BIC AFRICA
AFRICAN BUSINESS INCUBATOR COMMUNITIES

Mapping of international and regional public and private donors and initiatives

November 2022

BIC AFRICA IS FUNDED BY THE EUROPEAN UNION.

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Introduction

The interest in investing in different sectors of the African economies has increased considerably, and new market opportunities have been adding value to economic growth and social development in the continent.

In this sense, **the increase in the number of organisations/initiatives (e.g. relevant activities, frameworks and actions), that support and develop businesses, has an important role in nurturing and encouraging greater levels of entrepreneurship throughout Africa**. It builds up momentum, brings together a growing number of private sector stakeholders and investments, and draws governments attention to support these organisations, providing the mechanisms for sustainable development and support to the business sector.

Against this backdrop, the "Africa Business Incubator Communities" (BIC Africa) initiative was launched under the umbrella of the European Business and Innovation Centre Network by the European Union and financed by the 11th European Development Fund (EDF). **BIC Africa** is a regional network that supports selected business incubators in stimulating entrepreneurship, creating and consolidating new innovative start-ups. It seeks to spread knowledge amongst the wider incubation ecosystem for business incubators to benefit from cooperation with other initiatives, focusing on four main countries: **Angola, Ethiopia, Madagascar and Somalia**.

In order to ensure that BIC Africa will complement the services of existing initiatives in the continent and will serve its purpose of increasing the possibility of collaboration with other relevant stakeholders, this report seeks to provide a mapping and characterisation exercise. It addresses **393 public, private and non-profit initiatives** in Africa, 45% of which are located in the four target countries, whose activities are focused on promoting entrepreneurship within the continent, including accelerators, associations/networks, coworking spaces, incubators, incubators-accelerators (combined), investors and access to finance (A2F) organisations, other service providers, programmes/projects, start-up competitions, and university-based incubators.

393

Public, private and non-profit initiatives analysed

45%

45% are located in the target countries (Angola, Ethiopia, Madagascar, and Somalia)

Type of organisation/initiative

There are ten different typologies of organisations/initiatives operating in Africa which are considered in this report. Amongst the ten types considered, “programme/project” is the most usual, representing more than half of the total volume (55%).

Further details are presented in Figure 1.

Figure 1. Typologies of organisations/initiatives operating in Africa

Market Sectors

The nine market sectors considered in this report are **tech/digital**, **agriculture**, **education**, **health**, **energy**, **industry**, **culture**, **WASH**[1], and **tourism**.

Some of the **organisations/initiatives** fostering the development of entrepreneurship in Africa do not focus on a given market sector (63.6%), in other words, they **support SMEs and start-ups from any sector**.

Conversely, **sector-focused organisations/initiatives** represent 36.4% of the total. The main sectors fostering entrepreneurship development in Africa are tech/digital sector with 15.9%, agriculture sector with 11.0% and, education and health sectors, each having 2.2%.

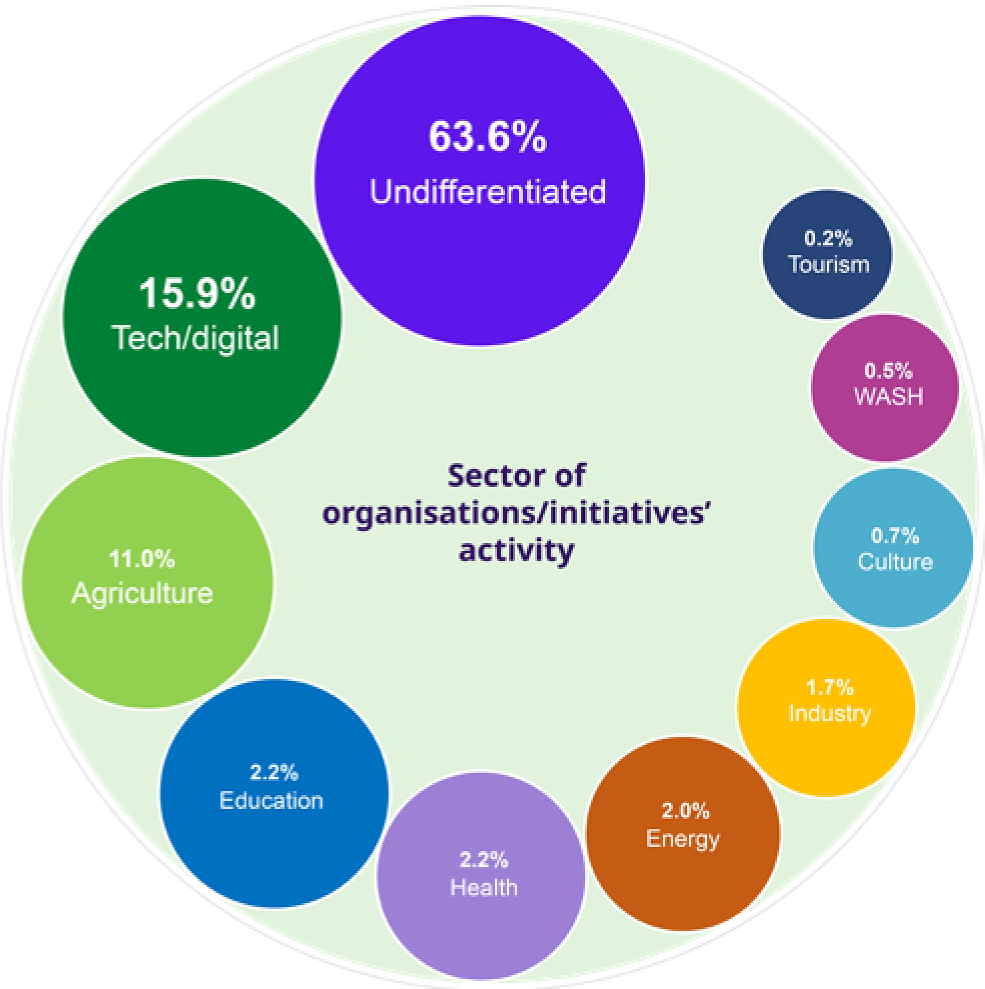


Figure 2. Market sector of organisations/initiatives

[1] WASH means *water, sanitation and hygiene*. For more information please visit: https://www.who.int/health-topics/water-sanitation-and-hygiene-wash

Main business orientation

This section addresses the organisations/initiatives distribution by main business orientation (skills development, access to funding, business model development and strategy, innovation and tech adoption, product improvement, marketing and sales growth, and internationalisation), aiming to provide an overview of the most common businesses support orientations in Africa.

Figure 3 illustrates the main orientation of the organisations/initiatives operating in Africa that are supporting entrepreneurship in the continent. They are mostly focused on improving existing skills or developing new ones for entrepreneurs and labour force (33.3%), supporting and improving access to funding (21.2%), and developing adequate business models and strategies (19.7%). The least common orientation for most organisations/initiatives operating in Africa was internationalisation (3.6%).

