progress. Today, however, the growing number of high-profile African entrepreneurs across numerous sectors and industries, and the increasing visibility of African leaders in the international community, are among the most tangible illustrations of the continent's potential.

The *Journal of International Affairs* has chosen five influential African entrepreneurs whose vision and originality exemplify the rapid growth taking place today in Africa. They have made major, even unprecedented innovations in their respective fields, and have invited excitement about the continent's 21st century potential. Many of those profiled below found success by developing an understanding of multiple sectors and building productive relationships between them, as seen in Mo Ibrahim's encouragement of good governance through private sector philanthropy and Andrew Rugasira's message about the lessons of small business growth in cultivating Africa's human rights development.

### PROMOTING GOOD GOVERNANCE IN AFRICA

**Mo Ibrahim**, Chairman of the Mo Ibrahim Foundation

From Sudan, and educated both there and in the United Kingdom, Mo Ibrahim parlayed his doctoral research in mobile communication into massive private sector success. After honing his business skills as a technical director and creating mobile phone services in the United Kingdom, he turned his focus to Africa. He returned there in the 1990s and founded Celtel, building a massive mobile phone



Mo Ibrahim (right) with 2008 Ibrahim Prize recipient and former president of Botswana, Festus Mogae.

network and making cell phone communication a reality for huge swaths of the continent that previously had little or no access. Celtel ultimately became one of Africa's most successful corporations.

Less than a decade later, he established the Mo Ibrahim Foundation, which has become

internationally renowned for its annual assessments of the quality of African governments and for stimulating mass interest in the subject of good governance in Africa. The Foundation also awards the Mo Ibrahim Prize for Achievement in African Leadership to a head of state who has demonstrated excellence in ethical and effective leadership.

Ibrahim has successfully used private sector resources to reform the public sector of Africa. The debate over good governance has intensified in recent years, and more organizations are joining in the cause. As more African leaders are heeding the call to bring accountability and effectiveness to their administrations, Ibrahim and his foundation have proven invaluable in the process.

Ibrahim says that his mission, in part, is to develop a "detailed definition" of what it truly means to have good governance. "It is important that Africa's citizens take their leaders to task. What has been delivered to them as stakeholders, they need to understand. Based on that objective measurement, people really can decide who are the leaders that managed to take us forward.... We are not putting [the prize] out as a department of pensions. It is a reward for the leaders who really managed to deliver to their people. The objective is to have a debate about governance, which we are having right now. Without the prize we would not have talked about it."

Ibrahim also hopes to keep good leaders active after they leave office. His foundation, he says, strives to "convince retiring presidents not to go... and to sit by the swimming pool, but to have them engage in civil society and to really play the role."

COMMERCE AND FINANCE

**Euvin Naidoo**, President of the South African Chamber of  
Commerce in America

**E**uvin Naidoo is the president and CEO of the South African Chamber of Commerce in America (SACCA) and also lectures on private equity to university students in Africa. He earned international praise for his opening speech at the Technology, Entertainment, Design (TED) Global 2007 conference, where he spoke enthusiastically of the importance of small- and medium-sized enterprises in the development of Africa's economy. Himself a third-generation South African, Naidoo studied law and politics at the University of Natal in Durban, South Africa, and later earned a master's degree in business administration from Harvard Business School. After Harvard, he returned again to South Africa to work as a management consultant in McKinsey and Company's Johannesburg office, and later became an investment banker specializing in emerging market acquisitions across multiple industries before stepping in as head of SACCA.

Speaking about the future of African commerce, Naidoo emphasizes the importance of sustainable business practices and corporate environmental impact, a commitment to human rights, health and safety considerations, and community welfare. Naidoo spoke to the *Journal of International Affairs* about Africa's economic prospects.

**Journal:** *What do you see as the challenge for African economies in the decade ahead?*

**Naidoo:** With a drop in commodity prices, a flight of international capital to safety and general financial uncertainty gripping global markets through 2008, the commodity "super cycle" that many players around the world had hoped would continue is now over. The potential path ahead for countries in Africa is to take these recent windfalls from state coffers and implement growth programs. Yet moving from cycles of transitional to transformational growth has again become obfuscated against the backdrop of global financial market carnage. In 2009, growth in African markets is still expected to outperform world averages despite global economic uncertainty plaguing both developed and developing markets. This said, active management and leadership are needed, focusing on the tools that can be used to weather this storm. While monetary and fiscal policy adjustments are key in this mix, as observed by South Africa's active and robust responses in both these arenas, which is in sync with other economies, Africa as a whole needs to continue to be actively involved in various global bodies to ensure that a retreat

to possible protectionism as well as the so-called “de-globalization” effect does not take root. Africa needs to remain connected to the rest of the world and attract capital to unlock the further potential of the continent.

