

101 WAYS TO MAKE MONEY IN AFRICA

Lucrative Business Ideas,
Inspiring Success Stories, and
Interesting Business Opportunities
for Forward Thinking Entrepreneurs

John-Paul Iwuoha
Harnet Bokrezion PhD



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Testimonials

"You don't need a brilliant plan to get rich in Africa. All you need is the confidence that Africa is booming, some good contacts, and this book full of dazzling ideas to get you started."

It is a very well written guide that you can use while doing business in Africa. The plans are ready to use, the examples provide a lot of information that lead one to wanting to explore more. If you want to do business in Africa, I suggest you travel across the continent with this essential toolbox in hand."

- **Marc van der Sterren**, CEO Farm Africa, Netherlands

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Dedication

This book is dedicated to Africa and its wonderful people. We are excited to be part of the generation of change on this promising continent whose time for responsible business and economic prosperity has finally come.

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A Note To The Reader

This book is the most comprehensive collection of Africa business ideas you will ever come across....anywhere. But it does not stop here. Having an idea is easy – making truly informed decisions in an African context and making them confidently is a different pair of shoes. As a result, too many entrepreneurs never get started, hop from one idea to the next, or rush into a hasty startup concept only to find out it didn't work.

Do you recognize yourself in one of those categories? The real tragedy here, however, is not that you struggle to get the train moving, but that you really miss out on what Africa has to offer right now when you don't.

Africa is now being widely promoted as the world's last market frontier. In simple terms: It is a new, fast-emerging market, a little bit like China was about a decade ago. Well, it is fair to say that it took the world quite some time to wake up to this phenomenon; now that it has, the race has started. And this is precisely why *you* need a sense of urgency to get your Africa business off the ground, why *you* need to make smart and informed decisions about what business you will start – and *we* will help you to move you forward in that direction.

This is exactly why we wrote this book. In short, we are two ambitious African professionals and business bloggers, one based on the continent, one in the Diaspora, who strangely find great joy in reading and writing about 'Doing Business in Africa' almost seven days a week. All that knowledge we have now put together

here. Africa's future will be driven by a new generation of entrepreneurs. We truly believe that Africa's entrepreneurs have the amazing potential collectively to drive the continent into a better future; that they will pick up, where corporations and politicians have more often failed than succeeded. It's a vision, it's a conviction and for that to happen those who want to do business in Africa need to be empowered on a larger scale. Information and inspiration are key drivers to success, and with this book we want to provide both.

It is probably needless to say that this is not some kind of magical get-rich-quick book. But we have studied the amazing stories of hundreds of African entrepreneurs who indeed managed to turn their fortunes around, who built businesses starting with almost nothing just a few years ago, and now belong to the continent's most successful and wealthy.

The low level of competition makes such great success stories possible, and even if you find it hard to believe right now, these are ordinary Africans and non-Africans who are no different from most of us. That means *you* can indeed achieve the same, if you put the vision and hard work into it.

Now, we have not chosen to collect some random business ideas that may or may not succeed. This book is the result of a lot of research and work – a combined period of almost four years between us, to be precise. The ideas we present to you in this book are Africa's TOP business concepts across a variety of sectors and industries: there is a market demand, they feed into a hugely growing trend, and others who have embarked on them have become extremely successful.

No, selling DVDs in a corner shop or importing television sets are not among the ideas in this book. Well, there may be a market for those, but you probably get the essence of it – we have collected business ideas that are Africa's *real* drivers.

Each of our 101 business ideas presents a strong case. And here is how:

Market context

We are starting with an outline of an overall market potential for each idea. Here you will understand why this idea is powerful, what the current market dynamics are, and which trends you can expect. In short, this is the powerful Africa context for the idea.

Business Concept

Here you receive guidance as we introduce several business models, suggesting which one would work best and why. Take tomatoes as an example: You can plant them, you can export them, or process them into ketchup... different business concepts for the same product. We will point out why some business concepts will be smarter than others.

Niche ideas

We strongly believe in the power of finding your own rare niche in Africa's markets. It is usually less competitive and has the great advantage that you succeed faster. Carving out a rare niche for yourself usually allows you to become a big fish in a small pond, own that niche, and become the go-to-person in that market. Using simple bullet points we have suggested rare niches for each idea.

Countries & Policies

Here we let you know why certain countries are your best bet to realize a particular business idea – this is often directly linked to enabling policies in a certain sector.

Action Tips

We want you to be able to get started without delay, so we have laid out some practical action tips, links and contacts, and resources you can use to drive a particular business idea forward and turn it into an actual startup.

Success Stories

Most business ideas are accompanied by a real success story where we briefly demonstrate how a certain Africa entrepreneur has already turned that particular idea into a great success and how it all began.

Here's the deal

There are probably two common myths around starting a successful business: one is that you need an amazing idea, the other is that you need an awful lot of capital to get started. You need neither, particularly not in Africa. Instead of the extraordinary, the continent needs businesses and entrepreneurs who deliver a range of everyday products and services. Africa is now a fast-emerging market, the world's last market frontier, which is still far away from having reached its tipping point, and that means Africa right now needs almost everything.

Many who are already very successful on the continent have proven that you do not need an extraordinary idea or any significant capital to make it; some have started just a few years ago with absolutely nothing in hand. Today they run great businesses on the continent and are being featured across international media.

But to do business in Africa should not be merely about making big money. It should always equally be about our responsibility to develop the continent in a sensible and sustainable way. The new generation of Africa's business leaders needs to be a generation that positively drives the continent. Luckily this is exactly what is happening: there is a great and newly found awareness among Africa's rising business community and their CEOs that business success in Africa is an opportunity to help shape Africa's next chapter and to contribute to its development. This does not mean that we have to engage in philanthropy or charitable projects, but it is a reminder for all of us to build businesses of relevance to the wider community. Doing business in Africa can and should meet

this deeper purpose, and at the same time it allows you to build a grand lifestyle for yourself, one that you may not even have considered to be in your reach. Africa is the place where this is now very much possible for you.

You may still worry about corruption, bad leadership, poor infrastructure, terrorism and personal security, and your worries are justified. But they should not be a reason to hold you back, and worries should not turn into fear that paralyzes you into inaction.

Yes, serious security concerns are still the sad reality for a few countries in Africa, and frankly such countries are simply not to be recommended at all for any sort of business. But it may help to bring a few things into perspective when talking about Africa as a wider region. Africa has 54 countries with very diverse circumstances; many countries have made incredible security and policy improvements and the movement against corruption is visibly increasing. And let's not forget that thousands, if not millions, are building very successful businesses in Africa *already!*

Do you know the saying 'the biggest risk in life is taking no risk at all'? What great wisdom and so truthful in describing the dilemma some face when thinking about doing business in Africa. Africa's emerging economy with little competition allows you to grow a business faster and bigger than you may be able to build elsewhere right now. Would it not turn your life around for the better? And let's face it: Africa only has this amazing pool of opportunities *because* it is volatile and riskier than already established markets. That's the nature of a new emerging market. That's what makes them attractive.

Doing business in Africa is not for everyone, of course, and it does not have to be. But if you belong to those people who feel the nudge, who are prepared to try a different and maybe less-travelled path to build a great life, this is your call!

Are you ready for Africa? Because we believe Africa is ready for you. And this book is meant to empower and inspire you, so you can clearly see the opportunities that lie in front of you.

And here is some last advice we would like to give before we finally reveal Africa's best business ideas and success stories to you: We urge you to not just scroll through the ideas and pick the topics that seem interesting. Instead, if you really want a thorough understanding of Africa's market dynamics, read the entire book.

By the time you get to the end, your patience will pay off. We believe that once you have finished the book you will be ahead of millions of other people who are considering doing business in Africa, because you will be equipped with detailed insights into what works and what does not. We have seen too many who come up with a business idea, but have no clear understanding of what they are doing or where they are going with it.

In this book we present you with Africa's top business ideas; but above all we deliver a strong market context around them. And it is that broader perspective and this unique clarity which allow you to make informed business decisions, making them faster and more confidently than you ever thought possible.

This will be the drive, the enthusiasm, the life energy that will get you going, until one day you too will be able to reap the fruits of success in Africa.

Getting started

Dream big, but start small. And moreover: work smart. Starting small does not mean that you will need ten years to make it. As mentioned before, our aim is to choose Africa business models that will start paying you fast, without you having to invest significantly financially. After all, the demand for many products and services in Africa is so pressing that it would not make any sense whatsoever to build a business that takes a decade to take off and make you a healthy return.

What you will need to invest, however, once you turn your business idea into a startup, is your time and commitment. We are talking about building a business with long-term profitability that requires a lot of personal input. So you need to be absolutely ready for that. In Africa, it means you need an extra big dose of patience and perseverance. You can't make it without those two.

Here is some good news: The 101 business ideas we are listing in this book can be done by most if you are willing to learn a little. You don't have to be a genius or expert in each field to get started; chances are that many Africans will need or value what you have to offer and you can become one of the best in your industry niche with consistency and commitment – as long as you continue to add value to your customers and offer great service.

Now, let's get started!



Entertainment

"We aren't in an information age. We are in an entertainment age."

Tony Robbins

Entertainment in today's world is a huge and fast-growing industry that holds several lucrative opportunities for entrepreneurs. It has become a multi-billion dollar business as millions of people around the world continue to look for places, facilities and activities that provide a diversion and a chance to relax and have fun.

In Africa, entertainment is one of the most promising and fastest-growing industries. This sector makes more than \$50 billion dollars every year for the continent and remains a major employer in many countries. As Africa's tourist destinations and its film and music talents continue to draw the world's attention, the value of the continent's entertainment industry will continue to rise in the coming years.

In this section, we will look at five main areas of interest in Africa's entertainment sector that hold the greatest business ideas and opportunities for both local and foreign entrepreneurs and investors.

1. Become a player in Africa's booming film and music industry!

Africa's film and music business is booming with raw talent, creativity and energy. The media and entertainment industries are registering above-average growth in many African countries and are expected to grow at 5% GDP per capita up to 2015. Nollywood, for example, Africa's biggest and most popular slice of the film industry, with roots in Nigeria, is now worth more than \$800 million. In a country with a high unemployment rate, Nollywood employs over a million people, making the film industry Nigeria's largest employer after agriculture.

The film and music industry has a large following of over one billion people, on the continent and among Africans and non-Africans around the world. In fact, Nollywood has grown quite

rapidly in the last two decades to become the second largest movie company in the world (based on the number of movies released). It releases over 2,000 new movies every year, ahead of Hollywood, USA (about 800) and just behind Bollywood, India (around 3,000).

Film and music is not just booming in Nigeria alone. The markets in Ghana, East Africa and South Africa are also growing very fast, both in size and popularity within and outside the continent. Although plagued by low funding and poor distribution networks, the African film and music industry is still in its early growth phase with a lot of lucrative prospects for smart entrepreneurs.

According to a study by the British Broadcasting Corporation (BBC), producing a full-length movie in Africa's film industry costs between \$25,000 and \$70,000 on average. Most films are produced within a month and are usually profitable within two to three weeks of release. Most DVD movies easily sell more than 20,000 units, while the most successful sell over 200,000.

An interesting and promising trend has emerged in the industry in the last few years: A growing number of film and music releases now feature collaborations between top-rated Western actors and musicians with local African acts. There is also a noticeable improvement in film and music quality as the budgets for production are increasing.

Business Concept

The success and potential growth of Africa's film and music industry has opened a lot of opportunities for *production houses, cinematographers, movie editors, animation specialists, costume designers, makeup artists, sound producers, choreographers* and *food catering crews*. The film and movie distribution business is also showing huge potential as cinemas, consumer

media (e.g. DVD, VCD, Blu-ray, PayTV and internet-based television) jostle for greater market share. So figuring out how you can build a popular distribution platform could prove to be financially very rewarding even before you are well known in the film or music industry.

As you can see, there is a wide spectrum of businesses you could start within these creative industries. Offer something of great quality and with an edge to make it into this somewhat competitive market, and then network, network, network to get your foot in the door and keep it there.

Top Countries & Policy Guidance

Top countries with a vibrant film industry and international reputation are Nigeria, South Africa, Kenya, and Egypt, but other countries have a significant and growing national or regional industry. Among them are Morocco, Somalia, Algeria, Burkina Faso, Namibia and Ethiopia. The development of the film industry actively contributes to the creation of jobs among the youth and increases GDP in those countries, and can therefore be viewed as an economic driver. However, be aware that you need to pay the city council for actually filming anything in public! This is a huge hurdle for those trying to get started.

Several francophone countries have a popular music and film scene.

Action & Tips

- One top tip is to consider the Seychelles! The islands are the backdrop for many of Africa's films and in 2014 the Africa Film Factory and the South African Broadcasting Association (SABA) had discussions with the Seychelles Broadcasting Corporation (SBC) to produce a series of high-quality African films for an international audience in the Seychelles. What a beautiful business destination, but the fact is you may be filling a growing new market locally!
- Get in touch with the Africa Film Factory at africafilmfactory.com, or look at their website to find clues for your business concept in Africa. Look at their careers section: it may be an indicator for market gaps,

or a chance to get your foot in the door if you seek more experience before going it alone.