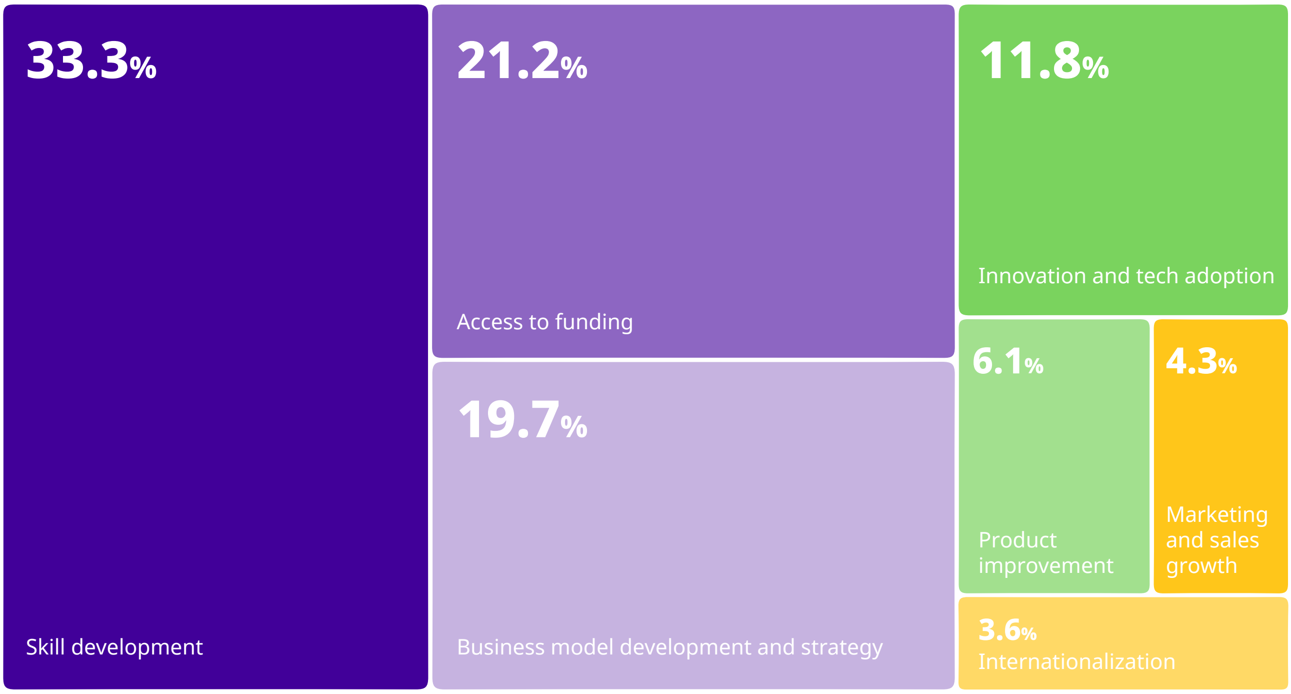


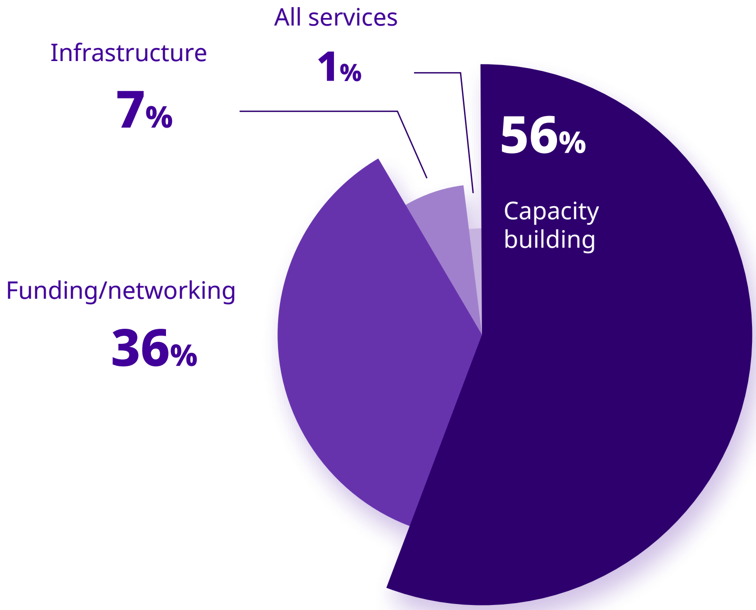
Figure 3. Business main orientation of the organisations/initiatives supporting entrepreneurship

Services Provided

The services provided by the organisations/initiatives have been categorized into four groups.

As illustrated in Figure 4, the majority of the provided services comprises of **capacity building** (56%), which focuses on training entrepreneurs and labour force on new skills, while **funding and networking services** aim at providing the assistance to access sources of finance and have 36% of the total share. Services directed to **infrastructure development**, whether providing or upgrading them, represent 7%. Only 1% of the organisations/initiatives provide all three services to businesses operating in Africa.

Figure 4. Services provided by the organisations supporting entrepreneurship in the African continent



Governance Model

The analysis of the weight of each type of governance model (non-profit, private, and public) provides a good understanding of distribution over the organisations/initiatives.

Figure 5 represents the shares:

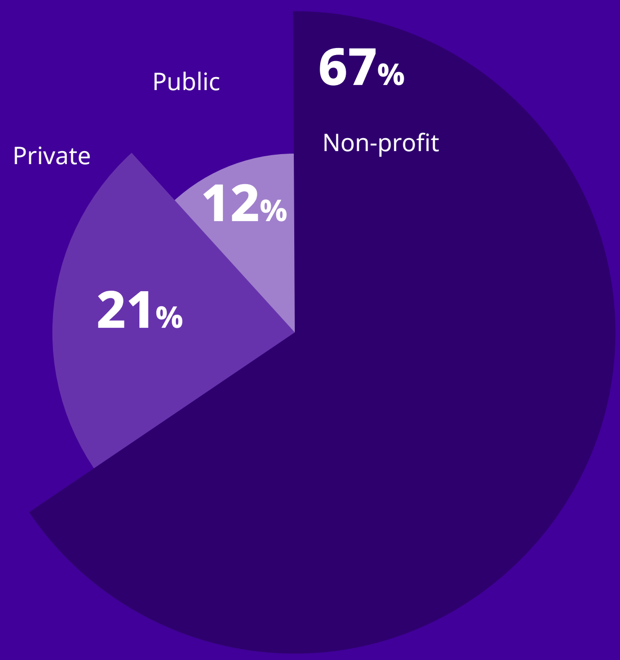


Figure 5. Governance model of the organisations/initiatives

Programmes and projects (78%) represent the biggest share of non-profit organisations/initiatives.

Accelerators (18%) represent the most common type of private organisations/initiatives, followed by coworking spaces and incubators (17%).

University-based incubators (31%) represent the most common type of public organisations/initiatives.

As shown in Figure 6, the prevailing governance model amongst the analysed organisations/initiatives operating in Africa is non-profit.

Moreover, it is observed that each of the governance models has different main actors of the ecosystem. The non-profit sector is focused on programme/projects, private sector invests mostly in accelerator programmes, and the public sector is mostly investing in university-based incubators.

Figure 6. Governance model breakdown by actors of the ecosystem

Organisations/Initiatives Location

This section addresses the location of the organisations/initiatives operating in Africa to understand if there is a concentration of support business services in a country's capital or if they are distributed into other cities.

Figure 7 displays the breakdown of the organisations/initiatives operating in the entrepreneurship ecosystem by capital and non-capital cities, and it shows that the entrepreneurship supporting **organisations/initiatives are concentrated in the capitals**. Notwithstanding, the ecosystem of support structures in non-capital cities has been emerging.

Entrepreneurship initiatives are increasingly **targeting secondary and tertiary urban centres**, where the business environment is still blooming, hence fostering their potential. These cities hold fewer resources comparatively to the capital cities, nevertheless, due to their fast-growing pace they show potential for the emergence of entrepreneurship success stories.

There are three times as many organisations/initiatives situated in the capitals as in the non-capital cities in all the targeted countries.

The majority of the organisations/initiatives are located in several cities of the continent.

Figure 7. Breakdown of organisations/initiatives operating in the entrepreneurship ecosystem by capital/outside capital

Vulnerable Social Groups

This section aims to highlight the organisations/initiatives that operate within the African entrepreneurship ecosystem supporting vulnerable social groups (e.g. women, children and youth, the elderly and ethnic minorities). Figure 8 shows that only 6.3% of the analysed organisations/initiatives supports any vulnerable social groups in particular.

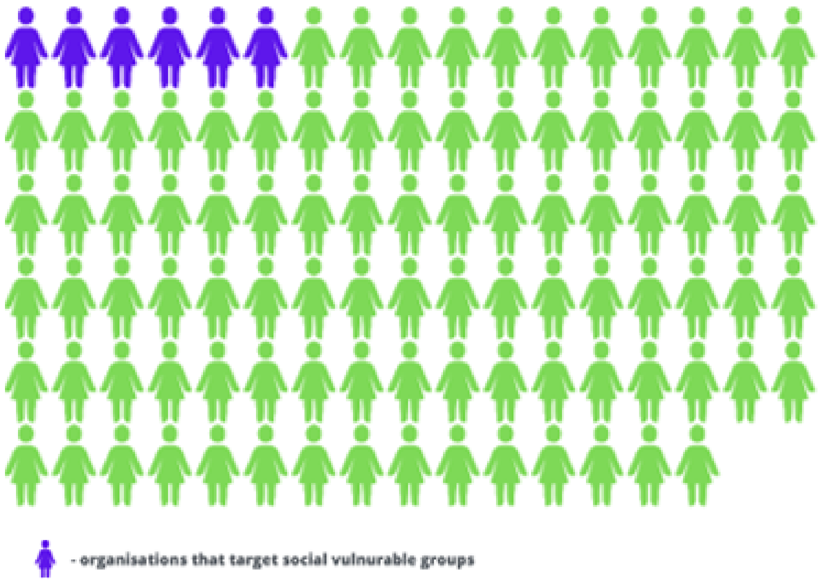


Figure 8. Number of the organisations/initiaitves that target vulnerable social groups

Organisations/initiatives supporting vulnerable social groups are also operating within the targeted countries. The distribution is the following:

14% Somalia

5% Madagascar

3% Angola

2% Ethiopia

Somalia has a much larger volume of organisations/initiatives supporting vulnerable groups. Figure 9 illustrates that the majority of the organisations/initiatives working towards vulnerable social groups from the four target countries (Angola, Ethiopia, Madagascar, Somalia) were established as sector undifferentiated (78%), supporting business ideas from any economic and market sector. Some are sector focused, preferring to support businesses within the specific fields as it follows: **tech/digital (9%)**, **agriculture (9%)**, **energy (4%)**.

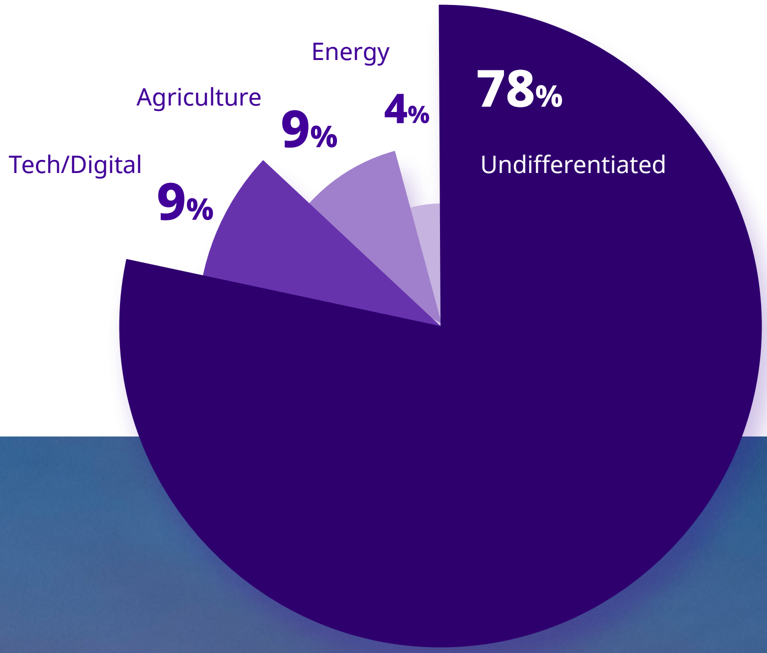


Figure 9. Market sectors of the organisations/initiatives that target vulnerable social groups

6% of the organisations/initiatives operating in Africa are focused on supporting vulnerable social groups, this value is similar to the target countries, with the exception of Somalia.