*How do you view the future of African corporations, particularly within the current global economic crisis?*

**Naidoo:** If 2008 was a year where systemic risk was the dominant theme, 2009 will see a deep focus on specific or idiosyncratic risk. In this regard, developments within the corporate sector, with companies with strong links and roots in Africa, are already being visibly impacted at the firm level by the current challenges markets are experiencing. Both the decoupling of the boom in commodity prices and access to relatively easy and cheap finance have played a role in halting even meticulously thought-out mergers. In the resource mining sector we can see an example of this with BHP Billiton’s bid to take over Rio Tinto—once described as “a deal for all seasons”—which was stopped in its final stages. Mining giant BHP Billiton, had the capital raised and was ready to complete the transaction, yet a decision was made to walk away from this major deal. The change in global markets played a direct role in this event. A drop in commodity prices and a highly leveraged Rio Tinto balance sheet were the double executioner blades that stood to impact cash flows and subsequent debt service; furthermore, divestments of assets by BHP Billiton, almost certainly a requirement for European Union approval of the deal, would have resulted in a forced sale of assets, which in this current market would not have yielded optimal prices. Significant due diligence costs had been spent on this exercise, so walking away must not have been easy. However, there was a significant drop in Rio Tinto’s share price after the deal was announced, indicating that paying whatever breakup fee was worth it in this climate. This symbolizes how interconnected the world is across sectors, markets and geographies.

Access to finance and a drop in commodity prices will also impact several other areas besides mergers and acquisitions. For example, new explorations are harder to finance and, within extractive industries, many marginal mines are struggling to remain open across Africa. In retail, sales of cars—both commercial and passenger—have plummeted not only internationally, but in South Africa too. Lending within African banking, particularly in South Africa, is experiencing what many international counterparts are also experiencing: a tightening of lending criteria both in retail and commercial markets. The drop in consumer confidence as well as tightening of lending criteria serves to choke market demand and activity, staving off growth and capacity development and

reinforcing the slowing of growth. Many African countries with currency and financial controls in place, for which they were criticized in the recent past, have benefited from this prudence in this new climate. These measures have provided temporary respite from the capital flight experienced in many emerging markets.

*What new management issues and trends have you been observing in Africa?*

**Naidoo:** A critical matter through all of the areas above is that of effective leadership. In this climate, with a drive to kick-start consumer and employee confidence, to unlock more value and develop frontier markets in particular in Africa, there will remain a tension between value and values while operating in the field. While value is always a focus in terms of driving the bottom line for shareholders and stakeholders, values at the end of the day must dominate in terms of ensuring long-term success of any leadership team, whether they are operating in frontier markets around the world or established markets. As someone who engaged Wall Street firsthand in the United States, I witnessed how the current economic crisis defines this tension between value and values. The latter was often suspended for the former as incentives drove behavior that resulted in perverse outcomes that rippled out to affect the global economy. Going forward, in areas related to values, leadership is paramount and for those operating in emerging markets, this level of discipline of keeping teams focused on core guidelines is key. I believe that now, more so than at any other time, leaders in both the developed and developing world, be they in South Africa, sub-Saharan Africa or abroad, need to be experienced in multiple aspects of business, including exploration, corporate diplomacy, international development, mergers and acquisitions, and driving tight operational controls. More so now than ever, they need to epitomize not only good judgment, but a values-driven approach.



Photo Credit: A. Morris

*You have often promoted Africa as a potential hotspot for developing alternative energy technologies. Has Africa succeeded in cultivating that reputation and have those efforts been recognized abroad? What obstacles have impeded efforts to enhance this reputation?*

**Naidoo:** Looking at a map of the world at night can make one despondent regarding the future of Africa. Though we have been called “the dark continent,” these satellite images mask the tremendous potential of the continent. Africa is not bridled by old infrastructure and it is ideally placed for what Clay Christensen describes as “disruptive innovation”—the emergence of cheaper and easier-to-use versions of existing products and technologies that target low-end and new-market customers. For Africa to close the gap across multiple dimensions from education to agricultural output, disruptive innovation is key. Cell phones epitomize this potential; they were initially underestimated as a business growth area, but mobile phones have transformed the continent with Africa now surpassing North America in its number of subscribers. Growth levels for new subscribers added per annum are still in the double digits. As a continent, both the economic and social impact has been tremendous—rural now connects with urban, young with old and local with global. With energy, education and agriculture too, the potential for Africa to leapfrog exists. However, it requires new paradigms and systems of cooperation between government and business working toward opening up the continent.