Success Story

Jason Njoku – iROKOTv (UK/Nigeria)

In 2010, Jason Njoku noticed a huge gap and opportunity in Africa's film distribution network when his mother asked him to download a Nigerian movie and he could not find a convenient way to do so online. He saw that although DVDs were the common channel for film distribution in Nollywood, they were grossly inadequate and ineffective, especially for Nollywood fans outside Africa. Worse still, the DVD-based distribution system is vulnerable to piracy, a challenge that loses the industry up to \$200 million a year.

Born to Nigerian parents and raised in London, Jason flew to Nigeria to purchase internet distribution rights from movie producers. He has since catalogued more than 5,000 African movies on iROKOTv, his online movie platform.

Dubbed by Forbes Magazine as the Netflix of Africa, iROKOTv currently receives more than 10 million monthly visits from viewers around the world. At the time of writing, his company has attracted more than \$12 million in investment funding from venture capital firms and realizes monthly revenues in the region of \$1 million.

Following his success with iROKOTv Jason set up iROKING, an internet platform for distributing African music.

Have another look at the year in which Jason's mother asked her son to download a movie for her in the UK. Yes, you read it correctly; it was as recently as 2010. After Jason failed a couple of times with other business ideas he had pursued, he set up iROKOtV with a friend, earning him millions of dollars. This is the potential power of Africa's markets right now, if you have that important sense of urgency to step in.

Michael Muthiga – Fatboy Animations (Kenya)

If you have children and live in the West, you probably know Tinga Tinga Tales, an animation series of African animals that featured on BBC's CBeebies and the Disney Channel. Young entrepreneur Michael Muthiga is the founder of Nairobi-based Fatboy Animations and the creator of Tinga Tinga Tales. He has started his business a few years ago as a hobby and has now achieved great success and international exposure with his African animation characters and cartoon clips.

His 3-D cartoons have appeared in several adverts on Kenyan television and now he is planning to catch the eyes of Hollywood! On his small desk, three computers, a tablet, and his amazing skills are still at the centre of his work today. Michael believes that his great success is due to the mostly Kenyan characters he features in his cartoons to which many Kenyans and other Africans can relate "Hey, this guy on the screen behaves like me."

2. Movie theatres are catching on, but they're just not enough

The movie theatre culture is becoming popular, especially in Africa's urban centers. We believe they require a special mention in this book due to the huge gap that currently exists in Africa. In fact, Africa's demand for the cinema experience is severely underserved at the moment and we have an interesting comparison that will give you the proper perspective.

In the United States, for example, there are approximately 40,000 cinema screens; that's about 120 cinemas for every one million Americans. In the emerging world, India (*population: 1.25 billion*) has about 20,000 theatres while China (*population: 1.35 billion*) has just over 13,000 movie theatres. Can you try to guess how many theatres we have in Africa? Less than 1,000! Yes, the whole of Africa (*population: 1.1 billion*) has less than 1,000 cinemas. That's less than one cinema per million people.

In line with the pace of its movie market growth, Africa will need to develop roughly 1,000 cinemas every year to fully harvest the potential of its market. Most cinemas are located within shopping malls and recreation centers, activity hotspots that usually experience high human traffic. A good place to learn more about setting up a cinema business is the UK's Independent Cinema Office website at www.independentcinemaoffice.org.uk

Business Concept

To set up a proper cinema would require a significant amount of investment, but if you find the right market and present a compelling plan it would theoretically be possible to raise the money if you do not have it. However, we are convinced that almost every idea can be started 'small and smart'. You could start by setting up a movie theatre in a community hall, a large popular coffee shop or bar, or in the open air, either as the sole owner of this undertaking or in partnership with already existing businesses. Africans have

a huge need for entertainment, adults, youth, and families alike – a well-maintained open-air movie theatre in Africa's pleasant climate could soon become the hit of the town.

Niche Idea

Children and family movie theaters in a community center or open air.

Top Countries & Policy Guidance

This would work in all major cities and towns across Africa.

Action & Tips

- Why not sell your own popcorn brand during the action? It would surely add significantly to your earnings, considering that you can get maize cheaply across Africa. Also keep in mind: what you are really selling to your customers is the experience!
- A great starting point would be to look out for areas where cinemas are over-booked or non-existent.

3. Travel & Tours business works in Africa; but you have to choose your destination wisely!

In 2012, Africa raked in over \$36 billion from tourism, and the figure continues to grow. The continent's natural assets: mountains, savannahs and rivers, beautiful white beaches, diverse wildlife and cultural events such as music, dance and festivals continue to attract millions of people from across the world who seek relaxation, entertainment and adventure. Currently, Africa

receives more tourists every year than the Caribbean, Central America and South America combined (*source: UNWTO*)!

According to the United Nations World Tourism Organization (UNWTO), 'tourists in Africa come mostly from Europe and the US. France is the number one source, followed by the UK and the US. French tourists like to go to Morocco, Tunisia, Mauritius, Senegal and Madagascar. Tourists from the UK mostly go to Egypt, South Africa, Mauritius and Gambia, while those from the US prefer South Africa, Tanzania, Ghana, Rwanda, Ethiopia and Zimbabwe.'

Despite its huge potential and 'little' successes so far with the tourist industry, Africa has barely scratched the surface of what it can really do with tourism. Although its population accounts for 15 percent of the global total, Africa's share of tourism is just about 5.2 percent. This clearly indicates that there is still a huge potential for upside growth. So intra-African tourism and business travel is a trend you should surely focus on.

Apart from tourism opportunities within the continent, a growing number of middle- and upper-class Africans are travelling out of the continent to tourist destinations in Europe, North America and Asia. These African tourists, many of whom are first time travelers, have a preference for sightseeing, relaxation, shopping and adventure. As more Africans join the middle class, the size of this tourist segment will surely increase.

This huge and growing tourist traffic in Africa is a big opportunity for your business if you can organize affordable and convenient solutions to the tour and travel needs of the market. Recommending the best and most exciting destinations, organizing

local logistics, tour guides and accommodation, and providing an unforgettable experience, will be valuable to tourists and it's a service they'll gladly pay for.

Business Concept

The concept you choose in this market is significant for your success, and here is why: Africa's tourist market is pretty well developed in the most popular tourist destinations and it is therefore very important that you do not choose a business model that looks like more of what is already out there. You can easily set yourself up for failure.

Instead, really try to fill an existing gap, tap into a growing trend, or create a new one. So instead of setting up another local tour company with little distinction, create an online travel booking portal, offer wellness retreats, cheap student travel for an underserved segment of the African population, or tours with a cutting edge that sells.

Niche Ideas

- Honeymoon and vacation tours
- Dare-devil and extreme adventure packages (could include bungee jumps, skydiving etc.)
- Investment and trade mission tours
- Affordable student trips

Top Countries & Policy Guidance

There are, of course, top destinations like Kenya, South Africa, Egypt, and Africa's beautiful islands. While it is still possible to carve yourself out a niche in these dynamic tourism markets, you may have better chances with destinations that are still very much developing, yet that are being increasingly popular: Botswana, Nigeria, and Ethiopia, for example.

Tourism is being actively promoted in most African countries and you usually find an enabling policy environment in place.

Action & Tips

- Visit the websites of the Ministry of Tourism and the top tour companies for certain countries to get first insights into what is being offered and what is popular. But search for independent sources to find out more about the gaps you could fill.
- Consider if you want to serve primarily an international or an African market (intra-African travel is growing fast!), as your approach may need to change significantly when choosing one over the other.
- Be aware of potential terrorist attacks and other external risks in certain countries as they may affect your business immediately if you focus primarily on those destinations. A regional approach and online booking options will mitigate the risk for your Africa travel business.

Success Stories

Marek Zmyslowski, Jovago (Poland/Nigeria)

Let's have a look at jovago.com, for example. The Nigerian online hotel booking site that was started in 2011 by a young Polish entrepreneur has today grown into Nigeria's biggest hotel portal. But its owner did not stop there as he grew his business, adding many more hotels across Africa.

In fact, some of his 'top destinations' – as we write this book – include several hotels in Pakistan! According to the website today, 'the Jovago team comprises over a hundred people.'

Jeffrey Mulaudzi, Mulaudzi Bicycle Tours (South Africa)

Another interesting business story is that of Jeffrey Mulaudzi, who showed a French tutor around his home town during a visit in 2010 to get

to know the 'real South Africa' away from the tourist sites. He then extended that idea during the World Cup, distributing leaflets in hotels the same year, and it was so popular and successful that he bought new bikes from the income to extend his tours.

Today Jeffrey has three tour guides and hosts; his tours cost R200 (US\$18.75) for two and a half hours, or R400 (\$37.50) for four hours and include bikes, helmets, water, and lunch. According to howwemadeitinafrica.com who published his story, participants also get to taste umqombothi, a traditional beer.

During the tours interaction and communication takes place between the cyclists and the local community: 'I want people to better understand and know what kind of people live in the township.' He also added a couple of historic Apartheid sites to the tour.

Well, there's a thought – look how simple and wonderful a business concept can be!

4. Tap into the one sport that makes Africa go crazy: Football!

Sports and games have been a popular source of entertainment for humans even before the days of the ancient Greeks and Romans. Today, there are over a hundred types of sports that provide entertainment for millions of people around the world. However, there is one major sport that enjoys passionate support and overwhelming admiration across Africa. It's football!

Everybody (including non-football lovers) usually knows when an important game is being played because the country often literally comes to a standstill. Everywhere you go on the continent, you're very likely to see young boys kicking around a football. It doesn't matter if the ball is made of crumpled paper or plastic bags tied with a string. As long as it can be kicked, there will always be a game!

Apart from major competitions, like national friendlies, the Africa Cup of Nations or the World Cup, the most passionately followed football games on the continent are the European League games. The English, Italian, French, Spanish and German league teams have the most fans on the continent and more than 1,000 Africans play in Europe. It's not uncommon to find people wearing jerseys of some of the top names in today's football: Messi, Ronaldo, Rooney etc.

Africa's diehard passion for football has opened several business opportunities for entrepreneurs on the continent to make money. Here are a just a few:

- *Football gear and memorabilia:* Many fans look out for and buy branded items of their favourite football teams. Jerseys, banners, arm bands, bags etc are just a few items that are often used as fashion statements for fans who proudly wear them.
- *Talent Scouts and Agents:* Most of the football stars who play in the big leagues in Europe were found by talent scouts. These are people who search for and discover young boys with raw football talents. These scouts groom

these young talents and 'package' them for acceptance into the big leagues. For their efforts, these scouts and agents usually earn handsome commissions.

- ***Betting:*** Sports betting is big business in developed countries and rakes in up to \$700 billion every year¹. This phenomenon is rapidly taking root in Africa and is a legal activity in many countries on the continent. In their fits of pride and excitement, thousands of Africans bet on the outcome of football matches. A lot of betting is now done over the internet (online betting) and there are now several betting outfits springing up across the continent.
- ***Viewing centres:*** On game days (usually evenings and weekends), football fans troop to viewing centres to watch live games. These centres often have several screens that show football matches and it's not uncommon for the operators to sell drinks and light food. More often, these games are used to attract people to visit a restaurant or bar. In many other places, an entry fee may be charged.

5. More people are looking for great places to relax and socialize – offer it!

Around the world, parks, recreation and relaxation centers like bars and nightclubs are symbolic features of every city's social life. With one of the world's fastest rising urbanization rates, Africa's cities are becoming hotspots for children, young families, single professionals, young adults, tourists, and business travelers who

want to play, connect and have a great time over drinks, food and entertainment.

During the day (especially early evenings and weekends), the main entertainment spots are usually in open spaces like amusement parks, beaches, and open-air recreation centers. In the late evenings, bars and nightclubs are often the regular features in many of the big cities. The growing spending power among the continent's middle and upper classes, its overwhelmingly young population and huge appetite for fun and partying makes the relaxation and recreation business an attractive prospect for entrepreneurs and investors.

Business Concept

While you could open the next bar or nightclub in town, you will have a huge competitive advantage if you meet a demand and at the same time offer something that is simply not out there yet.

Word will spread fast and set you apart when you have a unique selling point and the ideas are endless: Build an indoor playground and combine that with a restaurant or café, run speed dating (where culturally appropriate) or organize business networking events in a local bar (the bar can be yours or someone else's), which could attract local sponsors once the events have become popular.

Niche Idea

Family and children's entertainment

Amusement and theme parks (not many exist on the continent)

Top Countries & Policy Guidance

Again, this is a business area that would work anywhere in Africa, but it will clearly have better success rates in the dynamic capital cities of the fastest growing economies where you find an exploding middle class. The upper-

middle class may be your top target. The best locations for your businesses will therefore be in South Africa, Zambia, Ghana, Mozambique, Botswana, Kenya, Tanzania, Rwanda, Uganda, Ethiopia, Morocco, Egypt, or Mauritius.