Overview

Of the 393 identified organisations/initiatives that support entrepreneurship in Africa:

The large majority of the organisations/initiatives are programmes/projects (55%).

The majority of the organisations/initiatives (63.6%) support SMEs and start-ups from any sector.

The majority of the organisations/initiatives (56%) provide capacity-building services.

The most representative type of organisations/initiatives are non-profit (67%).

The most common services provided by organisations/initiatives are skill development, access to funding, and business model development and strategy.

The entrepreneurship support organisations/initiatives are concentrated in the capitals (32%). There are three times as many organisations situated in the capital as out of the capital cities.

Target Countries

Main findings

Angola

Angola has 33 organisations/initiatives supporting entrepreneurship operating within the country. Most of them are located in the capital city of Luanda (79%).

Ethiopia

Ethiopia has a rich ecosystem, with the higher number of initiatives, having 68 organisations/initiatives supporting entrepreneurship. Most of them which are located in Addis Ababa (46%).

Madagascar

Madagascar has 56 organisations/initiatives supporting entrepreneurship. Most of them are located in the capital city, Antananarivo (61%).

Somalia

Somalia presents 22 organisations/initiatives supporting entrepreneurship. Unlike other countries analysed, they are diluted in multiple cities, being Hargaeisa the one with the highest share (33%), whilst the capital Mogadishu holds 29%.

Angola

Angola has a population of 33.9 million as of 2021 of which 49.3% is aged between 16 and 64 years old. The country has experienced strong growth in recent years, with the Angola start-up ecosystem ranking 115th globally in the Startupblink global start-up ecosystem index. The main conclusions about Angola organisations/initiatives operating and supporting the development of the entrepreneurship ecosystem are as follows:

Prevailing type of organisation/initiative:

28%
University-based incubator

19%
Association/network

14%
Coworking space

11%
Accelerator

Main business orientation of organisation/initiative:

42%
Skill development

33%
Multiple orientation

15%
Business model development and strategy

Sector focus of organisations/initiatives:

76%
Undifferentiated

18%
Tech/digital

6%
Agriculture

Most common services provided:

70%
Capacity building

12%
Multiple services

9%
Funding/networking

9%
Infrastructure development

In Angola, university-based incubator is the prevailing type of organisation/initiative. The majority of these are not differentiated by sector, the businesses tend to be focused on skill development, with capacity building being the most common type of service offered.

In Angola the vast majority of the organisations/initiatives are not defined by sector, often operating in two or more different sectors. Nevertheless, it is observed that tech/digital and agriculture sectors are important.

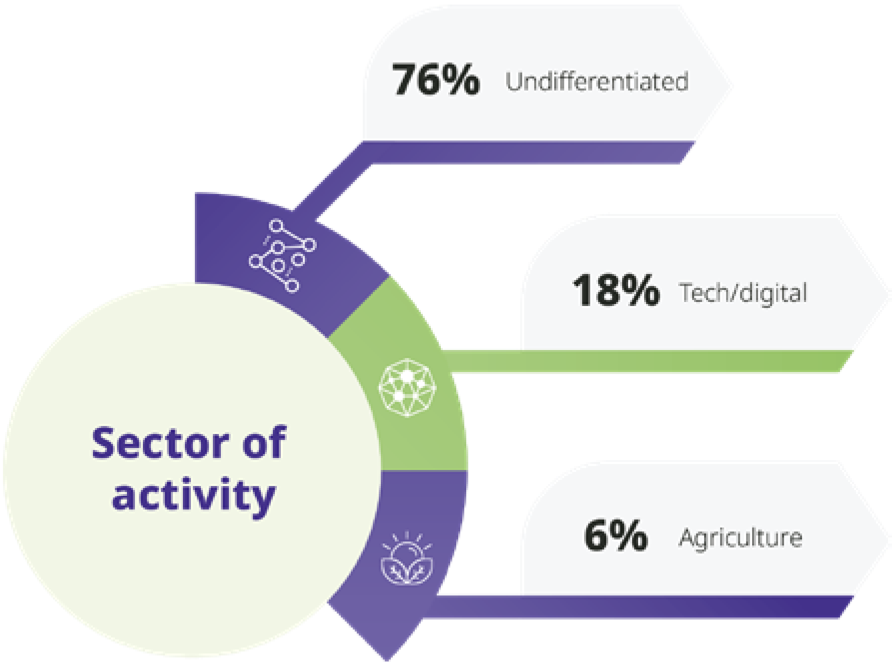


Figure 10. Angola breakdown of activity sector, services provided and number of organisations/initiatives

Figure 10 illustrates the proportion of the different services provided (capacity building, funding/networking, infrastructure) by Angolan organisations/initiatives operating in the entrepreneurship ecosystem. There is a higher prevalence of capacity building services. Figure 10 represents the sum of the values displayed in Figure 11.

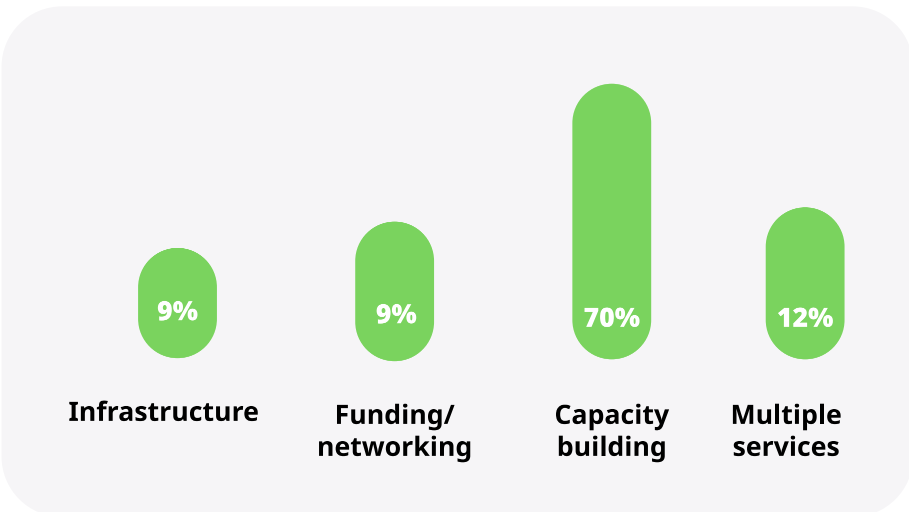


Figure 11. Services provided by organisations/initiatives in Angola

Angola main business orientation of organisations/ initiatives operating in the entrepreneurship ecosystem

The main business orientation of organisations/initiatives operating in the entrepreneurship ecosystem of Angola follows the distribution in Figure 12.

Angolan organisations/initiatives' businesses are mainly oriented towards skill development (42%), and multiple orientation (33%). Figure 12 details the distribution in the country's ecosystem:

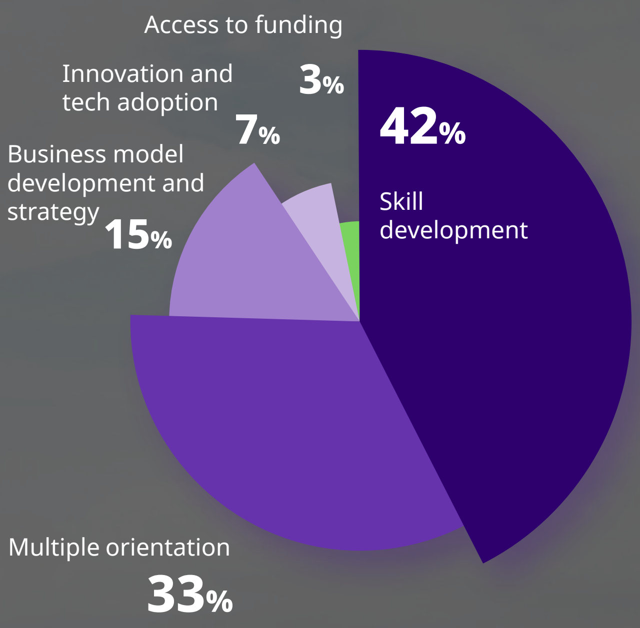


Figure 12. Angola business main orientation of organisations/ initiatives operating in the entrepreneurship ecosystem

Distribution of organisations/initiatives operating in the entrepreneurship ecosystem of Angola by governance model

The majority of the organisations/initiatives in the entrepreneurship ecosystem are private (46%), with non-profit and public representing 27%, as displayed in Figure 13.

