



Accelerating Local Tech Ecosystems in Africa – Insights from Nairobi

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On 5th October, ATBN partnered with iHub Nairobi to host a roundtable that brought together entrepreneurs, investors, hubs and other industry experts to discuss how to drive growth in the Kenyan tech ecosystem as well as identify potential areas for collaboration with the UK ecosystem.

Below are some of the key takeaways from the discussion

1. **The role of development/impact funds** – The development sector is becoming a more active in African tech ecosystem with small but growing amounts of funding being channeled towards supporting innovation and enterprise-based approaches to development. Speaker Marc de Courcel COO of Optimetriks which received a grant from the DFID-supported GSMA Ecosystem Accelerator, spoke about how crucial this type of funding is for supporting startups at the very early stages of the business when they are still unattractive to mainstream funds. He however cautioned startups to go for grants whose impact goals aligned with their business and avoid losing their focus to chase after funding.

One of the ecosystem needs raised was the fact that Kenyan startups need support in understanding what funds are available as well as in measuring and reporting their impact to enable them better access grants. On the other hand it was also mentioned that development funds need to adjust their grant making approach to align with the needs of tech startups and avoid overly burdensome reporting that takes too much of their time and resource away from actually building their businesses.

2. **Local investors as catalysts** - Local investors have a key role to play in catalyzing investment into the ecosystem. Yaron Cohen of Viktoria Ventures spoke about their work educating and connecting local investors in East Africa through their recently launched Viktoria Business Angel Network. Hilda Moora founder on Pezesh also shared how she had raised initial seed funding from local investors which she felt puts her in a much stronger position as she now embarks on approaching international investors for her next round of funding. She however added that getting local investors to back tech startups is no easy feat and one she succeeded in doing mainly because of the track record she built with her previous startup Weza Tele which she successfully exited. She therefore emphasized the importance of cultivating and sharing more success stories to drive both local and international investor interest in Africa tech.
3. **Government and regulation** – The general consensus was that the Kenyan Government needs to do more support the tech ecosystem. Part of the challenges sighted included the fact that Government currently did not understand the value that tech startups can bring to the economy. While participants called for and welcomed more Government support they acknowledged that they were wary of Government's involvement because it could result in over regulation that would stifle the ecosystem. UK Government initiatives such as the Enterprise and Small Enterprise Investment Scheme which promotes investment into early stage UK tech businesses, can provide case studies of effective models for Government interventions to drive technology innovation.
4. **Greater need for collaboration within the local ecosystem** – The roundtable brought together representatives from different startup hubs and accelerators such as iHub, Nailab, Kijiji, Village capital, metis fund and the entrepreneurs hub to mention a few. One of the key takeaways highlighted by participants was the need for more opportunities such as the roundtable to connect

and collaborate to drive the ecosystem forward as a whole. Some of the ideas proposed included organising joint pitch events as well as developing a shared startup and knowledge database to better map the ecosystem. A stronger, more collaborative local ecosystem was seen as one of the key steps needed to enable the development of globally competitive African startups and entrepreneurs.

5. **Harnessing Diaspora Communities**– From the discussion, it became clear that the gap in early stage, pre-revenue funding for startups is a very fundamental missing piece in the African tech ecosystem. In more developed economies, entrepreneurs are more able to obtain this initial funding from friends and family or credit facilities such as credit cards. However in the African context with high rates of unemployment, lack of access to credit facilities and low family incomes, many promising entrepreneurs fail because they lack the very basic funding to prove their market proposition and cover their basic needs to enable them focus on building their business. One of the potential solutions raised during the discussion was the need to harness investment from African Diaspora communities who want to contribute to the development of their home countries and already have a track record of sending funds into the economy through remittances.

This roundtable formed part of a new initiative by ATBN and co-funded by the UK Government's innovation agency (Innovate UK), which aims to drive digital co-innovation and collaboration between the UK and Africa.

We will be hosting a similar roundtable in London on Friday 17th November, 9:00am – 12:00pm hosted by Addleshaw Goddard. RSVP [here](#) or contact stav@africatbn.com for further details.