Action & Tips

- One of the best tips is to be inspired by the amazing and creative entertainment, socializing, and networking options that exist in the West for various segments of the society. They may not even be a big deal there, but it could go a long way in Africa.



Waste

“Just because people throw it out and don't have any use for it doesn't mean it's garbage.”

Andy Warhol

According to a World Bank report², sub-Saharan Africa generates more than 70 million tons of waste every year. On average, Africans generate up to half a kilogram of waste every day on an individual basis, while businesses can produce up to two kilograms of waste every day! Moreover, the amount of waste generated on

the continent is estimated to increase rapidly over the coming years. The reasons for this expected increase in waste production includes Africa's huge and fast-growing population, rising consumption levels (due to a growing middle class with higher disposable incomes) and rapid urbanization.

Everybody produces waste, including industries and businesses. It is a direct consequence of human existence. Waste is anything that we no longer have use for and wish to dispose of. This includes everything from used paper bags, empty cartons and boxes, leftover food, kitchen waste and all forms of garbage and sewage. The volume of waste generated on the continent is expected to double in the coming years as Africans consume more.

Interestingly, what is waste to ordinary people is of immense value to others. As you may already know, waste is a multi-billion dollar industry in the developed world, especially in North America and Europe. In Africa, the waste industry is still in its infancy and has yet to take off. Nevertheless, there are a few smart entrepreneurs who are already building successful businesses from the huge volumes of waste produced every day in Africa.

In this section, we will look at the main opportunities in Africa's waste industry and view the profiles of entrepreneurs on the continent who are putting that waste to great use.

6. Provide waste disposal and collection solutions!

Waste is a serious inconvenience to individuals, households, businesses and industries, especially in the urban areas. For this reason, people frequently need a cheap and convenient way to dispose of their waste in order to safeguard their health and the environment.

Take human waste, for example. In many African towns and cities there are inadequate public toilet facilities, and most townships, towns, and villages face the same problem. With millions of people on the move every day across the continent, affordable and convenient human waste disposal remains a problem for many people. In Lagos, for example, one of Africa's most populated urban areas, this need is more apparent as people relieve themselves indiscriminately in open spaces. But you will find that happening across Africa and yes, you guessed it, this is where the brave ones among you can do business!

Business Concept

This is a clear case: There are already young businesses operating very successfully in this niche offering both mobile toilets and affordable toilet blocks. You can simply copy their concept and start operating anywhere in Africa.

There may also be franchising or simple partnership options, so get in touch with those who successfully operate in Nigeria and Kenya – this may allow you to simply use and disseminate an already functioning toilet system and earn profit this way. And it is not just the service delivery that produces money for you. Using pretty simple technology, you can turn the waste into biogas energy and sell that, too.

Top Countries & Policy Guidance

The waste management business will work anywhere in Africa!

Action & Tips

- There are several concepts of portable and public toilet systems already existing in Africa, but ideas can also be taken from other emerging markets such as India or Brazil. Your best way will be to choose an appropriate system that would work locally and replicate that.

Success Story

Isaac Durojaiye - DMT Mobile Toilets (Nigeria)

This is not a recent business success story, but nevertheless one to tell: Isaac started Dignified Mobile Toilets (DMT) in 1992 after observing that there were only about 500 functional public toilets in Nigeria, a country with a population of more than 130 million.

The mobile toilets are made of durable plastic materials and are available for sale, rent and for leasing. DMT maintains the toilets and its specialized trucks evacuate the human waste twice a week from each toilet. DMT is a very successful and profitable business and was featured recently on national and international media, including CNN.

DMT Toilets are now a common sight at construction sites, public areas and outdoor events.

7. Recycle waste into money! It sounds crazy but it's already happening!

Yes, we have to confess doing business with waste is certainly not for the faint-hearted or sensitive. But the payoff can be huge those who give it a go.

More than 75 percent of waste produced around the world is recyclable. Waste recycling is the biggest segment of the waste business and produces raw and semi-finished materials which are sold to industries that use them to produce new products. Waste recycling could also produce finished products that could be sold directly to the market. The most commonly recycled materials in the world include: plastics, rubber, glass, metal and textiles. Let's look at the potential of these materials below:

- *Paper* – This usually makes up a large portion of the waste collected. With countries like Rwanda, Uganda and a few others that have banned the use of plastic and nylon bags, recycled paper is becoming the top choice for producing biodegradable paper products. More waste paper from discarded newspapers, magazines, cardboard and old books is recycled into shopping bags, cardboard and cartons for new products (such as electronic equipment, etc). Potential buyers of processed waste paper are pulp and paper mills, market vendors, paper dealers and middlemen.
- *Plastic* – This is arguably one of the most common forms of waste in urban African areas and is quite notorious for blocking drainage and river channels. Waste plastic such as

PET bottles, shopping bags, empty product sachets and wraps can be melted down and formed into an amazing range of new and reusable products.

- *Metal* - Scrap metal, auto wrecks, aluminum (beverage) cans, used copper wires and used metal sheets can be recycled into new products or sheet metal for foundries and the manufacturing industry.
- *Rubber* – Disposed vehicle tires, old rubber footwear and other waste material made of rubber can be recycled into new products (such as shoes, sandals, mats and carpets). Tire manufacturers and industries that use boilers (like cement production factories) are also top users of rubber waste.
- *Textiles* - Old clothes can be recycled and used for the production of doormats, cushions, mattresses, clothing, homemade caps and duster coats, stuffing dolls and several other products. Recycled textiles are also used in the production of high-quality paper.
- *Organic fertilizers* – With the growing global demand for organically produced foods, there is a big opportunity for organic fertilizers both for use in Africa and for export to foreign markets.

Business Concept

The various options above clearly demonstrate that there are so many different business concepts that can be based on 'recycling' - the material and products simply vary widely. What's important is that you choose an area you

feel passionate about, be it design, manufacturing, or agriculture. Right now, all of these materials will be greatly in demand, because the majority of Africans need access to affordable material and your recycling business can provide just that. The success of your business is based on that rationale.

Top Countries & Policy Guidance

Most Africans own incredible traditional recycling skills and with a wide availability of waste material a recycling business could work across Africa. Your products could then be sold locally and through intra-African trade routes.

Action & Tips

- Get inspired at African recycling markets, by African entrepreneurs in the field, and look at what a big range of recycling systems and products the world at large has to offer. This is about finding a worthwhile product and then introducing it into your African market.

Success stories

Lorna Rutto – EcoPost (Kenya)

Innovative entrepreneur Lorna Rutto founded EcoPosts in 2010 and she has since built a successful business by manufacturing fencing posts out of plastic waste.

EcoPost has workers who collect the plastic waste in Kenya's streets and waste sites; it is then manufactured through a relatively simple process into posts that are used for construction sites, fencing, and roadside posts. It is an environmentally friendly and cheaper alternative to timber posts and takes plastic waste off the streets.

In its first eight months of operations, EcoPost manufactured 5,000 posts, removing 300 tons of plastic waste from the environment. 'That's 500 trees that won't be chopped down,' Lorna states.

Lorna's business is said to have reached the US\$100,000 mark last year and her story has been featured across Africa business media channels.

Bethlehem Tilahun Alemu - SoleRebels (Ethiopia)

Bethlehem founded SoleRebels in 2004 in a quest to help her impoverished community, and she has since then built a very successful African footwear brand made from waste and recycled materials. Her business makes footwear from used car tyres, old military uniforms and other waste materials.

Bethlehem has used the artisan skills of locals and has started selling her eco-footwear online in Ethiopia and around the world. SoleRebels is now a million-dollar company which has been featured throughout the media. Bethlehem is now one of the Young Global Leaders of the World Economic Forum on Africa.

8. Explore biogas; it's the fuel of the future...

Although biogas is a product of recycled waste, it deserves a special mention. Biogas refers to a mixture of gases produced by the fermentation of household or agricultural organic waste (like sewage, kitchen waste, animal manure, food scraps and plant

material). When all of this organic waste is allowed to decompose in the absence of oxygen, methane is produced. This valuable fuel can be used for heating, lighting and cooking purposes in homes, farms and boarding accommodation facilities (like prisons, hospitals and hostels).

At a time when fossil fuels are becoming less affordable and Africa is fast losing its forest reserves to heavy firewood and charcoal production, the demand for clean, affordable, sustainable and eco-friendly fuels has never been higher. Biogas is an effective and cheaper alternative to all the expensive and environmentally unfriendly fuels we use today. Most importantly, it is ideally suited to Africa.

Africa is still quite new to the concept of biogas, which makes it a big opportunity for the continent. In Asia (especially in India, Bangladesh, Pakistan and Vietnam), biogas has been in use for more than 50 years. Over two million households in India use biogas as fuel for cooking and heating. In Bangladesh and Pakistan, the number is in the hundreds of thousands. By producing fuel from their own waste, people in developing regions like Africa can cut down the amount of money spent on cooking fuel (which can amount to thousands of dollars in a single year).

Business Concept

Your biogas venture may work best in some of Africa's rural communities where cow dung can be used for the fermentation process to produce the gas. Your business could be based on constructing the underground biogas reservoirs and teaching communities how to use and maintain them. You don't need to invent the technology, its already out there in various forms. Your business would be based on building, trading, and selling these solutions.

Top Countries & Policy Guidance

If you use animal dung your best option will be to work in communities who rely heavily on animal production with cattle topping the list. You will find such communities across Africa, for example in Uganda, Namibia, and Botswana.

Action & Tips

- The method is not widely used in Africa, so raising awareness and training will be needed to convince locals.

Success Story

Takamoto Biogas (Kenya)

Takamoto Biogas provides Pay-As-You-Go biogas systems in Kenya where its customers, mainly smallholder farmers, pay a small fee to install the biogas system and then prepay using their mobile phone for the biogas they use.

Targeting farmers allows Takamoto to leverage the cow dung produced on site, which is directly loaded with water in the system.

Part of a virtuous cycle, the fertilizer produced as a by-product is used by farmers to replenish the soil. Takamoto monitors the biogas system through a GSM-connected smart meter that sends information regarding the maintenance of the unit and customer payment status. Added to the biogas system, Takamoto provides biogas household appliances. As of January 2014, 100 farmers in Kenya were benefiting from Takamoto's biogas solutions.



Apparel

"Clothes make us who we are. Naked people have little or no influence on society."

Mark Twain

Would you rather stay hungry or go naked? Every time I ask this cheeky question I can predict the answer. It reveals how clothing is such a basic and essential human need that it transcends social status and financial situations. Everybody, including the miserably poor, has a want and need to wear clothes. We all have our

privacy and dignity to protect. To modern humans, clothing holds more value than food in my opinion.

If everybody needs clothing, how much of it would you need to clothe 1.2 billion Africans? A lot! With a population that is projected to double by 2050, the demand for clothing in Africa will grow along with its huge population. Whether you're interested in high fashion, locally-made textiles, imported designer clothing, fashion accessories or footwear, everywhere you look the apparel industry in Africa is brimming with potential.

Apparel is a huge business opportunity for entrepreneurs because the demands of the market are as huge as they are diverse. Rich, middle-income and poor Africans have different tastes and preferences in the clothes they wear. While the rich are more discerning in their taste and style, most poor people look out for durability and functionality in clothing. These different segments of the market provide opportunities for entrepreneurs at a range of levels and price points.

In this chapter, we will reveal the main areas that hold the biggest opportunities in this huge and rapidly-growing market. We will also share some success stories and accounts of entrepreneurs on the continent who are making their mark in different segments of Africa's apparel industry.

9. Africa is a fertile ground for the footwear business – start making shoes!

Footwear is an essential part of clothing and modern humans are never completely dressed without it. For thousands of years, we have always found a way to protect our feet from harm, injury and dirt, and even to support our walking. No wonder that today the global trade in all kinds of footwear – slippers, sandals, shoes, boots, etc. — is worth billions of dollars every year.

In Africa, some interesting startups are already shaking up the footwear industry on the continent and globally.

SoleRebels is an eco-friendly footwear brand that is handcrafted by local artisans in Ethiopia. Started by Bethlehem Alemu in 2004, this amazing business recycles used tires and handmade fabrics to produce stylish footwear that it sells in over 50 countries, including the USA, Canada, Japan and Switzerland.

Heel The World (HTW) in Ghana is another interesting footwear brand that is blazing a new trail in Africa. In 2012, Fred Deegbe abandoned his banking job to focus on his shoemaking business idea which was inspired after a luxury shopping experience in London. His company makes high-end, bespoke and luxury shoes that are entirely made by hand. He hopes to grow his 'Made in Ghana' luxury brand across the continent and compete against the biggest footwear brands.

TT Dalk by Temilade Osinfade, a young and promising entrepreneur, is another interesting homegrown footwear brand that is causing a stir in Nigeria. Featured during the 2013 African Fashion Week in London, TT Dalk makes delicately handcrafted, simple but stylish footwear and accessories for men and women. With stores in Lagos, Nigeria's most populated city, this promising brand is surely on the way up.