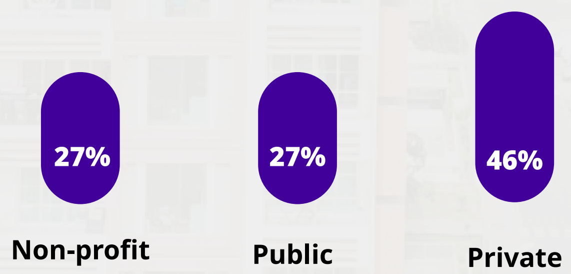


Figure 13. Distribution of organisations/initiatives operating in the entrepreneurship ecosystem of Angola by governance model

More specifically, the majority of the organisations/initiatives from the public sector are university-based incubator, representing 78%. While the private sector displays a more balanced distribution, and the non-profit sector is fairly represented by association/networks (56%). Figure 14, highlights the distribution by type of governance model:

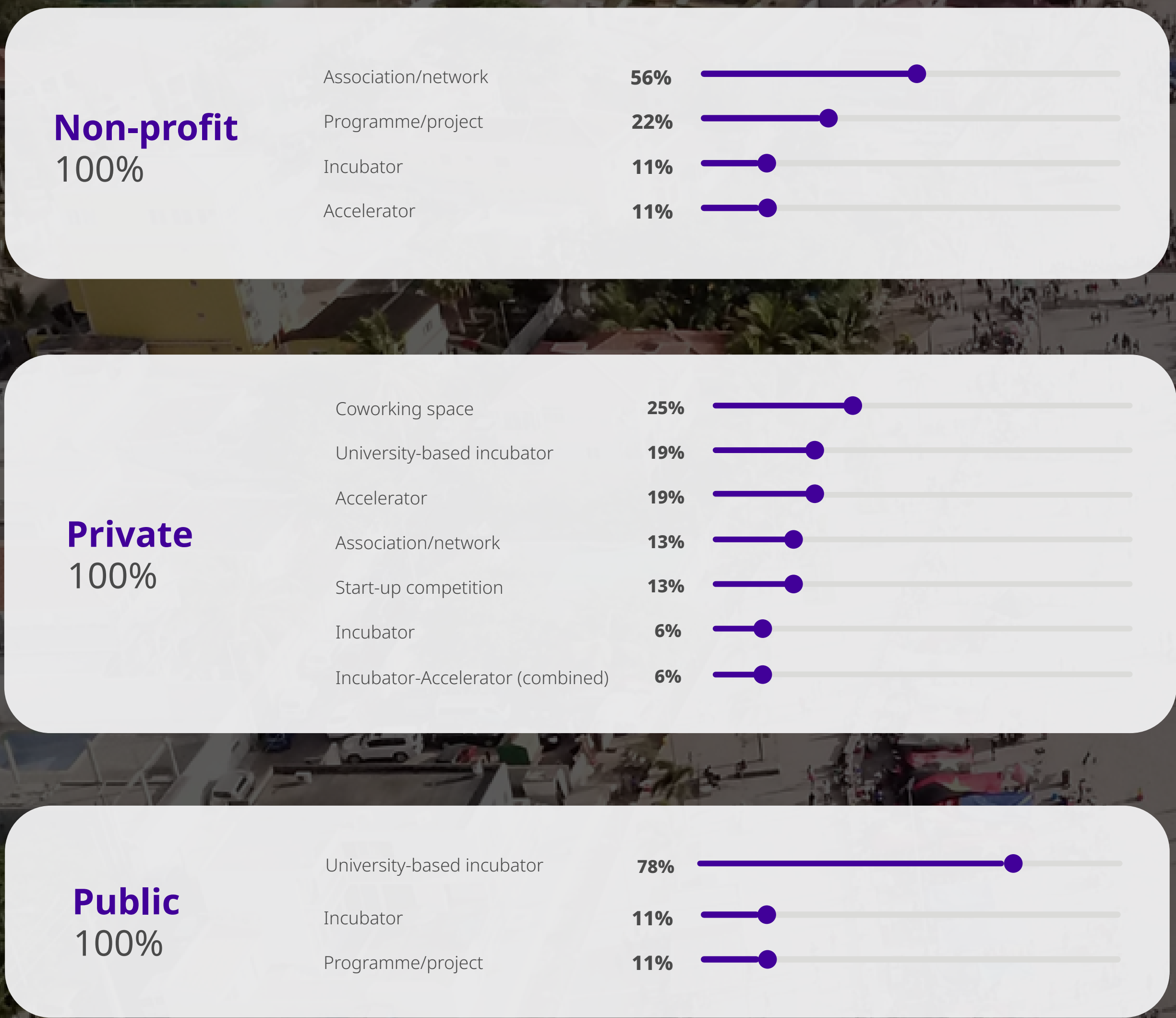


Figura 14. Breakdown of governance model by services provided in Angola

Breakdown of Angola organisations/initiatives operating in the entrepreneurship ecosystem by capital/out of capital

Comparative to the other African countries targeted in this report (Ethiopia, Madagascar and Somalia), Angola presents the highest concentration of organisations/initiatives in the capital city, Luanda. Figure 15 below provides more information.

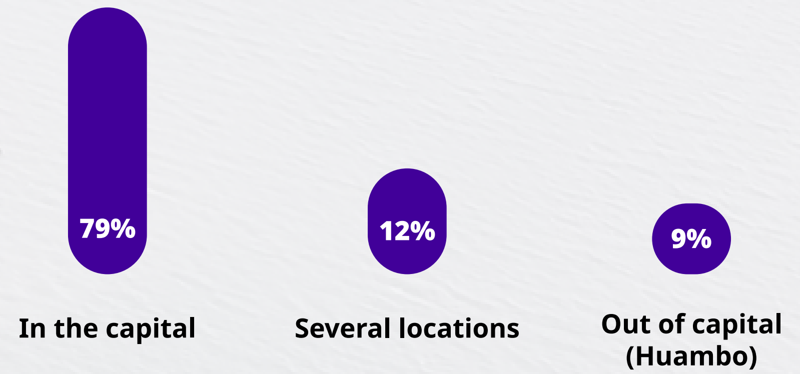


Figure 15. Breakdown of Angola organisations/initiatives operating in the entrepreneurship ecosystem by capital/out of capital

Ethiopia

Ethiopia has a population of 117.8 million as of 2021 of which 57% is aged between 15 and 64 years old. The country has experienced a stable growth, with the Ethiopian start-up ecosystem ranked 105th globally in the Startupblink global start-up ecosystem index. The main conclusions about Ethiopia organisations/initiatives operating and supporting the development of the entrepreneurship ecosystem are as follows:

Prevailing type of organisation/initiative:

36%
Programme/project

18%
Incubator

12%
University-based incubator

Main business orientation of organisation/initiative:

48%
Multiple orientation

29%
Skill development

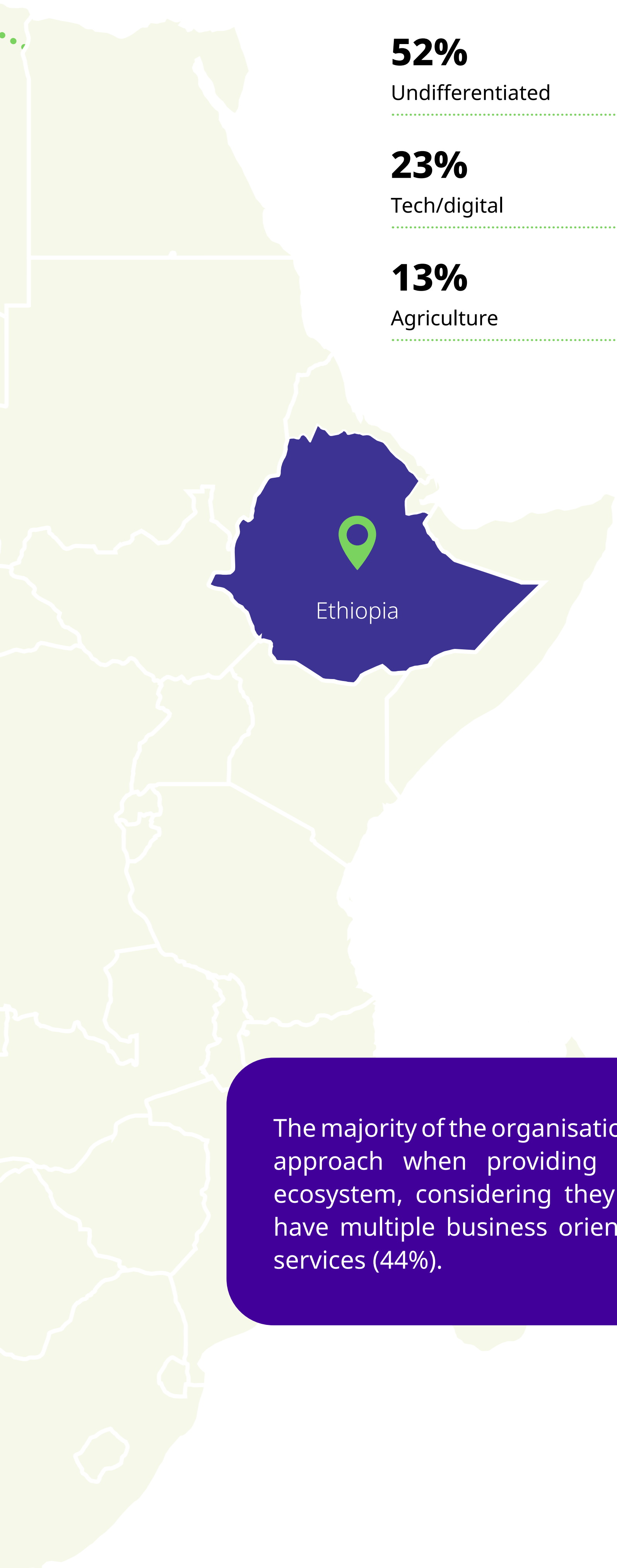
9%
Access to funding

Sector focus of organisations/initiatives:

52%
Undifferentiated

23%
Tech/digital

13%
Agriculture



Most common services provided:

44%
Multiple services

42%
Capacity building

10%
Funding/networking

4%
Infrastructure development

The majority of the organisations/initiatives opt for a multipronged approach when providing support to the entrepreneurship ecosystem, considering they are undifferentiated sector (52%), have multiple business orientations (48%) and provide multiple services (44%).

The sectors of activity provided by the organisations/initiatives are mostly “undifferentiated”, followed by tech/digital (23%) and agriculture (13%). Further details are presented in Figure 16.