In energy, Africa has the highest exposure to solar energy as a continent, making it ideal for solar technology rollout compared to other, geographically similar markets. As costs drop and technology improves, Africa presents an opportunity for new technologies to be piloted and rolled out. Geothermal energy is already being harnessed in East Africa. Health care is developing along similar lines as broadband and mobile telephony increases long-distance access to specialist advice. Agriculture has promising nanotechnology that absorbs moisture just below the soil surface, preventing the runoff of rainwater, which is a common problem in many parts of Africa. Africa’s green revolution is a key part of the next chapter of the continent’s history.

No place has more potential than Africa to benefit from implementing new innovations. The divisions between various groups, including government departments focused on science and technology, universities and business implementing new technology, need to break down. In the areas of trade and industry, science and technology, government departments need to be more accessible to universities and businesses. Legislation and tax breaks are needed to support implementation. Incentives, training, support and inspiration for the young to enter these fields are also needed. There is a tremendous effort across government and business in this regard already. Access to assistance and financial support will be critical, especially for small- and medium-enterprises that are the bedrock for job creation in many economies. Funding for the “missing middle,” that group of entrepreneurs too large for microfinance but too small for formal investment banking finance, also needs



to be addressed. This is where sustainable job creation resides. With these changes, Africa can be weaned away from its image as a donor destination to a reputation as a viable investment destination.

## POLITICS

### John Atta Mills, President of Ghana

President John Atta Mills, sworn in on 7 January 2009, is not a former military leader or lifelong government official like so many before him who have risen to Ghana's presidency. Coming instead from the world of academia, Mills was awarded a Fulbright scholarship for study at Stanford Law School while pursuing his PhD in law from London's School of Oriental and African Studies. His doctoral thesis investigated the income tax law structure in Ghana and urged a movement toward a free-market Ghanaian economy. His social democratic leanings led him to join Ghana's National Democratic Congress (NDC) party and become active in the Ghana policy circuit. Though he served as vice president under former President Jerry Rawlings from 1997 to 2001, Mills had what he described as an "ideological break" from his former boss and began to pursue a more collaborative relationship between his own National Democratic Congress (NDC) and the rival New Patriotic Party (NPP).

Within the first few weeks of his presidency, Mills took aim at Ghana's \$7 billion-plus debt and pledged to slash government spending. He is vocal about the need for transparency in all sectors of the government and has thus pledged to strengthen his country's Electoral Commission, National Media Commission and National Commission for Civic Education to achieve that transparency. The pledge for transparency also extends to the ongoing debate over the future of oil drilling, as a recent offshore oil discovery in Ghana sparked concern that the government would fall prey to the same corruption experienced in Nigeria.

Of Ghana's future, Mills told the *Journal of International Affairs* that beyond major policy concerns such as economic growth, "Ghana's strength comes from the people who have entrusted me with this office, and I have pledged to be accountable to them. No longer will it be tolerated for citizens to be denied an ability to gain basic understanding of how the government is spending its tax dollars and making the choices that will solidify our economy. In the coming years, we will work to improve the quality of life for every citizen of Ghana, from reducing the crime that has kept so many living in fear to creating jobs to raising the bar for ethical behavior by local officials."

## SMALL BUSINESS

**Andrew Rugasira**, Founder and Chairman of Good African, Ltd.

Andrew Rugasira has long outgrown the title of “small businessman.” Yet, it was his founding of two small businesses—VR Promotions Limited, Uganda’s first corporate promotion and event management company, and the Rwenzori Coffee Company (later renamed “Good African Coffee”)—that launched his career as an internationally respected entrepreneur. Today he is celebrated not only for his business acumen, but also for championing humanitarianism, activism and African development. Soon after founding his coffee company, he succeeded in placing his products in brand-name stores in lucrative Western markets. Since then, Rugasira has expanded his business to cover retail, marketing and advertising, public awareness and public health initiatives, and agro-commodities. He has also founded Commodity Trading International Limited, based in his home country of Uganda, which specializes in marketing under-utilized African agricultural resources, particularly food products.