Africa has a strong potential to dominate the international footwear market. After all, the continent is one of the major producers of leather, a common raw material for making footwear. In addition to raw materials, shoe-making skills and talents are also abundant. Across the continent, local craftspeople are coming up with a wide range of unique and creative designs using locally available materials. Above all, the continent has a huge and fertile home-grown market to exploit, in addition to foreign markets.

And we received a great business tip from the Kenyan Leather Development Corporation: Footwear accessories such as soles are largely imported from China! There is a great business opportunity for you right there: Manufacture soles and other shoe accessories and related products – the demand in the industry will be huge and you can easily trade across African borders!

10. It's boom time for all kinds of clothing businesses... but don't become that next corner shop!

Where do Africans get their clothing from? Yes, I know we buy it in shops and open markets but where does it really come from? Who makes them? The answers to these questions hold the key to fully understanding the huge size and scale of Africa's clothing market.

Every piece of clothing worn by Africans, from simple shirts and dresses to more elaborate items, come from four main sources. Let's look at each of these sources and the interesting opportunities that lie within them:

a) Non-designer and mass-produced apparel

This is the main source of clothing for millions of Africans. Most mass-produced garments are typically western-style clothing and range from casual wear (like shirts and jeans) to formal attire. These clothes are usually made in large-scale factories in Eastern Europe and Asia (especially China, Bangladesh, Vietnam, Turkey and Thailand). Mass-produced clothing is typically low-priced and sold as non-designer brands in shops and markets throughout Africa. This segment of the market appeals to consumers who want new and decent 'western-style' clothing at an affordable price.

b) Second-hand 'used' clothing

You may not like to hear this but second-hand 'used' clothing imported from Europe and America is a significant

source of clothing to millions of Africans, especially the poor. However, contrary to common belief, this type of clothing is not entirely made up of rags. In fact, 'high-grade' second-hand clothing is often highly-priced and attracts a huge demand from middle-income bargain hunters.

Although several countries in Africa have banned the importation of 'hand-me-downs from the West', the biggest value of this type of clothing is that it is very cheap and offers a variety and quality that mass-produced clothing does not always have. In our opinion, second-hand may continue to dominate certain items of clothing in Africa.

Take women's bras, for example. Very few countries in Africa have the facilities to make bras because of the complicated manufacturing process. As a result, bras are one of the most sought-after items sold at the many second-hand clothing markets in parts of Africa. Unless affordable and quality substitutes become available, the second-hand clothing market will likely continue to boom.

c) *Designer clothing*

This is the category of the clothing market that appeals to Africa's rich, upper class and fashion-conscious consumers. Designer clothing is the highest-priced in the market and is usually sold in high-end shopping areas and boutiques. These clothes are typically the products of famous celebrity designers in North America and Europe. Entrepreneurs who deal in this type of clothing usually buy from high-fashion boutiques overseas.

Interestingly, there is also a growing crop of African brands that are causing quite a stir within and outside the continent, and can rightly be classified as designer clothing. One of the best examples is *Deola Sagoe*, whose clothing line has been featured on fashion runways around the world and is worn by top international models and wives of Presidents.

It's also important to mention here that there is a rising trend of cheap imitations of designer clothing that are flooding African markets from Asia. A lot of this clothing, though mass produced, is made of inferior material but imitates some of the top-selling international designer brands.

d) Indigenous garments

Across the continent, there is a renewed love for African-inspired clothing styles, designs and colors. Using local fabrics, and sometimes merging western styles with indigenous flavors, the market for locally-made African clothing is certainly on the rise and the potential and opportunities in this trend are huge.

With a growing appreciation of African fashion, the continent's large population will provide a huge market for this young but promising segment of the clothing industry. In addition to the local market, African-inspired garments have an outstanding export potential outside the continent.

Malawi's *Lily Alfonso* , Tanzania's *Kemi Kalikawe* and Kenya's *Njema Helena* are just a few of hundreds of entrepreneurs across Africa who are building their passion for fashion into successful businesses. These entrepreneurs, many of whom are already gaining attention in their own countries, are building a viable local clothing business that may dominate the continent's market in the near future.

Knowing the segment of the market you want to serve in the clothing business is very important. In the mass-produced category, low prices are a huge motivator. For the luxury designer segment, it's all about impressions of quality, class and style. Knowing the kind of customers you want to target will help you to make the right decisions, especially those that concern pricing and the location of your business.

11. Textiles – The demand for fabrics is on the rise providing multiple opportunities for you!

Every piece of clothing – shirt, dress, suit or blouse – first exists as a sheet of fabric; it is the most important raw material on which the clothing industry is built. Every year, millions of rolls of clothing materials (like cotton, silk, linen and wool) are used to make all kinds of clothing. One of the world's leading textile producers is Bangladesh, a developing country like many in Africa. In 2013 alone, Bangladesh's textile industry was worth more than \$19 billion, second only to China, the world's largest textile producer.

If you're interested in entering the textile business in Africa, there are two major ways to achieve this goal. Here they are:

e) Imports

Yes, the scale of the textile industries in Asia give it significant cost advantages over other regions. China, Bangladesh, Vietnam, Thailand and several other major textile producers export fabrics to many regions of the world, including Africa. The continent already imports large volumes of textile products from Asia and we expect that these volumes will continue to grow in line with the demand for clothing in Africa.

f) Local production

It may be impossible for Africa's textile industry to catch up with the world's leading producers except with massive investment and government support. However, Africa still has a huge opportunity with locally-made fabrics. Traditional African textiles are making a comeback on the continent; some of the most popular that have the highest local demand and export potential are: *Aso oke and Adire (Nigeria), Kente (Ghana), Shema (Ethiopia), Barkcloth and Mudcloth (Uganda), Kitenge (East Africa) and Shweshwe (South Africa)*.

Africa has a huge advantage in building a lucrative industry out of its culturally-inspired textiles. It owns the techniques for making them, and a huge market to tap into. These local textiles will very likely open new horizons of opportunity for Africa's textile industry.

Business Concept

While you could simply go into trading these fabrics a great business concept for you lies in carving out your own niche and unique production range. Think about home-décor for example such as curtains, cushions, table runners, serviettes, bedding sets. It would be very simple to employ local sewers to help producing your range; in fact you can get this quickly off the ground with little investment and even in your own garage or house. Make sure you get your products online these days approach major furniture shops, and produce for the hotel industry or the African Diaspora!

In fact, bedding is still largely imported across Africa – it's a valuable niche for you to focus on entirely!

Niche Ideas

Home decor

Bedding

Baby clothing and bedding

Luxury ties and bow ties

Top Countries & Policy Guidance

This kind of business would work anywhere in Africa, but Ethiopia, Kenya, and Nigeria are planning to develop their apparel industries, so expect very vibrant markets to grow in these countries.

Action & Tips

- Very important is that you build a qualitative brand that people can recognize everywhere a few years from now. Don't sell pillow cases – develop and sell your brand.
- Have a look online about thriving apparel industries and products in the West, Middle and Far East and get inspired by products and creative ideas that could be translated into an African context.
-

12. Clothing accessories: you can make cool profits with all kinds of small stuff

If you think the clothing industry is huge, think again. The accessories we often wear with our clothing make up a much larger market that is worth billions of dollars every year. Clothing accessories include a wide range of items; some of the most popular are jewelry, handbags, hats, belts, scarves, watches, sunglasses, stockings, ties, leggings, suspenders and tights. Depending on trends, tastes and preferences, you can build a sizeable business out of clothing accessories in Africa.

One of the biggest categories in clothing accessories is jewelry. Janet is a young Zambian entrepreneur who abandoned medical school to pursue her creative passion in this field. She now owns *Janet Fredman Designs*, a jewelry retailer who specializes in contemporary African-inspired accessories. Although you might have thought that jewelry could only be made with gold, silver and gemstones, Janet's pieces are made from natural resources such as seeds, wood and leather. Her unique jewelry encapsulates raw beauty and is earning her a lot of attention, both locally and globally.

Watch Haven is another interesting business that has targeted a niche in the clothing accessories business. This Nigerian startup focuses only on watches – men's, women's, kids' and luxury watches. The business uses its impressive website to reach a wider target market and offers free shipping, fast order processing and the option to pay on delivery.

There seems to be an interesting trend of African startups focusing on just one or two clothing accessories and establishing themselves within a niche: jewelry, handbags, sunglasses, watches, etc. Are there any accessories you have noticed that could sell well around you?

Success Story:

Kunmi Otitoju - Hermès (Nigeria)

Kunmi Otitoju, a 30-year-old Nigerian fashion designer and entrepreneur, holds two Computer Science degrees – a Bachelor of Science degree with first-class honors from Howard University and a Master of Science degree from Virginia Tech. But her first love was Fine Art. As a high school student in Lagos, she won the Fine Arts prize at school every year for three years.

Having moved to the US when she was 17, and then to Europe at the age of 25, Otitoju found herself deeply enmeshed in western culture. Keen on preserving her Nigerian identity and eager to propagate facets of Nigerian culture, she conceived the idea of lining high-quality leather bags with Aso-oke fabric, a hand-loomed cloth woven by Nigeria's Yoruba people.

In 2011, after stints at Goldman Sachs and a few other international corporations, Otitoju established Minku, a fast-growing high-end Afro-centric brand that produces luxury bags, wallets and other fashion accessories for men and women by subtly blending Aso-oke into contemporary Spanish leathers to present a transcontinental finish.

All Minku's products are hand-made at a workshop in Barcelona, Spain, but they are sold at high-end stores in Nigeria and on the company's website.

Extract: Forbes Magazine



Mobile

"My cell phone is my best friend. It's my lifeline to the outside world."

Carrie Underwood

Mobile phones are a very big deal in Africa. The continent's multi-billion dollar mobile market is now the second-largest in the world after Asia. It's not just one of the largest; it's also the fastest growing market for mobile phones and technology on earth. The penetration of mobile phones is increasing at a staggering rate

across the continent and the number of mobile phones in use is expected to reach one billion by 2017.

The spread and influence of mobile phones in Africa is amazing. A CNN cover story in 2012 reveals *Seven Interesting Ways Mobile Phones Have Changed Lives in Africa*.³ Across banking, education, health, disaster management and several other strategic areas, the spread of the mobile phone is leading a positive and transformative revolution across the continent.

Mobile telecoms have attracted a lot of foreign and local investment to Africa (almost \$15 billion annually over the last five years). And many of these investments have yielded impressive returns and rewarded investors quite handsomely. In 2011 alone, the total revenues from Africa's mobile telecoms industry reached \$35 billion⁴ and currently contribute about 10 percent to the continent's GDP.

Africans have embraced mobile telephones across all social classes. Poor people, especially in rural areas, commonly use cheap and very basic mobile phones (talk and text only). The rich and sophisticated users in the middle class are at the top range of the market with various brands of 3G and 4G smartphones.

As impressive as Africa's mobile industry growth may seem, this is only the first wave of the mobile phone revolution in Africa. In less than a decade from now, a digital (data) revolution will usher in the second wave of Africa's mobile revolution as the cost of internet access falls across the continent. Over the next decade, more Africans will be able to access the internet (many for the first time) through mobile phones.

At the moment, Africa's young mobile industry is churning out a new generation of homegrown millionaire entrepreneurs who serve this multi-billion dollar market. Mobile hardware sales and repair, installation and maintenance of telecom infrastructure, and the emerging mobile apps space are just a few of the avenues small businesses are exploiting to make money in this market.

Let's explore the interesting opportunities in Africa's mobile market and see what great businesses you can build out of it...

13. The opportunities in Africa's mobile hardware market are still huge

Mobile phones are now the fastest selling device in the world, even more so in Africa! Many of the major mobile brands, especially Nokia, Samsung, Blackberry and Apple, continue to compete aggressively to gain a larger share of the action. Although the market for brand-new phones is big, the market for used (second-hand) phones is also thriving, driven by the demand from people who cannot afford to buy new.

Second-hand phones have a strong appeal on the continent because they provide the opportunity to own a new phone model at a very affordable and inexpensive price. As a result, for less than half the price of brand new phones, millions of Africans can afford high-end and multifunctional smartphones. Many of these used devices are imported from Europe and USA and sold in several informal open markets across Africa.

Because of this booming second-hand market, more people are able to quickly sell off their phones and then switch to a newer or better model. However, there is a growing presence of cheaper smartphones (especially from China) that are now flooding the African market. As the prices of brand new smartphones continue to come down, it is likely that it will lure more consumers away from second-hand phones.

Mobile phone accessories are another huge segment of Africa's mobile hardware market. As more Africans own mobile phones, the demand for accessories like chargers, earphones (wireless and wired), batteries, phone pouches, USB connectors and memory cards remains on the rise. Millions of these accessories (worth billions of dollars) are imported every year, especially from China. Located in Lagos, the commercial capital of Nigeria, the ever-busy Alaba International Market has become the key hub and main supplier of mobile phone accessories to the West Africa region.