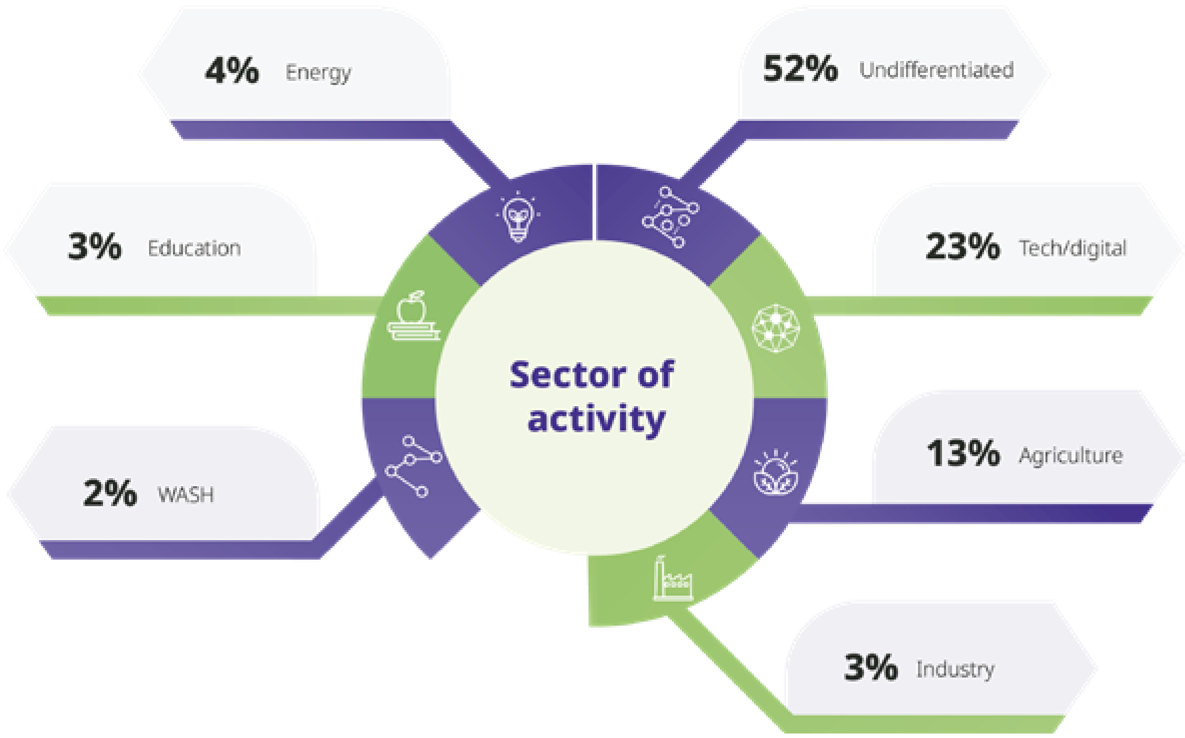


Figure 16. Ethiopia breakdown of activity sector, services provided and number of organisations/initiatives

Overall, capacity building is the most common service provided by organisations/ initiatives across the sectors of activity, with the less frequent service being infrastructure development, as shown in Figure 17.

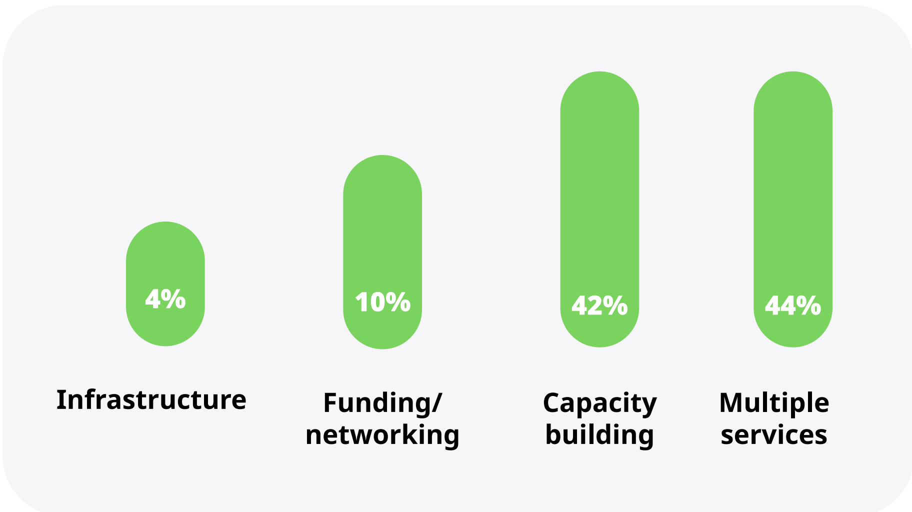


Figure 17. Services provided by organisations/ initiatives in Ethiopia

Ethiopia´s main business orientation is presented in Figure 18, which highlights that multiple orientation (48%) and skill development (29%) are the main types.

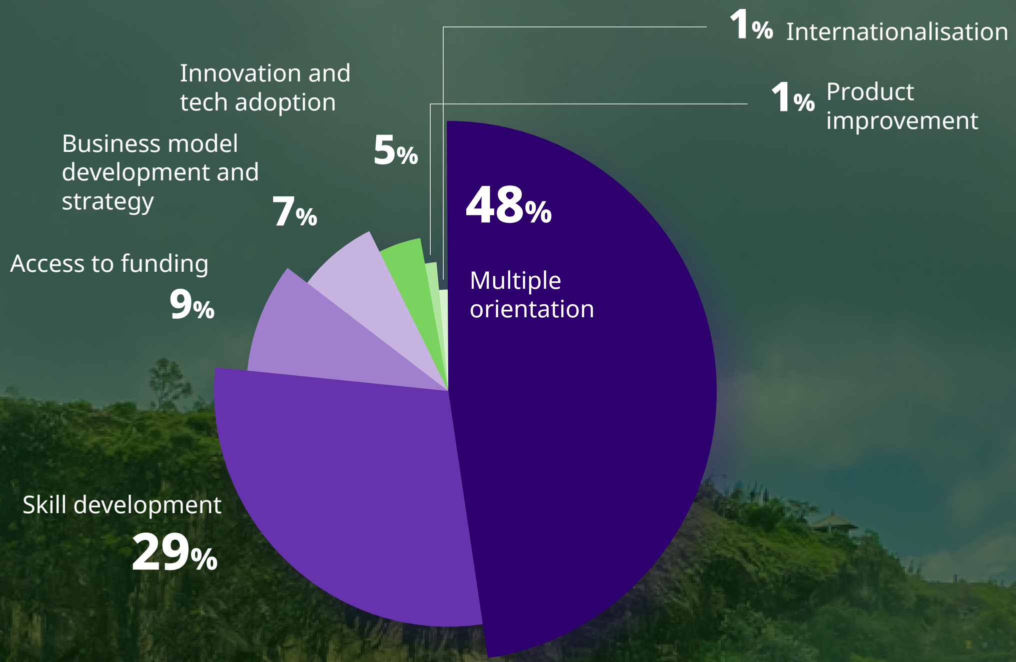


Figure 18. Ethiopia main business orientation of organisations/initiatives operating in the entrepreneurship ecosystem

Distribution of organisations/initiatives operating in the entrepreneurship ecosystem by governance model in Ethiopia

The organisations/initiatives operating in the Ethiopian entrepreneurship ecosystem present a well-balanced distribution by governance model (non-profit, public, private), as detailed in Figure 19, although the non-profit model presents a slightly bigger share.

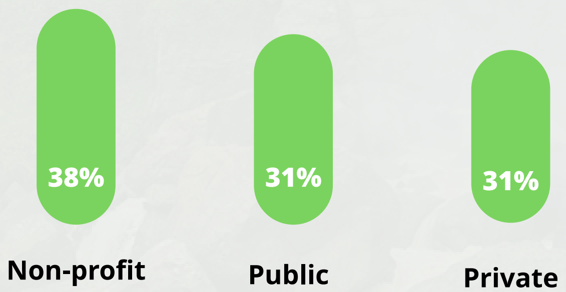


Figure 19. Distribution of organisations/initiatives operating in the entrepreneurship ecosystem by governance model in Ethiopia

The private sector is well distributed amongst the organisations/initiatives in Ethiopia. Public participation is well distributed, while the non-profit model is highly concentrated by the programme/project type.

Figura 20. Breakdown of governance model by services provided in Ethiopia

Breakdown of Ethiopia organisations/initiatives operating in the entrepreneurship ecosystem by capital/out of capital

The distribution of organisations/initiatives operating in the country is rather well balanced. While the capital Addis Ababa concentrates 46%, non-capital cities hold 19%, as Figure 21 and Figure 22 display.

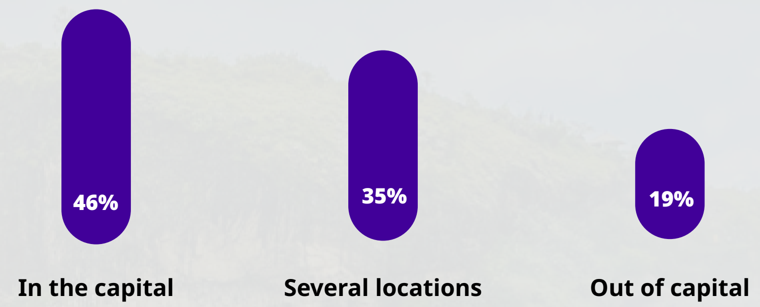


Figure 21. Distribution of organisations/initiatives operating in the entrepreneurship ecosystem by governance model in Ethiopia