Rugasira advises other budding African business owners to be “resilient, driven, and [have] a penchant for risk” and to “never surrender” their integrity. Rugasira answered a few questions for the *Journal of International Affairs*:

**Journal:** *What were the main obstacles you encountered in starting your business? Were any of those challenges specific to starting a business in Africa? What was required to overcome those obstacles?*

**Rugasira:** The biggest challenge for any start up business in Africa is access to capital, both affordable long-term debt and venture capital. For Good African, this was a major challenge, too. Failure to access long-term capital tends to render startups uncompetitive, especially if, like us, they are competing in the European Union with companies that have access to capital. To overcome this we had to borrow at a very high cost, leverage personal assets and guarantees, and engage vendors to buy into our vision and support us as we strengthened our market presence and performance. Another challenge for African start-ups is access to technological know-how, in terms of the process and system inputs that generate higher productivity. Overcoming these obstacles in the short term required us to outsource key aspects of our operations, like our roasting and packing operations, and leverage our distributors’ industry networks to develop new sales channels. In the end, though, I believe that the key human attributes of passion, tenacity, hard



work and discipline have enabled many African entrepreneurs to operate in very challenging business environments and succeed.

*You have said that Western countries should reduce economic barriers that currently prevent Africa from engaging in trade with countries like the United States and United Kingdom. Do you believe that eliminating these barriers is sufficient to make African exporters viable competitors once they are allowed to enter the market with their Western counterparts?*

**Rugasira:** Trade barriers that deny African products and services access to Western markets are not only blatantly unfair, they are an assault on the human rights of the African people. When African producers are denied access to Western markets, they are being denied access to a livelihood, to providing for their families and communities. Eliminating these barriers is not just a prerequisite to addressing the need for fair competition, but key to removing a fundamental impediment that has denied Africa the same economic empowerment opportunities the West has enjoyed for a long time. These barriers have made African economies mainly exporters of raw primary commodities and importers of value-added finished products from the West. It is fair to say that the continent has been consigned to being producers of what they do not consume and consumers of what they do not produce.



In some instances, African products like coffee are not subject to formal trade barriers in the form of tariffs under the Economic Partnership Agreements (EPA) with the EU, so from March 2009 we will be exporting processed coffee from Uganda to the EU, as opposed to exporting raw coffee and then processing it in the EU. In other instances where there are no trade restrictions, domestic capacity to process and export products is non-existent, therefore rendering the so-called market opportunities worthless. Attracting business in the West is a function of product quality, affordability and brand attributes. Once we were able to penetrate the market, our business proposition proved attractive to consumers and the future seemed to hold great promise. Ultimately, African businesses need to compete in the global marketplace in a free and fair environment.

*You work extensively in Uganda, where civil conflict has kept the country notoriously unstable. The economy, however, has not suffered as badly through the conflict as have other countries with similar circumstances. What, in your opinion, has fueled this resilience?*


**Rugasira:** The private sector has always been a creative and resilient economic force throughout economic history; Uganda's is no different. This resilience is part of the human character, although it is given greater expression in times of great strife and struggle as is witnessed in many parts of Africa.

## ARTS

### Izu Ojukwu, Film Director

Though its reputation remains modest in the West, Nigeria's movie industry—or "Nollywood," as it is increasingly known—is the largest in Africa. The lack of access to basic filmmaking equipment has in the past been an obstacle to expanding the film industry, but the rise of digital film and affordable cinema technology has put Africa, and Nigeria in particular, on the map. Nigeria's Izu Ojukwu is a central figure in Nigeria's film industry, and has created some of Nollywood's most popular action films. He started in 1993 with the film *Iva* and went on to earn international attention with his 2006 feature *Sitanda*. Ojukwu's latest movie, *Laviva*, is an epic that depicts the grim realities of the Liberian War. He was also one of the subjects of *Welcome to Nollywood*, a 2007 documentary by Jamie Meltzer, an American filmmaker who traveled to Nigeria and investigated how the country's movie industry works and expands, as compared to cinematic industries in Western countries.

Academic interest in Nigeria's film industry has exploded during the past decade, though this trend has been dominated by Western scholars and the industry has been discussed primarily in contrast to Western cinema, rather than viewed as an independently developing phenomenon. Perhaps this is why, unlike his Nigerian colleagues (including fellow director Jeta Amata and Independent Television Producers' Association of Nigeria president and documentarian Busola Holloway), Ojukwu has shown little interest in participating in public dialogue about the future of Nigerian cinema. He has, however, proven to be a formidable vehicle for bringing international attention to Nollywood, simply by bringing powerful and engaging depictions of the African experience to the screen. Influential

filmmakers and bloggers all over the world have also raised the profile of the Nollywood scene, and no name comes up more frequently than Ojukwu's when talking about the major players. 

Content and interview questions by Emily Gouillart, Features Editor for the *Journal of International Affairs*.