The mobile accessories market continues to change in response to the needs, preferences and fads in consumer demand. Innovations such as solar-powered chargers, for example, are very likely to be taken up by the market because of notorious electric power supply challenges faced by many people. Entrepreneurs must learn to watch and follow very closely the trends in the mobile phone market in order to exploit new opportunities that emerge.

Mobile phone servicing and repairs is a sector that has emerged from the booming mobile hardware market and is much in demand. Like all machines, mobile phones may require repairs which involve software troubleshooting or a change of parts. This service and repair niche of the mobile phone market is providing

business and employment opportunities for thousands of young and technically-savvy Africans. There is also a booming multi-million dollar market for mobile phone spare parts that supports this segment of the industry.

Business Concept

The immediate concept that would probably come to mind is to import the phones or the accessories, rent a small shop and start selling. And there is nothing wrong with this idea; go for it, but only if there is a clear demand in your area. Don't make the mistake of simply joining several such shops that already exist in your market, or you will face the risk of remaining a very small fish in a big sea.

Now, there are ways you can set yourself apart: The eCommerce technology market in the West, for example, is huge. More and more people in Africa will want to buy their mobile phones and accessories online, so if electronic payment options are available in your country this would be a great opportunity. The market is still new to most parts of Africa, and you can be among the first to get involved.

Here is another concept: what about developing your own very neat made-in-Africa brand for mobile phone accessories? It would be very easy to design a variety of phone cases, for example, made of leather for business people and other fabrics for everyday use, or with hip African designs for the youth. They should stand out and not be a copy of what is already out there.

If you have the cases produced locally, let's say by a group of women, poor, or otherwise disadvantaged people, you could sell that narrative of creating job opportunities for them alongside your brand. Africans would like to buy your cases knowing that they support other Africans when doing so – this would be your competitive advantage over the many Chinese products flooding the market.

If such hand-made mobile cases exist already in the many informal markets of your particular country, then it is your job to improve the quality or the

look. Brand them and get them into mainstream shops. It is also a straightforward business concept that you could easily start or replicate in any other country in Africa.

You could also look into the option of manufacturing other mobile phone accessories locally: ear plugs or car holders, for example.

Top Countries & Policy Guidance

This concept would work across Africa.

Action & Tips

- Almost everyone you know in Africa has a mobile phone. Ask them what they wish they had better access to or where they'd prefer a greater choice. How could repair services be improved?
- Look at the online stores of major Western retailers to get an idea for an eCommerce business, or get inspired by the many products available. Which one could you produce?

Success Story

Alex Fourie – iFix (South Africa)

Alex Fourie has started several businesses. Many of them never took off, but he struck gold with his company iFix. When Alex was told his iPhone could not be repaired he watched a YouTube video teaching himself how to fix it. He then put an advert in a local newspaper offering that service.

What started in 2007 in his dorm room while he still attended university has now grown into a chain of eight stores across the country, employing about 85 people.

Alex did not only offer to fix certain phone devices, but he made a promise to customers that he would turn the average waiting time of other repair services, which could last days or even weeks, into a one-hour service. After all, who wants to be without their mobile phones for days? This gave him a huge competitive advantage.

Today, Alex also runs RiCharge, a local manufacturer of mobile phone accessories and charging devices, which his company is now selling into 12 countries across the continent, including Nigeria. He has plans to increase the production of solar power charging equipment.

Alex Fourie was featured in the renowned US Forbes Magazine as one of the '30 Most Promising Young Entrepreneurs in Africa 2014'.

14. Build smart mobile apps that solve Africa's problems and make money!

You may have noticed that there is somewhat of an app hype happening in Africa's tech scene. It is just so cool to build an app. In Nairobi's iHub young leaders in the technology space tell us they are trying to move away from that and focus more on apps that can solve real problems (for example, decoding Nairobi's street map to make the work of home-delivery services easier) and business-to-business apps and solutions.

The global mobile app market is now worth over \$50 billion. Although Africa currently has the fastest-growing mobile phone market in the world, its mobile app market is still hardly developed. Around the world, mobile apps are increasingly used to bridge the

gap between the growing needs and demands of the population on the one hand and poor public service provision on the other.

A mobile app is a software application developed specifically to be used on mobile phones. Today, apps provide a wide range of useful services and are also a common source of entertainment. There are apps for almost anything you can think of: information services, news, games, social networking, chatting and even restaurant and airline bookings.

Here are a couple of interesting mobile apps that are making waves on the African continent solving African problems:

1. *M-Farm* is a mobile app that allows farmers to access information about retail prices of products, purchase goods directly from manufacturers, and get in contact with potential buyers. This service cuts out the middlemen who make prices higher for farmers.
2. *Afrinolly*, which was developed in 2011, allows users to catch up on the latest entertainment news; follow movies, shows, and celebrities; share thoughts via a host of social networking sites; and discover and review movies and music videos. In less than a year after it was released to the public, Afrinolly was downloaded nearly half a million times.
3. *Mocality* is Kenya's largest business directory. The app allows users to find relevant local businesses in Nairobi, Mombasa, Kisumu, Nakuru, Eldoret and Nyeri, with more cities being added every month. With this app, users can

also access contact details along with offered products and services.

4. *SlimTrader* allows users to buy or pay for goods and services via SMS or WAP. This app effectively helps its users to shop by text messaging and is the first platform in Africa to do so. Founded in 2009, the service operates in Uganda, Kenya, Nigeria and South Africa.
5. *Icow* is an innovative mobile app powered by Safaricom which enables dairy farmers in Kenya to keep tabs on their cows and find tips on best practice. Data has shown farmers who used this app for up to seven months begin to realise an increase in milk output of between two and to three liters a day, which translates into an average increased income of roughly \$300 a year.

To see more apps that are making waves in Africa, this list of the continent's [Top 10 Business Apps](#) will surely interest you.

Business Concept

You will be off to a good start if you create an app around the most popular sectors and industries. Most of the mobile apps in Africa that have enjoyed great success are closely linked to the provision of information or services in the agricultural, medical, pharmaceutical, or financial industries.

In Africa, mobile apps are also playing a big role in the entertainment industry (music and movies). We advise that you focus your business around a similar context: serving the needs of African consumers that are not currently being met through other public or private service provision.

Top Countries & Policy Guidance

It will work everywhere in Africa, but access to internet connection will be an important enable for your business. Apps will need internet access to be downloaded, but while some apps such as games, fitness apps, or educational apps don't need to be connected to the internet to work, other apps like news feeds and those that require maps or some kind of live feed do need a continuous connection.

So be aware of that when building your product. Having said that, internet cables are still being laid across Africa. Burundi, for example, is currently working on its broadband connection, so we will see the market for apps increasing each year.

However, we want to also make you aware that the management of Kenya's technology incubator iHub told us that, although many apps have been hugely successful, they are moving a little away from that and more towards enterprise solutions. This is an area in which young entrepreneurs at Rwanda's Klab also got increasingly involved. So be aware of this growing trend!

Action & Tips

- The best approach is to be guided by what works in Africa already. Get familiar with Africa's most popular apps and recognize patterns that contribute to that success. You could also get inspired by some of the really successful apps elsewhere in the world and see if some of those concepts could be translated into something similar for Africa.
- You can build your own simple app online on sites like appify.com, or get a freelancer – for example, on elance.com – to do it for you.

Success Story

Chike Maduegbuna – Afrinolly (Nigeria)

Chike Maduegbuna, the founder and owner of Afrinolly, only created the app in 2011 and today it has been downloaded over four million times. Her app has transformed Nigeria's Nollywood film industry by creating a movie trailer platform for new audiences, and she hopes that it will also inspire young film professionals who were aspiring to a career in Nigeria's film industry.

15. There are several opportunities to service Africa's growing telecoms industry

With millions of people to serve and lots of ground to cover, telecom companies are rolling out communications masts/towers and base stations across Africa. As more people go mobile in Africa, there is also a huge investment in telecom infrastructure and networks to support this fast-growing industry.

Both big and small operators on the continent, like MTN, Safaricom, Airtel, Econet and Glo, invest millions of dollars every year to build new infrastructure and support (service, maintain and repair) existing ones.

This huge investment in telecom infrastructure is providing several opportunities for local businesses in Africa. Most of the parts and equipment are imported from abroad with the support of local

suppliers, and small- and middle-sized construction companies are helping to erect communication towers and build bases and support stations for telecom networks.

In addition to construction and installation works, local African companies also have the opportunity to enjoy contracts that cover routine servicing, maintenance and repair of telecom infrastructure and facilities. In many areas, these telecom facilities are not connected to the electric power grid and, as a result, there is a need for a constant supply of fuel used to run diesel-powered generators around the clock.

Success Story

Robert Lamptey and Badu Boahen – Saya (Ghana)

Saya was founded in August 2011 by Ghanaian entrepreneurs Robert Lamptey and Badu Boahen, both graduates of the Meltwater Entrepreneurial School of Technology in Accra, where the company was incubated. Saya's investors include the Meltwater Foundation, Forward Partners and Progress Through Business.

Saya is particularly popular in West Africa for its real-time 'Street Chat' messaging application, and its platform includes social network integration, location-based and group chat across multiple phone platforms such as J2ME, Android and iOS. It is used by feature phone users in over 35 countries worldwide, but its biggest user base is located in Ghana, Nigeria and Kenya.

Exactly three years later, in August 2014, New Jersey-based Kirusa, a developer of Voice SMS-based Mobile Value Added Services (MVAS) for emerging markets, has acquired Saya. The financial deal was not disclosed, but we are sure it was a healthy one!



Food

"First we eat, and then we do everything else."

MFK Fisher

Let us tell you about the power of doing business with food in Africa. There are a few things you could go without for a week or even a month, right? But not food and drink. Without these, it would be plain impossible for humans to exist on earth.

Now, take that into the context of Africa and its rising economies, and you will quickly understand how powerful and profitable the agricultural sector and related food industries in Africa are going to

be. Africa has one of the world's largest populations and the biggest number of people under 40 years old who will be both workers and consumers. And it has a fast-rising middle class that now wants food varieties on their tables.

But not only that: 60 percent of the world's *uncultivated* arable land suitable for crop production is located in Africa! The world's population is growing fast and so is Africa's population; the demand for food is constantly on the rise. Africa will – literally! – feed right into that. Simply put, the demand will always be there, locally, regionally, globally - and you should step into that!

So it is important you understand that doing business in Africa's agricultural sector and its related food-processing industries will frankly be one of your best bets for doing business in Africa. The food business in Africa is a multi-billion dollar market that will be there no matter what, and it will continue to grow. But remember that this includes agriculture, agro-allied businesses such as food processing and everything else that contributes to the food value chain until the food gets to someone's mouth.

You may think you don't have any farming background and as such may have never considered growing, trading, processing, or packaging agricultural produce. Well, we could not be clearer about it: you should!

And the good news: Agriculture and food processing is a growing trend among the young in Africa; it's becoming hip. Many young Africans leaving university are now stepping into farming because they have seen others making profits. And more good news: The development of agriculture is now widely supported by

governments across Africa, which means that you will find overall enabling policy frameworks for your venture.

The countries that are driving agricultural production forward like no other on the continent at the time of writing this book are: Nigeria, Angola, and Ethiopia, and significantly growing commitment can be seen in Zambia, Mozambique, and Kenya. Having said that, starting a business in Africa's food sector would really work almost anywhere on the continent.

But before we start presenting some of these ideas to you, here is an important point we want to make: Africa has been growing and trading agricultural produce for years, but a great deal of the profits lie in the processing and branding of products. Keep that in mind!

Now let's see what opportunities are out there for you:

16. Produce grains that Africa imports so far: Grow and process wheat, rice, or oats!

An important fact is that countries like Nigeria import millions of tons of rice, oats, and wheat each year; most of it arrives from the West and Asia. In fact, in 2013 alone, Nigeria spent roughly \$1 billion to buy wheat from the USA. You will find that this is a common trend in many other African countries.

Tanzania is one of the few that produces a rice surplus. As recently as September 2014 it did not quite know what to do with it, until Congo said it would buy the rice. And this is why it is a profitable venture to tap into. Take oats, for example, which are widely available in the West for breakfast cereals and baby food. You just need to go through shelves in Africa's cities to realize it's either not available or only affordable for the really well-off. A package of simple muesli in a Nairobi middle-class supermarket can cost as much as \$5!

Grains are staple foods because they are the world's most widely-consumed food. A large proportion of Africans depend on grains like corn, wheat, millet, and rice for their daily energy needs because they are easy to produce and cheaper than most of the other foods. They can also be stored for long periods. Apart from its use as human food, more grains are increasingly used in the production of animal feed, beer, industrial-grade starch, sweeteners and ethanol.

Business Concept

There is a range of business concepts available to you depending on the niche you would like to exploit in the grain value chain. The opportunities here span across growing the grains, processing, packaging, and branding. You can choose to focus specifically on one of these or take on several aspects of the value chain.