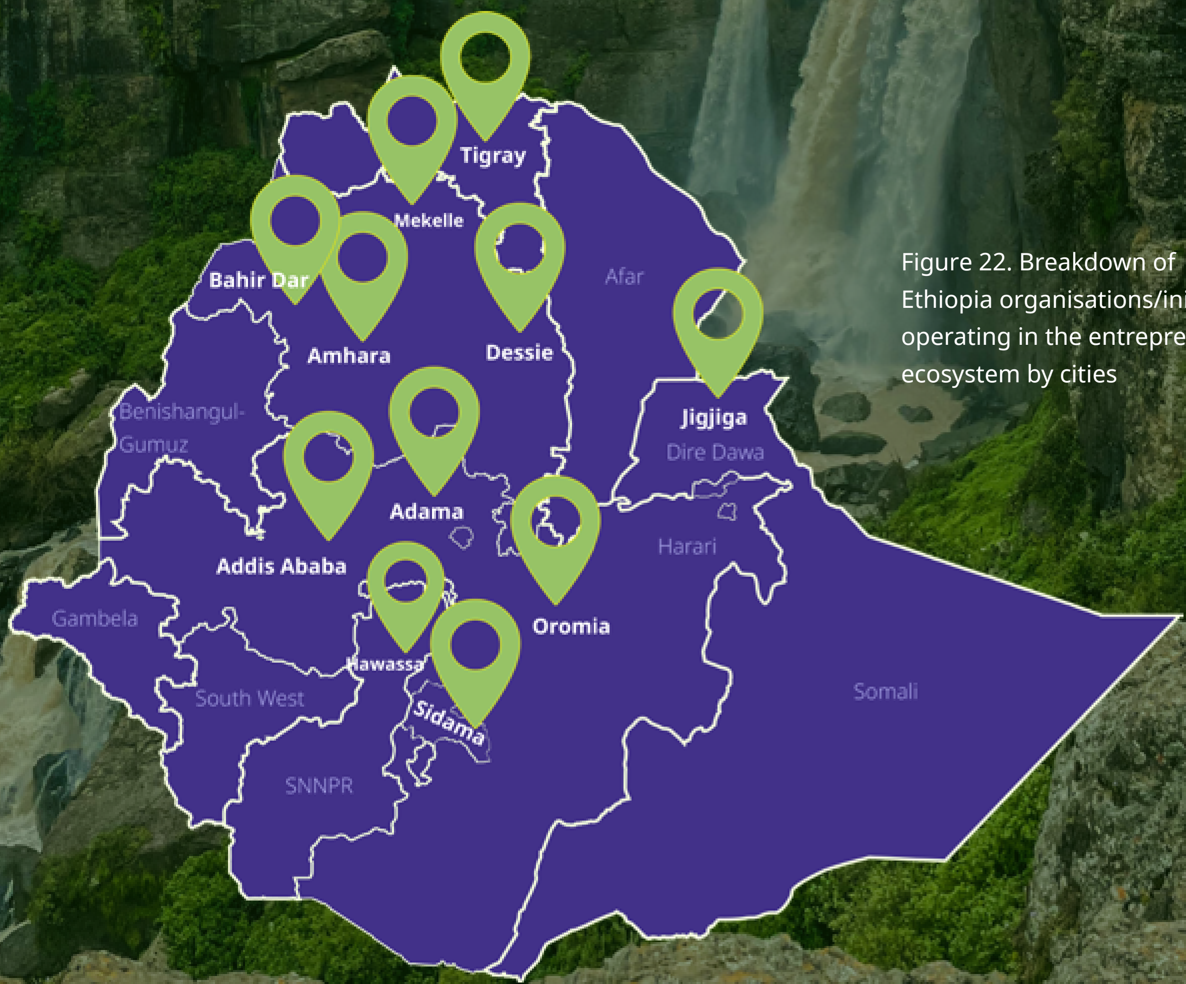
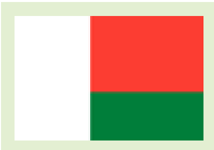


Figure 22. Breakdown of Ethiopia organisations/initiatives operating in the entrepreneurship ecosystem by cities

Madagascar



Madagascar is the fifth largest island in the world, with 28.4 million inhabitants as of 2021, with 57% being between 15 and 64 years old. It has considerable natural resources and its economic growth accelerated over the last five years, reaching an estimate 4.8% in 2019. Its start-up ecosystem ranks 114th in the Startupblink global start-up ecosystem index. The main conclusions on the Malagasy entrepreneurship ecosystem are as follows:

Prevailing type of organisation/initiative:

25%
Programme/project

24%
Incubator

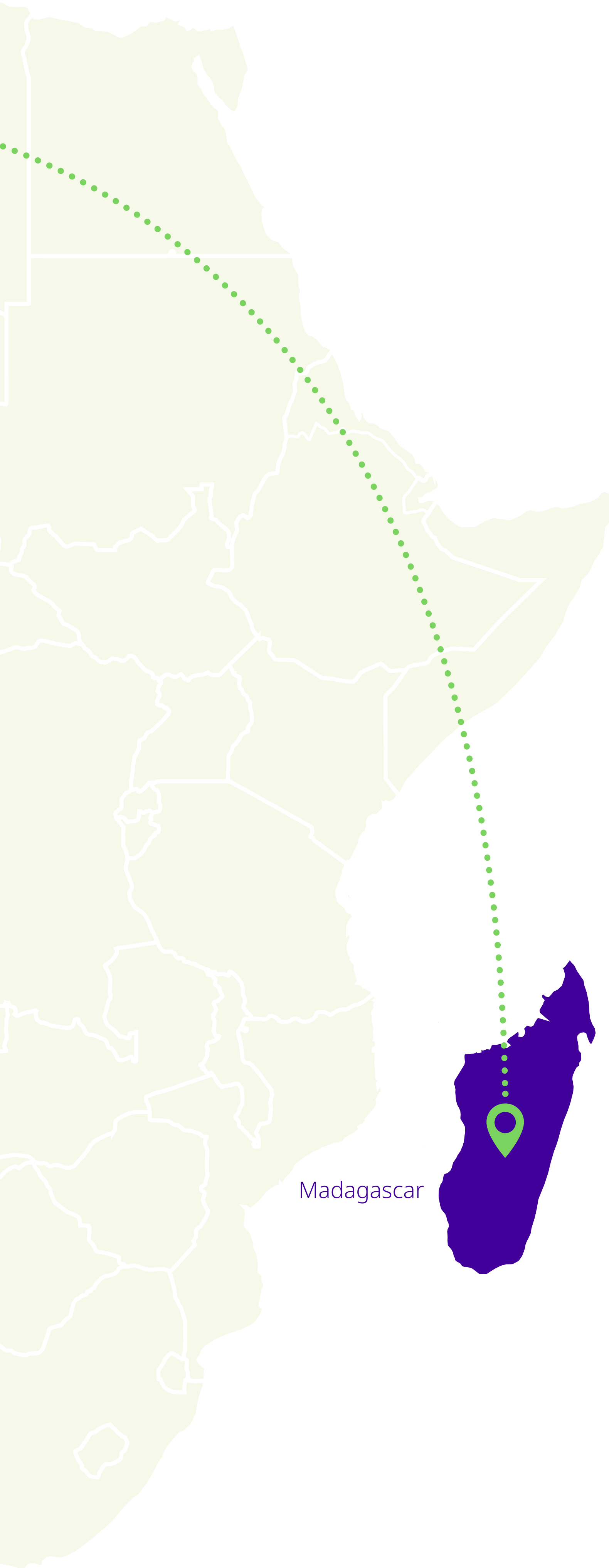
17%
Association network

Main business orientation of organisation/initiative:

54%
Multiple orientation

25%
Skill development

11%
Business model development and strategy



Sector focus of organisations/initiatives:

77%
Undifferentiated

11%
Tech/digital

4%
Agriculture

For Madagascar, the prevailing type of organisations/initiatives are programme/project and incubators. 77% of them are sector undifferentiated. The businesses follow a multiple orientation approach and provide multiple services.

Most common services provided:

53%
Multiple services

36%
Capacity building

9%
Funding/networking

2%
Infrastructure development

Madagascar presents mostly an undifferentiated sector of activity, while its sector-focused activities rely considerably on tech/digital and agriculture, similar to both Angola and Ethiopia. Detailed data is shown in Figure 23.

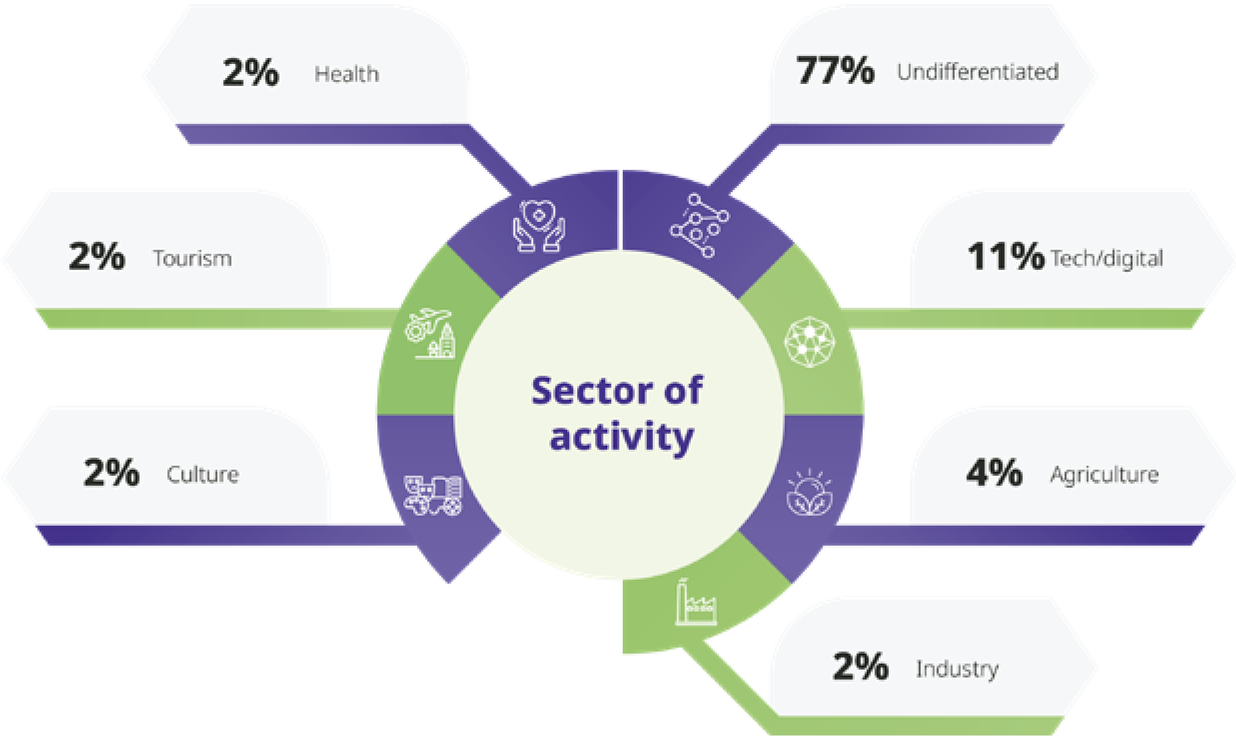


Figure 23. Madagascar breakdown of activity sector, services provided and number of organisations/initiatives

Most of services provided in the country are oriented towards capacity building, as it is the case of Angola and Ethiopia. However, the weight that infrastructure development has in the total of services is superior to the other target countries. The distribution is represented in Figure 24.