Niche Ideas

1. Growing rice
2. Grinding and branding rice millet powder for baby porridge
3. Growing and processing oats – packaging and branding. Varieties could include breakfast muesli.
4. Bread production

Top Countries & Policy Guidance

Growing grains will work anywhere in Africa.

Action & Tips

1. Contact the local farmers' association and the Ministry of Agriculture to receive more data and information about the opportunities and challenges. Speak to farmers, traders, and retailers in your country of choice to get a more reliable picture of the market trends and demand for the popular grains.
2. Instead of joining the league of farmers who are growing traditional grains, you could consider growing a crop that is not available locally but is highly in demand.
3. Consider national markets and intra-African trade, which is fast on the increase, when thinking about how to market your product.

17. Vegetable Farming... and why you should produce tomato paste

Tomatoes are one of the most popular vegetables and a staple in many Nigerian dishes. However, the poor quality of locally grown crops, combined with a weak transportation infrastructure, causes the country to import almost \$500 million in tomato paste every year, according to a recent Harvard report.

The sad thing is tomatoes are grown in abundance in countries like Nigeria and Kenya, for example, but a huge chunk of harvests is wasted and rots away. The irony is that when you go to local supermarkets in these countries you find tinned tomatoes paste, but it's always difficult to find fresh peeled and liquidized tomatoes

packed in simple cartons the way you would find them in European or American groceries.

Now, let's have a look at the wider market dynamics for vegetables in Africa: According to the UN, Africa's urban population will increase from 414 million today to over 1.2 billion by 2050⁵. This population boom will likely lead to an increased demand for vegetables in Africa, especially in the cities.

Interestingly, vegetable farming is becoming a common phenomenon in Africa's urban areas. It is estimated that urban vegetable farming is responsible for a growing proportion of the vegetables consumed in many African cities today (we told you, you can start in your backyard!). Closeness to the city and much lower transportation costs have made this venture a very lucrative one.

Business Concept

Most of you who read this probably do not own hectares of land where you can start mass production of vegetables next week. You may have access to a small piece of land (to start with) or some modest space in your backyard.

It is absolutely vital that you do not use your little plot to grow onions or carrots, which are already widely available across local markets. The likelihood of growing your business with this approach is limited, because you simply may not survive and will have no competitive advantage regarding the product, its quality, or price.

The best thing you can do to reap visible success as soon as possible with a small piece of land is to do something different from the norm. We have witnessed a couple of concepts that work: One is to produce high-quality vegetables under greenhouse conditions. Take tomatoes, for example. Fact is that many of the tomatoes on the local markets do not meet the high

standards of the growing number of hotels, fast-food chains, and restaurants. You will usually find a market for vegetables of higher quality, because high quality is rare.

The other approach is to start growing something that hardly anyone is growing, for example mushrooms, gourmet garlic or other vegetables that are not commonly grown in the country of your choice. This will make it easier to attract retailers, hotels, restaurants, and households to your product, because you are one of the few (or the only one) who offers it.

Remember that your success potential can be increased if you add value to your vegetables. For example, you could process your vegetables in some way and package it – creating your own local brand. For inspiration, you could follow the lead of vegetable products widely sold in Europe and America, much of which is simple convenience food. These vegetables are cut, packed and sold as frozen food.

One other product that is now spreading across the West is mixed salads, already washed and cut; you could even add ready-prepared salad dressing to it. With a growing number of professional women with little time, vibrant expat communities, and an increasing health awareness that can be witnessed in Africa's middle class, this is a product that could work well in large African retail stores. It's all about finding a distinct niche for yourself that allows you to stand out with your vegetable-based product.

Niche Ideas

1. Mushrooms (growing them in big numbers requires relatively little space)
2. Gourmet garlic
3. Frozen peas, green beans, spinach, mixed vegetables (Italian mix, Californian mix, Chinese stir fry mix)
4. Frozen vegetables: sambusa or spring roles for family and business events
5. Processed carrots, tomatoes, potatoes and other vegetables into ready-made baby food

Top Countries & Policy Guidance

Vegetables enjoy a huge and ready market across Africa. Whichever country you choose, you must always remember that the best opportunities and markets for vegetables are in the big cities and export.

Action & Tips

1. Do a quick research with your target market. Find out the vegetables that high-income families, restaurants, hotel chefs, and expats wished they had simple access to.
2. If you can, visit supermarkets in developed countries or browse online (most leading supermarkets in the UK, for example, like Tesco or Sainsbury's, allow online food shopping) and see what kinds of vegetables are being offered – both in raw and in processed/frozen form. Get ideas and see what could work in Africa.

Success Story

Tunde Felix Ogunde - QSR Consult (Nigeria)

Tunde Felix Ogunde ran operations for Burger King in the UK for several years before he decided to return to Nigeria to start his own business. He founded QSR Consult, a consultancy that helps entrepreneurs to set up restaurant businesses in Africa.

Observing some gaps in the market, he recently started to produce tomatoes in greenhouse environments and told us that after just eight weeks he received over \$200,000 in investment. Right now, the demand for his high-quality tomatoes, which meet certain standards during production and delivery, is so high that his supplies cannot keep up. So he is expanding his greenhouse production plans. Tunde is not processing or branding the tomatoes in any way, and they are still an absolute hit.

We heard from an agricultural accelerator in Nairobi that the situation there is the same. The need for reliable delivery of good-looking, high-quality tomatoes remains high and there is still a big shortage in the market.

18. Cassava Bread? – It's really so simple

Have you heard of it? This is the kind of new and innovative product that is coming out of Africa and Nigeria appears to be the biggest promoter of this interesting trend. As part of its plans to become self-sufficient in food production, Nigeria appears to be doing its best to substitute imported wheat with cassava flour in the multi-billion dollar bread and bakery products market.

Cassava, a tuber crop that's widely cultivated and consumed in many parts of West and Central Africa, is enjoying a huge boost at the moment. Besides food, cassava is a highly versatile crop which has a wide range of industrial applications. It's used to produce starch, ethanol and a cheap but very valuable component of animal feed. The potentials for cassava are simply amazing.

Root and tuber crops like cassava, yam and potatoes have been traditional sources of energy for Africans for centuries. Because raw roots and tubers (especially cassava) do not last in storage and can rot easily, they are consumed almost immediately or processed into forms that can last in storage. Cassava (the most widely consumed root crop in West and Central Africa) is often processed into garri, coarse flour that is consumed as a staple in

the region. And now as we have heard it is getting a competitor: bread.

Business Concept

The production of cassava is relatively simple if you have access to well-drained and fertile land. But the most profitable part will not be to grow it, but to process and brand it. Millions are producing cassava, potatoes and other roots – but only a tiny number of Africans are processing or branding their products.

We suggest that you either buy cassava or potatoes from local farmers and focus on the processing and branding element in your business, or incorporate the processing element to stand out if you decide to grow the roots yourself, which is very important.

Niche Ideas

1. Production of starch, flour, chips, ethanol and glucose syrup
2. Cassava bread production
3. Potato chips
4. Your own mashed potatoes brand

Top Countries & Policy Guidance

The potential of cassava is increasingly acknowledged and Nigeria especially has made great advances in this regard, actively promoting cassava for local bread production. Cassava processing facilities are now springing up across the country and entrepreneurs have started to package and sell the flour in shops. Cassava is even exported to China! Ghana announced it would export one million metric tons of *cassava chips* to China between 2013 and 2018 and said it was ready to buy cassava chips from farmers. There are a lot of trends, which could also be advanced in other countries where cassava consumption is popular.

Action & Tips

1. Get in touch with related farmers' associations to find out more about the market

2. Be innovative with your ideas and widen your horizon. Cassava is being imported to China and Europe as livestock fodder; many African countries are facing a shortage of livestock fodder – could you maybe produce livestock fodder for those markets? Nigeria is promoting cassava bread; what about replicating this in other countries?

Success Story

Faustina Sakyi – Cassava village enterprise (Ghana)

Faustina Sakyi is a successful cassava farmer and gari producer in Ghana who was recently featured by the UN agency, IFAD. Although she came from a very poor family of cassava producers, using her entrepreneurial talents and inner drive to get out of poverty she started a successful village-based business with 36 women farmers. From her small cassava farm in a remote village, she has today grown a successful cassava-processing business that sells gari beyond her country's borders to Mali, Niger, Togo and Nigeria.

19. Open a business feeding Africa's love of meat dishes

Meat (especially beef and goat, and in some countries pork and lamb) is one of the largest sources of animal protein in many diets across Africa. It is usually a favorite addition in sauces, soups, and stews and is eaten everywhere on the continent. Although meat varieties like pork and snails are not as widely eaten due to cultural or religious reasons, they are still heavily consumed in cultures

where they are loved. Beef, goat, and lamb meat remain the most widely accepted and consumed meat varieties on the continent.

The UN's Food and Agricultural Organization estimates that the annual growth rate in meat consumption in Africa is higher than other regions of the world. According to these estimates, by 2050 the African meat market is projected to reach 34.8 million tonnes, which represents a 145 percent growth over the 2005/07 levels.⁶

Although Africa has vast areas of space and vegetation to support livestock farming (cattle, goats, pigs, sheep, snails etc.), meat is still imported from outside the continent to support local demand. Other countries that do not import meat face a shortage in supply or high fluctuating prices. Meat export to the Gulf countries plays a role in the livestock sectors of the North African countries and the Horn of Africa region.

Business Concept

If you have some access to land then livestock production is a business with future, but you have to carefully work out a strategy that does not put you in line with the many local small-scale farmers who depend on fluctuating or remote local markets. Your focus would be on commercializing your livestock farm with improved breeds, improved feed, and effective management practices.

Another approach you could take is simply buying the meat and processing it in a unique way. We are strong believers in carving out distinct business niches in Africa. It enables you to be spotted quickly and own a certain market segment faster simply because not many or no one else is doing (yet) what you do. You could, for example, process the meat for supermarkets and hotels, targeting the growing middle and upper classes in the cities by selling a variety of sausages, meatballs or frozen burgers all under your brand.

A less obvious business that is hardly developed anywhere in Africa is the production of pet food for dogs and cats who usually feed on lunch leftovers. It is a distinct niche, and branded, trusted pet food could find a market among Africa's upper classes and upper middle classes.

Niche Ideas

1. Quality sausage production with your own local brand marketing to hotels and retailers
2. Snail farming - it is a growing trend in some West African countries like Ghana where demand currently outweighs supply.
3. Commercial rabbit farming is taking place in some Africa countries and could be replicated to serve top-end restaurants and hotels.
4. Glycerin production from rendered animal fat for the beauty industry and other industrial lubricants and preservatives.
5. Gelatin production for the manufacturing industry. Gelatin is used in producing a wide range of foods, cosmetics and medicines.

Top Countries & Policy Guidance

Africa has a huge livestock population but much of it is integrated in traditional farming while other livestock is held by nomadic communities, which means meat production is a valid business venture across the continent. Botswana has very visibly included its cattle sector development as one of its top national development agendas; other countries have given it less emphasis. In fact, you will find that the livestock sector is massively underdeveloped in most countries despite its huge potential.

While commercialized livestock and meat production would work anywhere in Africa in proximity to big cities, the niche of creating a local food brand where you process the meat sells best where you have a fast rising middle class that adopts increasingly Western eating habits and who have enough spending

power. For example, consider the big cities in Nigeria, Kenya, Angola, Morocco, Botswana, Cameroon, Senegal, and Ethiopia.

Action & Tips

Visit the local offices of related associations and meat producers to find out more about your local market.

Success Stories

Justin King – Nwapa Snail Farms (Ghana)

Nwapa Snail Farms started in 2010 with a very aggressive growth plan: Justin King's vision was to develop the largest commercial snail farm in Africa. Today the farm has expanded and can still not meet the growing demand. Once the local demand is met, there are plans to produce snails for the regional and European markets.

Anna Phosa – Pig Farming (South Africa)

In 2004, Anna Phosa started her pig farm venture in Soweto with just about \$100 in hand. She bought four pigs with that money after she was introduced to pig farming by a close friend. A little less than four years later, Anna was contracted by Pick 'n Pay, the South African supermarket and retail giant, to supply its stores with 10 pigs per week. Not long after, the request grew to 20 pigs until Anna had a huge breakthrough in 2010: They wanted 100 pigs per week!

In 2008, Anna signed a breath-taking contract with Pick 'n Pay to supply 100 pigs per week over the next five years under a 25 million Rand deal – and if you live outside South Africa you may want to know that this is nearly 2.5 million US dollars! Anna did not have the land or the pigs, but with a contract in hand

she received funding from ABSA Bank and USAID to buy a 350-hectare farm property with 4,000 animals at a time, employing about 20 staff. Truly inspiring!

20. Chicken and Quail farming are growing sectors

Who does not love a piece of chicken? Since 2000, chicken consumption has skyrocketed across the continent by more than 55 percent to around 92 million tons in 2012⁷. Although countries like South Africa consume more chicken per capita than others, the growth trend is very clear. At the moment, local production of chicken and eggs cannot meet the rapidly growing demand. As a result, Africa has become a net importer of poultry products (especially chicken and turkey).