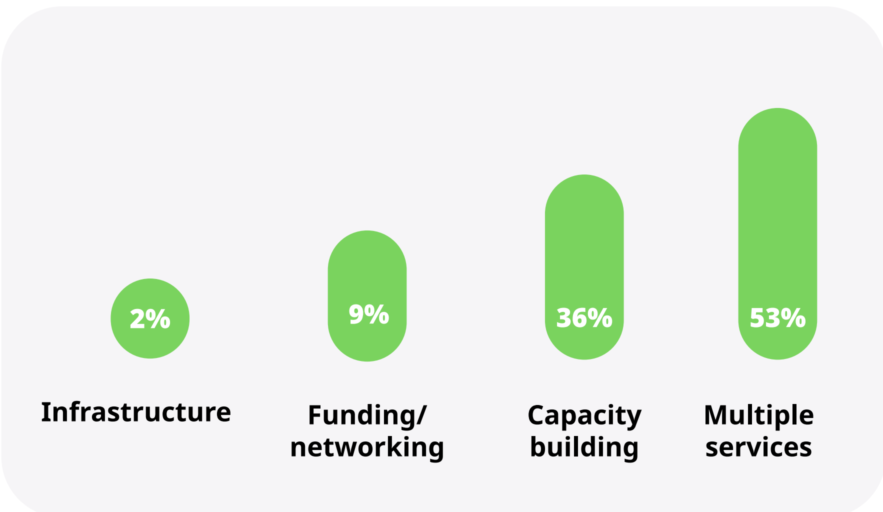


Figure 24. Services provided by organisations/ initiatives in Madagascar

Madagascar main business orientation of organisations/initiatives operating in the entrepreneurship ecosystem

The business orientation of organisations/initiatives operating in the entrepreneurship ecosystem of Madagascar demonstrate the higher prevalence of multiple orientation (54%), followed by skill development (25%) and business model development strategy (11%). Figure 25 provides further details.

Figure 25. Madagascar main business orientation of organisations/initiatives operating in the entrepreneurship ecosystem

Distribution of organisations/initiatives operating in the entrepreneurship ecosystem of Madagascar by governance model

The non-profit model prevails in Madagascar, representing over 50% of organisations/initiatives in the country, whilst the public model is the least common, as presented in Figure 26.

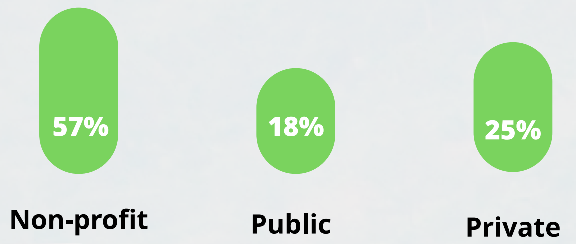


Figure 26. Distribution of organisations/initiatives operating in the entrepreneurship ecosystem of Madagascar by governance model

Breakdown of governance model by services provided in Madagascar

Distribution by type of organisation/initiative is well balanced. Associations/networks as well as programme/project types are more inclined to the non-profit and public models. Figure 27 shows it in detail.

Figura 27. Breakdown of governance model by services provided in Madagascar

Breakdown of Madagascar organisations/initiatives operating in the entrepreneurship ecosystem by capital/out of capital

Antananarivo, capital of Madagascar, concentrates the majority of the organisations/initiatives established and operating in the country, representing over 61%, as shown in Figure 28. Even though non-capital cities have only 18% of the share, several cities show a beginning of a developing ecosystem, as Figure 28 shows.

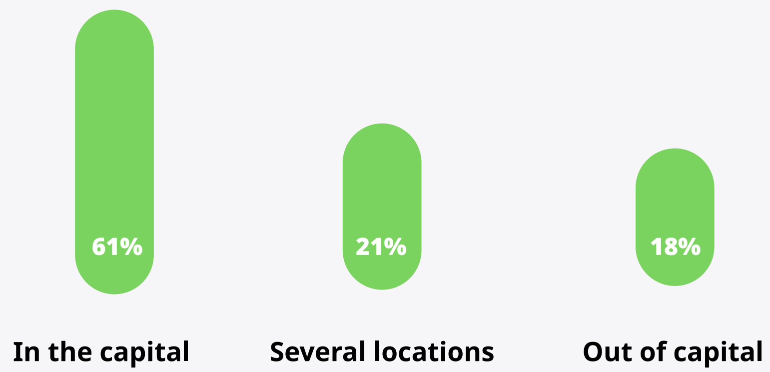


Figure 28. Breakdown of Madagascar organisations/initiatives operating in the entrepreneurship ecosystem by capital/out of capital

Figure 29. Breakdown of Madagascar organisations/initiatives operating in the entrepreneurship ecosystem by cities

Somalia

Somalia has a population of 16.3 million people. The country has seen rapid urbanization, a growing use of digital technologies, as well as investment in the energy, education and health sectors, which supports economic growth and job creation. Growth in 2019 reached 2.9%, evidencing the end of a prolonged period of economic and institutional challenges. The country ranks 98th in the Startupblink global start-up ecosystem index, and further details about its entrepreneurial ecosystem are presented below:

Prevailing type of organisation/initiative:

30%
Programme/project

22%
Accelerator

17%
Incubator-Accelerator (combined)

Main business orientation of organisation/initiative:

50%
Multiple orientation

23%
Skill development

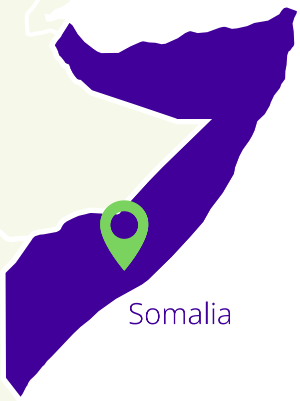
14%
Business model development and strategy

Sector focus of organisations/initiatives:

68%
Undifferentiated

11%
Tech/digital

7%
Health



Most common services provided:

45%
Capacity building

30%
Multiple services

20%
Funding/networking

5%
Infrastructure development

In Somalia, 45% of organisations/initiatives focus on capacity building. Furthermore, almost one-quarter provide mainly funding/networking services. As in other countries most do not differentiate by sector.

Sector activities are mainly undifferentiated (68%), following the trend of the other three analysed countries.

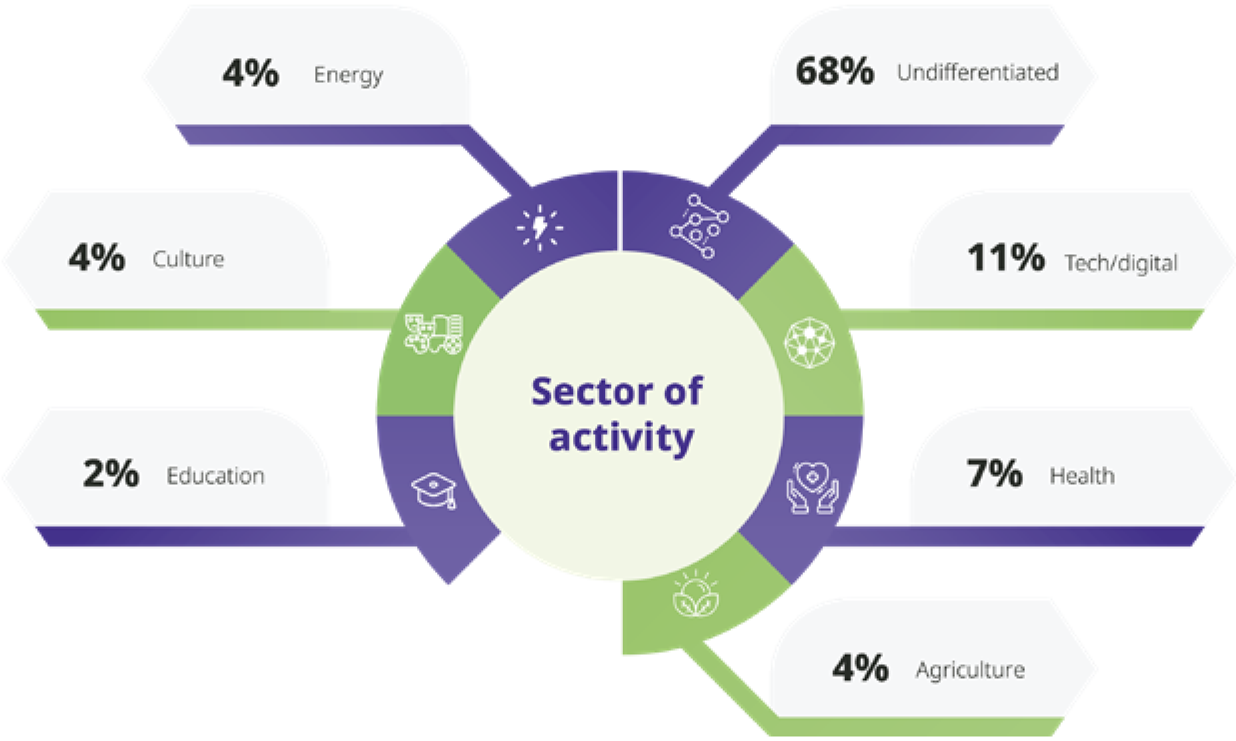


Figure 30. Somalia breaksown of activity sector, services provided and number of organisations/initiatives

Most of the services provided by the organisations/initiatives are focused on capacity building, even though it is fairly balanced with funding/networking. Infrastructure is the least offered service, as shown in Figure 31.

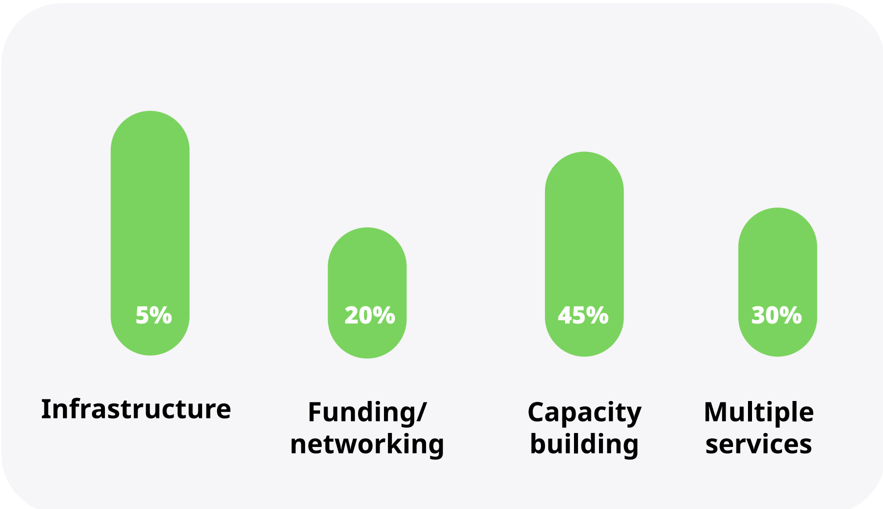


Figure 31. Services provided by organisations/ initiatives in Somalia

Distribution of Somalia main business orientation of organisations/ initiatives operating in the entrepreneurship ecosystem

Somalia's organisations/initiatives are more inclined to a multiple orientation, whilst the other orientations are counterbalanced.

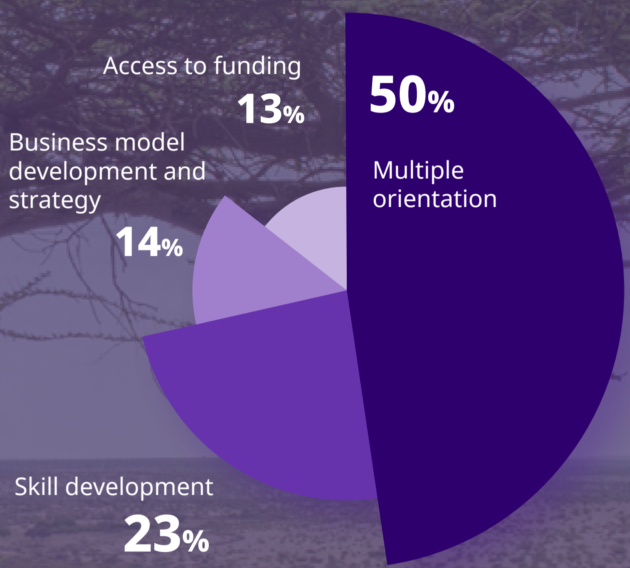


Figure 32. Distribution of Somalia main business orientation of organisations/initiatives operating in the entrepreneurship ecosystem

Distribution of Somalia organisations/initiatives operating in the entrepreneurship ecosystem by governance model

Public organisations/initiatives in Somalia promoting and supporting entrepreneurship development are still relatively rare (14%) the ecosystem is propelled mainly by the private and non-profit sector, as shown in Figure 33.

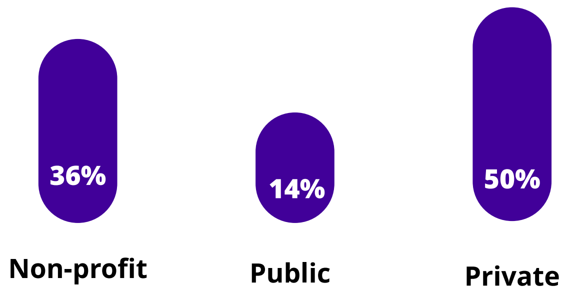
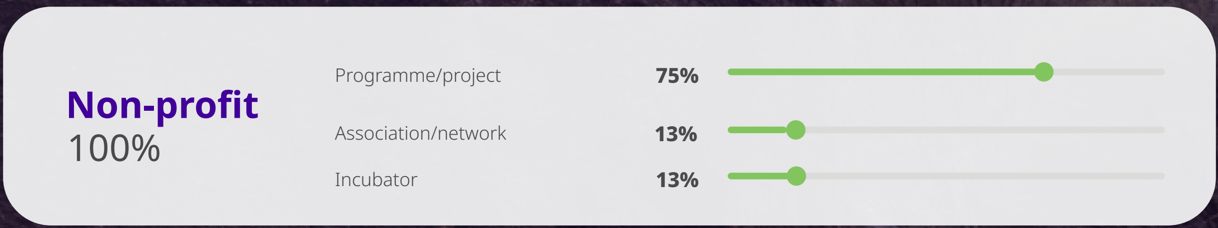


Figure 33. Distribution of Somalia organisations/initiatives operating in the entrepreneurship ecosystem by governance model

Breakdown of governance model by services provided in Somalia

The private sector is well balanced amongst existing organisations/initiatives, and the non-profit is highly represented by the programme/project type. Figure 34 demonstrates in detail:



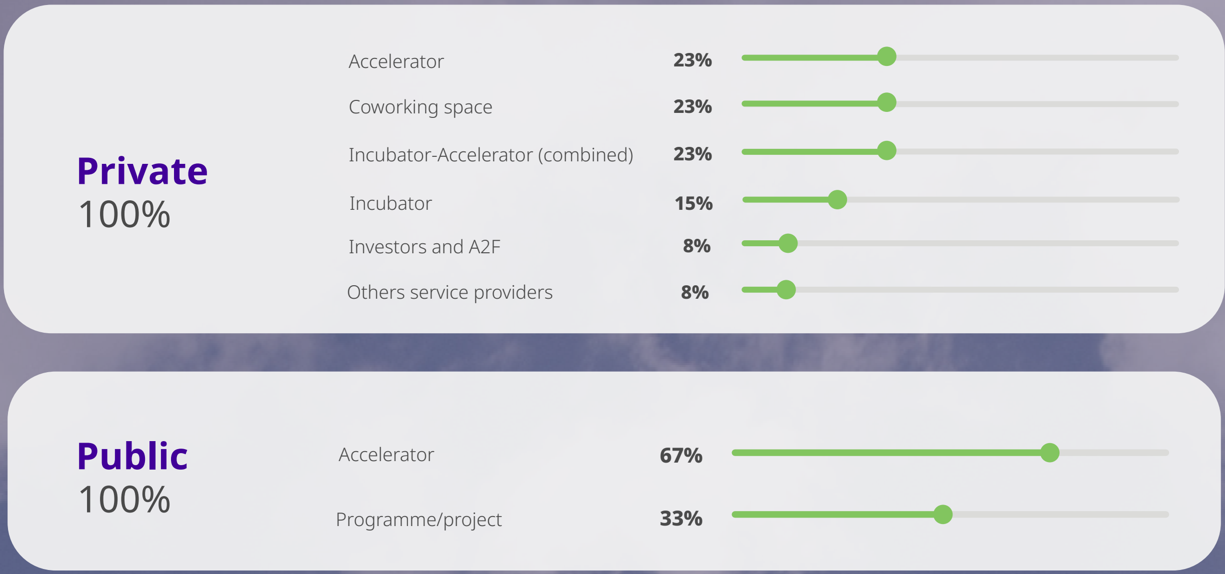


Figure 34. Breakdown of governance model by services provided in Somalia

Breakdown of Somalia organisations/ initiatives operating in the entrepreneurship ecosystem by capital/out of capital

The majority of the organisations/initiatives are concentrated in Hargaeisa city. Somalia is the only target country where a non-capital city presents a greater volume of services then the capital, Mogadishu.

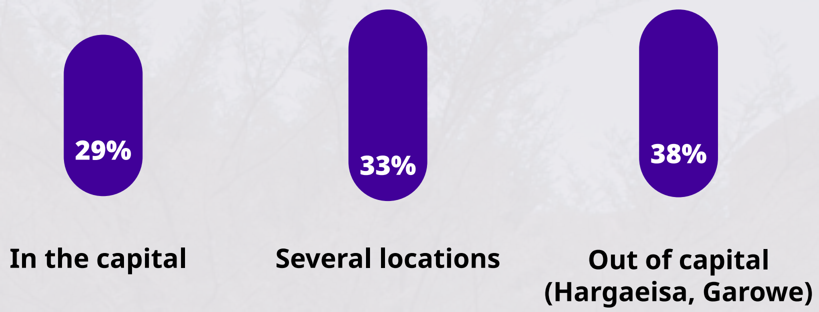


Figure 35. Breakdown of Somalia organisations/initiatives operating in the entrepreneurship ecosystem by capital/out of capital

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