As you would suspect, the demand for hens' eggs across Africa has grown with the demand for chicken meat. Despite having up to 15 percent of the world's population, Africa only contributes about 4 percent⁸ of global egg production. There remains a huge gap in the demand and supply of eggs on the continent, and entrepreneurs who work to fill this gap are likely to reap huge rewards.

The viable opportunities in poultry are in chickens, quail, turkeys, and ostriches. Quail farming is a growing trend in some countries.

Business Concept

This is a straightforward business concept: As soon as you have decided which market to target, you should get the license (but be aware that in some countries quail are considered wildlife. In Kenya for example, you need to get a permit from the Kenya Wildlife Service). A brooder lamp should be

part of your inventory, so you can get one-day-old chicks, which usually cost less than a dollar each.

If you plan to target high-end consumers, retailers, restaurants, and hotels consider a niche such as quail or turkey farming.

Niche Ideas

1. Produce one-day-old chicks or quail chicks to sell to new farms
2. Produce your own brand of chicken nuggets (frozen) on your farm
3. Quail farming

Top Countries & Policy Guidance

Poultry farming is a business that can be done successfully across Africa due to a fast-rising demand for poultry meat and eggs. In Angola, for example, the deficit in poultry is so great that the country imports millions of eggs each year, struggling with a high level of rotten eggs on the market due to a long import process. In 2014, the Angolan government called for farmers and investors to start poultry businesses in the country. If you are flexible about where in Africa to start your poultry business, look out for countries that have very clear shortage challenges in poultry products.

Action & Tips

1. Visit some existing poultry farms in your country of choice to find out more about the opportunities and challenges from the people right at the heart of the sector.
2. Most countries have a Poultry Farmers' Association or a Poultry Breeders' Association. Visit their offices or give them a call to find out more about the business.
3. Quail farming is a growing trend in some African countries (for example in Kenya). Consider producing quails or turkeys in growth countries where these animals are not widely consumed; you may find a new niche market in this regard.

21. Fish Farming – you can start one in a little pond behind your house. Really!

You would not quite believe it if you haven't seen it, but as African business bloggers we have come across the most amazing ways in which entrepreneurs are building their own ponds, farming the fish and making great profits. You will find ponds in the backyard (where the entrepreneur's mum used to put up her washing to dry), small ponds between banana trees, huge fish tanks inside shipping containers (yep, that's correct), and net constructions at the edges of lakes. So if you think fishing in Africa has something to do with getting in a boat, think again!

Fish is one of the commonest and cheapest sources of protein for Africans. Fish caught by fishermen in the rivers and coastal waters, supported by imported marine fisheries from Europe and Asia, have been the traditional sources of fish to the continent's markets. However, the decreasing fish stocks in rivers and oceans across the world (due to global warming and environmental pollution) have severely affected fish supplies. As supply is unable to keep pace with the demand of an exploding African population, fish has continued to attract higher prices in African markets.

In an attempt to close the gap between demand and supply, fish farming, or aquaculture, is a growing practice that is helping to shore up fish supply even in areas away from oceans and lakes. According to the Food and Agricultural Organization (FAO), fish farming currently accounts for more than 30 percent of the global fish supply; of which Africa as a whole contributes less than 2 percent!⁹ The most abundantly farmed fish are freshwater fish

such as tilapia, catfish and carp. Dried and smoked fish are also popular in many parts of the continent for their distinctive flavor in soups, stews and sauces.

Business Concept

To excel in this business, you need to be aware of various fish farming options that are really available to you; which one you choose will depend on your location and circumstances. Contrary to common belief, you don't need to have access to the sea or a lake to start a successful business in fish farming. If you own some land, you can dig a fish pond into the soil. If you have a backyard at your house you can build a fish pond right there (it's a growing trend in Nigeria), and some South African entrepreneurs in Cape Town even made headlines at the end of 2013 by setting up a shipping container fish farm in the middle of the city.

Niche ideas

1. Fish fingers or fish nuggets production
2. Fish food production for the growing number of fish farmers

Top Countries & Policy Guidance

Fish farming is actively promoted by a rising number of African countries, which will create an enabling policy environment for your business. Kenya, Uganda, Nigeria, Ghana, and Zambia are among the countries actively promoting fish farming. Angola, Namibia, and Cameroon have also extended efforts to attract more fish farming business into the country. But really, fish farming is one of the few ventures that you are able to successfully run and grow almost anywhere across the African continent.

Action & Tips

1. Your business will be more profitable if you add value through processing techniques. Find your niche market in doing so; for example, focus on selling smoked fish for export or produce frozen fish fingers for Africa's rapidly growing middle class and fast food chains.

2. Visit the websites of the Ministry of Agriculture (or Ministry of Fishery where applicable) to find out more about fish farming policies, activities, and incentives in a given country.
3. View one of the many YouTube videos on fish farming businesses in Africa to learn and inspire yourself. Some of the clips provide insights into financial gains and farming techniques.
4. Warning: There is a new fish farming hype in some countries, which reportedly includes some scams. Be sure not to simply give your money away – fish farming is a business that you should study, understand, and carefully manage to become successful.

Success Story

Mike Amechi – Tropo Tilapia Farm (Ghana)

Mike Amechi is a shining example of the huge potential of fish farming in Africa with an annual tilapia production and sales of over 2,000 metric tons. The farm was established some years back in 1997 and is now Africa's second largest tilapia farm (after Zimbabwe's Lake Harvest fish farm).

22. Dairy (Milk) Production – it's hugely profitable but largely disregarded

Milk consumption and production in Africa is the lowest in the world. Africans, on average, consume about 36kg of milk per person annually, compared to the World Health Organization's recommended consumption of 200kg per capita, and the world average of 103kg per capita.

How come? Africans don't like milk? Of course they do! Then what's the problem? Well, milk production is very low on the continent with some countries producing as little as 174kg of milk a year per cow, compared to over 12,000kg per cow per year in some developed countries¹⁰. That's quite a huge gap!

One of the biggest reasons for this disparity is the inadequate infrastructure for milk production in Africa. While most cows are bred by smallholder farmers who largely extract milk by hand and other crude methods, dairy producers in developed regions of the world use technology-backed production methods to maximize the quantity of milk produced.

However, there is an even bigger underlying reason for the shortfall in Africa's milk production across the continent and that is that hardly any African government promotes the livestock sector and invests in dairy production facilities. The fact is that dairy production development is not only important for the nutrition of Africa's growing population, but it is hugely profitable too.

As more African households in the growing middle class gain discretionary spending power, spending patterns will shift and the demand for dairy products will surely increase. At the moment, Africa's milk market remains underdeveloped and investments in this sector are likely to reap huge rewards. The potential for milk in Africa are huge. Several countries on the continent still import huge volumes of milk to satisfy local demand. Nigeria, for example, spends over \$100 million every year to import milk and other dairy products.

Business Concept

There are various ways you can tap into the dairy sector. If you own or rent land you can of course build a business right at the start of the production cycle through livestock production. But if farming is not an option for you, setting up a system for collection, refrigeration, processing, and packaging of raw milk among Africa's livestock holders is the business model that you will need to build. You don't need to consider a huge state-of-the-art production site. You can start with a small milk processing factory with the basic equipment and grow your dairy production business from there.

Niche Ideas

- 1) School milk production and distribution network
- 2) Children's fruit yogurt
- 3) On-farm ice cream production
- 4) Export milk for the production of baby milk powder – there is a huge demand for this, but it is still widely imported.

Top Countries & Policy Guidance

Although governments' ignorance towards the livestock sector can create a somewhat challenging environment in some countries, it's actually good news for you. There is a huge demand for milk and no one is providing it. Just one example: Rwanda has recently invested in the country's dairy sector, and after just a few years revenue generated from dairy exports has exceeded that of traditional coffee exports in 2014! Today, Rwanda is one of the main exporters in the East African region, and Tanzania has become its biggest customer. This is a strong indication that you can easily find an export market for your dairy products within Africa.

Action & Tips

1. Most countries in Africa have a local dairy processors' or breeders' association. Get in touch with them to find out about the opportunities and challenges on the ground first hand. You will find the contact details of some offices online.
2. Dairy production will be of growing importance in Africa and it will be of value to really understand a country's policies and needs in regard to this

sector. The local Ministry of Agriculture is a possible source of such valuable information.

3. Be aware that you do have funding options from African development organizations that would support such private initiatives, in particular if you build a rural development and food security context around it.

23. Fruit Farming – Africa is home to tropical fruits but still imports fruit juices and concentrates!

Up to 70 percent of fruits consumed worldwide come from tropical regions. This gives Africa a huge geographical advantage in global fruit production. The continent remains one of the world's leading producers of pineapples, mangoes, bananas and citrus (especially oranges). However, due to poor storage and export opportunities, many of these fruits rot away and are wasted every year across Africa.

But here comes a truth that could turn you into a very successful entrepreneur: Did you know that Nigeria alone imports orange concentrates worth US\$140 each year?! This is really mind-boggling because Nigeria, like several African countries, produces large quantities of oranges; but because the technology is not available locally, fruit concentrates are still being imported from overseas.

Although countries like Ghana, South Africa, Ivory Coast and Kenya currently earn significant foreign exchange revenues from fruit exports, this has barely scratched the potential of the fruits

business in Africa. The rapidly growing fruit juice market also presents a huge opportunity for Africa's fruits. Higher fruit juice production on the continent will ensure a steady and high demand for tropical fruits that grow abundantly in Africa.

Business Concept

If you want to make your fruit farming business profitable you have to either produce at higher standards, so you can export or sell to high-end consumers and retailers, or – your best bet in Africa as we have learned so far – produce, process, and brand your product locally.

There is a big demand for strawberries in many countries, because producers of marmalade and yoghurt need the fruits. Producers cannot keep up with demand.

Here is a straightforward idea for a bigger investment of about US\$150,000 plus shipment cost to Africa:

Get a mobile fruit juice processing truck. Yes, this amazing vehicle, which looks like a little bus, holds an entire mobile fruit juice factory! Imagine trucking from field to field where farmers have a surplus – you buy – you process while you truck along and even fill the juice into bottles while on the road. That thought has to brighten up your investor heart, right? Warning: Don't drive into a pothole on the road... you know the African-style sort of potholes... it could get messy.

Niche Ideas

1. Fruit concentrates
2. Fruit juices
3. Organic baby fruit juices
4. Coconut milk production at high standard (Indonesia and the Philippines are top in this; Africa is broadly unable to produce high quality coconut milk for the African or the world market)

5. Strawberries and other berries
6. Marmalade and jam production. The quality of the available marmalade in Africa is usually very poor, even in top hotels. Learn how to make fresh French or German home-made marmalade of great quality; it is so simple! Package it, brand it and sell it to supermarkets, bakeries, and hotels. This is a business you can start in your own kitchen!

Top Countries & Policy Guidance

Fruit production and processing is a viable business for all countries in Africa that have enough rainfall or access to ground water resources for irrigation.

Action & Tips

Start either with the fruit and choose the best country for the production in Africa, or if you want to operate in a particular country be aware of the fruits that really do well.

Success Story

Africa Felix Mango (Sierra Leone)

Africa Felix Juice is a Sierra Leone-based company that produces juice concentrates from mangoes farmed and harvested across that country. The company buys mangoes from more than 1,000 small farmers in Sierra Leone for \$250 to \$300 per tree harvest, which is much higher than the \$15 these farmers would have received if they sold the same fruits on the local market.

Africa Felix Juice collects these mangoes and takes them to its processing facility where they are processed (sorted, washed and crushed) into juice concentrates, the main ingredient for making fruit juices. By buying fruits from small farmers, the company is creating value from millions of mangoes that otherwise rot away and go to waste every year. The mango juice concentrates produced by Africa Felix Juice are mainly exported to Europe. These concentrates are the first major

export from Sierra Leone since it came out from a devastating civil war nearly ten years ago.

24. Spice up your business success: produce herbs and spices

Do you know the poor Jamaican dad, Levi Roots, who became famous in the United Kingdom with his spicy Reggae Reggae Sauce he started making in his kitchen after a recipe from grandma? No? You should Google him and read his story (after you've finished this book, of course). Sainsbury's supermarket in the UK reports that his spicy sauce regularly outsells ketchup. Well, that explains why Levi is now a millionaire, but it also explains that there is money in spices. And Africa has many of them. Hot!

Africa is richly blessed with spices and has a long and interesting history with this age-old and valuable product. Hot pepper, cinnamon, vanilla, nutmeg, ginger, cloves, turmeric and thyme are just a few of the highly-traded spices both within and outside Africa.

Apart from local consumption of spices, Africa has a huge potential to earn foreign revenue from exporting its wide range of spices to the outside world. Countries like Ethiopia already earn millions of dollars in spice exports. In 2012, for example, the country raked in over \$700 million from spice and related exports, much of it traditional spice mixtures. This is just a glimpse of what's possible if other countries on the continent explore the potential of their spice commodities.

Business Concepts

We believe in three business concepts that may be the most successful for your herbs and spices business:

1. Produce spices or buy them from local farming cooperatives (build a cooperative if there is none) for export purposes. You may find it easiest to sell to Africans in the Diaspora via online shops or local outlets. Think of other outlets and markets for export.
2. Sell fresh herbs and spices locally that are atypical for many countries in Africa, but that will most certainly find a market selling to high-end hotels, restaurants, and supermarkets, such as dill (excellent for fish dishes), lemongrass, chives, basil, coriander, vanilla, cinnamon.
3. Process the herbs and spices: Process locally popular spices and package them in new, convenient ways with your own brand. There is a growing trend among new professionals not to buy traditional spices in bulk from the local market, but buy them neatly packaged at supermarkets. Alternatively, produce, dry, process and sell herbs and spice mixtures that are not usually locally available, such as 'pizza herbs', 'barbecue mix', 'herbes de Provence', 'Salad herbs', 'Chilli con carne spice mix'.

Niche Ideas

Although we have shared several niche ideas under the business concepts section above, here are more for you:

1. Spicy sauces (the ones that sell next to ketchup in supermarkets)
2. Spice mix for fish dishes
3. Herbal tea bags
4. Italian Pesto
5. Herbs with health benefits, producing healing and soothing creams.
6. Traditional spices by mail order for Diaspora Africans from particular countries

Top Countries & Policy Guidance

Most of the concepts above will target niche markets in Africa where consumers increasingly adopt Western lifestyle habits. Africa's big cities in its fast-growing economies are your best markets.

Action & Tips

1. It may be best to observe the changing eating habits and do some research by asking consumers and food businesses what herbs and spices they are missing. Next, you could try out samples and see if your product would be popular.
2. Check if there are food exhibitions you could visit locally or regionally and look out for opportunities to exhibit your own spice product when it is ready. This is an excellent way to test the market further or find clients and get feedback.
3. Think about what the African Diaspora misses abroad, and equally what African returnees, Western expats, and tourists wished they had access to in Africa.

Success Story

Senai Wolderufael – Feed Green Ethiopia Exports (Ethiopia)

In 2012, Senai Wolderufael started Feed Green Ethiopia Exports Company. Now 27 years old, his company produces and exports popular Ethiopian spice blends to satisfy the needs of his countrymen living abroad, especially in the United States and Europe. Fortunately, his spice blends have become quite popular with a growing number of non-Ethiopians within Africa and abroad. His company's top selling spice blends are Shiro, Mitmita, Korarima and Berbere. All of these are mixtures of common spices like peppers, ginger and several other local herbs and spices.

A graduate from the University of Addis Ababa, Senai's entrepreneurial success has caught the world's attention. In February 2014, Senai, along with 29 other African entrepreneurs, was listed by Forbes Magazine as one of the 30 Most Promising Young Entrepreneurs in Africa 2014.

25. Edible Oils – Africa's other booming oil business you didn't know about

Edible vegetable oils are some of the most common cooking ingredients in the world and feature quite prominently in many African delicacies. Apart from their very important role in kitchens, edible oils are used in the production of soaps, washing powders, personal care and cosmetic products, and bio-fuels. Yes, these oils are quite versatile and feature prominently in our everyday lives.

Although there are several edible oils that are very important in our modern world, two of them – soybean oil and palm oil – account for roughly 60 percent of the total world production of edible oils. West Africa used to be the world's largest producer and exporter of palm oil (and has the climate and capability to remain so). However, nowadays Malaysia and Indonesia are the two largest palm oil exporting countries, accounting for up to 90 percent of world exports.

Apart from soybean and palm oil, there are over twenty different edible oils that are used for cooking and industrial purposes. Olive oil, peanut (groundnut) oil, cottonseed oil, sunflower seed oil, corn oil and coconut oil are just a few of the edible oils that are in high demand for local consumption in Africa and for export.

Business Concept

To get a significant chance in oil production with common oils such as palm oils, soybean oils, and other widely available oils such as corn and vegetable oils requires a certain amount of quantity to be produced. If you do not have a large plot of land, you could organize a cooperative of local farmers and work with them towards a joint business strategy. Alternatively, the best option for you starting small is to be distinct in what you have to offer, creating a niche that you can own relatively quickly.

Niche Ideas

1. Coconut oil, which can be sold for the preparation of exotic dishes, can also serve the beauty industry.
2. Produce valuable seed oils for export to the Western alternative Health & Beauty industry, which is booming in the West and developing countries like India and China. Seeds are often widely available in Africa and can be easily grown.

Top Countries & Policy Guidance

Oil production would work in any country in Africa. If you plan to sell edible oils to the manufacturing sector, such as food processing or beauty industry, choose countries where these industries have a strong presence.

Action & Tips

Depending on the level of competition on your local market it may help to widen your horizon and think beyond traditional cooking oils. Research online about the kind of oils that exist locally and elsewhere, and learn about the amazing range of utilization focusing on the non-apparent areas – this is where you could build your African niche.

26. Processed Foods: You can start a food brand in your own kitchen next week!

The potential for your own food brand in Africa is huge, as you will be stepping into Africa's fastest growing sectors, agriculture and fast-moving consumer products. Food processing is a powerful combination of those two sectors.

But it's getting even better for you: African governments are very eager to boost local value addition (you add value to a raw product through processing and manufacturing processes) and to increase revenues made from exports. With a food production business you will certainly deliver on both counts, which means that you will be tapping into a growing trend that is usually supported by African governments.

Business Concept

If you have enough money to start a food processing manufacturing plant, it will probably be one of the best business concepts in Africa with great potential. But if you have researched your market and identified a gap, you can even start producing in your own kitchen, as long as you follow easy production concepts.

Below are several niche ideas that allow you to start producing with basics. We also believe that you will increase your success potential with added creativity that will stand out in the market. For example, instead of jam sell quality 'French marmalade', instead of oats sell 'organic muesli', instead of sandwiches sell 'lunch kitchen' or 'Indian wraps'. Be creative too in your packaging!

Niche Ideas

1. Marmalade or syrups
2. Peanut butter

3. Chilly sauces
4. Ketchup
5. Tortellini with different fillings
6. Dry cake or pancake mixtures
7. Frozen puff pastry ready to use for baking and savory snacks
8. Mash potatoes
9. Sausages
10. Oats & muesli
11. Potato chips (frozen French fries)
12. Ready-made lunches that can be microwaved, such as soups, pasta dishes etc.
13. Frozen pizzas
14. Italian or Indian ready-made sauces
15. Italian pesto
16. Process traditional food in a way that can be shelved and cooked at greater convenience

Top Countries & Policy Guidance

Food processing will be successful in Africa's big cities with a dynamic middle class, professionals who work and are too busy to cook, restaurants and hotels, foreign business people, expatriates and tourists. It is also an excellent product for intra-African trade and export outside of Africa.

27. Beverages: Would you like a drink with it?

Beverages (or drinks) are simply classified into 'non-alcoholic' and 'alcoholic' beverage categories. Non-alcoholic beverages are a vast group and include everything from tea, coffee, juice, soft drinks, cocoa and chocolate drinks to milk products (like yoghurt) and carbonated drinks. The popular alcoholic beverages include: beer, wine, and spirits.

As you may have noticed, beverage products are made from a wide range of raw materials. Juices and wines are produced from fruits while beverages like beer are processed from grains like barley, malt and in some parts of Africa, cassava. The consumption of beer in Africa has been on a steady rise and the continent is considered to be a growth engine for the global beer market¹¹.

Tea and coffee, particularly grown in East Africa, have been highly traded commodities for decades and remain a huge export opportunity for Africa. There is also a large and growing market for juices, wines and thousands of locally-made beverages across Africa. The growing consumption of wine imported from abroad is a sign of a developing taste among the continent's middle class. Countries like Nigeria have one of the highest consumption of champagne in the world and the size of its champagne market is expected to exceed \$100 million by 2017¹².

Business Concept

There are probably two avenues that you could take to create a profitable beverage business in Africa; one is to become an importer and distributor, the other is to build your own beverage brand – and while the latter may be more of a headache, it can potentially become more profitable in the long run. As a distributor, the selling of wine and other alcoholic beverages is one that allows you to step into a market with growing demand. Wine and other alcoholic brands are usually still not widely available across Africa and when they are they are hugely expensive. The fast-growing consumer sector in Africa with a rising middle class will lead to great demand in this regard.

The other option is to build your own African beverage brand. This is a growing trend among African entrepreneurs, in particular in regard to tea and coffee, possibly because you do not require complex manufacturing equipment to process that – you can start it with very simple equipment.

Some have managed to create their own unique blend and own a niche market by selling to hotel chains or hip restaurants; others have created a coffee shop brand around their coffee brand, serving their beverages to customers directly.

Or you get yourself a juice maker truck, where all manufacturing equipment is set up in a truck. You can then collect 'left to rot' fruits from farmers at a cheap price and make juice from it straight away (make sure you read Idea 8 about fruit juices if you jumped that).

Niche idea

Produce juice in small-sized juice boxes for children. They are a favorite for children's lunch boxes across the world.

Top Countries & Policy Guidance:

The beverage business would work in any country, but may have best outcomes in countries with less competition in this regard.

Mozambique: Be aware that in October 2013, the government introduced regulations on the control of the production, marketing and consumption of alcoholic beverages.

Action & Tips

There are several international and South African beverage companies that are currently looking for African distributors. Look out for those companies, visit websites, or simply call the head office of a certain company and inquire about such possibilities.

Success Story

Romal Shah – Safari Lounge Tea (Kenya)

Kenyan entrepreneur Romal Shah returned home to Kenya in 2007 wondering what he could do. Not one to give up easily, Shah decided to shift his focus to tea where he noticed a gap in the market: In a report he

stated that hotels were getting 'sweepings off the floor' and not the best quality tea. 'Good quality coffee and tea gets exported.

We are left with mediocre level coffee. There are a lot of four star and five star hotels in Kenya and they want orthodox tea, which is higher-end tea.' Romal Shah made contacts in the tea industry and created his own Kenyan brand 'Safari Lounge' and is today selling his tea to several hotel chains in Kenya.

28. Exploit the fast-growing demand for processed foods.

The terms 'packaged,' 'convenience' or 'ready-to-eat' foods refer to a very wide range of prepared foods that have been made easy to consume. There are over a thousand types of convenience foods and they vary by country and geographic region depending on the likes, tastes and preferences of the people. Bread, potato chips (French fries), biscuits and breakfast cereals are just a few of many available packaged foods on the African market.

Packaged foods are designed to make food more appealing to the consumer. Most of these foods are usually sold in either branded or unbranded packaging. Some of these foods can be eaten immediately (like bread and biscuits) while others (such as frozen foods and noodles) may require some preparation.

Convenience foods have become a big deal, especially in Africa's urban areas. More people want to spend as little time as possible eating food or preparing their own meals. More people would rather buy a pack of frozen chicken rather than go through the

stress of buying, killing and preparing a live one. As Africa's economy develops and more people adopt modern and urban lifestyles, the demand for packaged foods will grow rapidly.

Think of a food product around you that may be giving people a hard time. A business opportunity stares you in the face if you can find a way to package that food product in a way that is convenient and appealing to consumers.

Business Concept

You will need to first process and package a certain food and the size of your operations will very much depend on the financial capital you are able to invest into processing equipment. We strongly encourage you to get started, even if you lack financial resources, because food processing is something that you could start successfully in your backyard or your own kitchen and grow fairly quickly if you indeed meet a market gap. You can start packing the food yourself into glasses, tins, or plastic bags with a simple sticky label on it. Branding will be absolutely key in successfully marketing your product.

Niche Idea

Start producing food for particular niches that are not widely available. This includes, for example, dry snacks, lunch snacks, marmalade, honey, muesli, ready-made cakes and lunches, chocolate confectionary, fish fingers, chicken nuggets, frozen pizzas, tortellini, spicy sauces in the bottle and many more.

Top Countries & Policy Guidance

Food processing and branding is a business that works in any African country, but if you choose certain niche products that may be inspired by Western cuisine, you will find the best markets in countries with a fast-growing middle class such as Kenya, Tanzania, Uganda, Nigeria, Ghana, Zambia, South Africa, and Botswana, among several others. However, in most of these countries, a permit or license may be required to operate a food processing business.

Food processing and manufacturing is one of the key sectors that will see staggering growth in Africa. It is a good sector to get engaged in, as it allows you to tap into the fast-growing agricultural and consumer markets at the same time. By setting up a food processing company, you are further adding value to Africa's raw produce; and by doing so you are tapping into a sector that will receive broad policy and funding support across Africa.

Action & Tips

1. You can be greatly inspired by reading about successful entrepreneurs across the world who started their own food processing company and brand from scratch (often in their own kitchens), because any concept can be easily applied to Africa as long as you chose the right kind of food.
2. Your market research is best done on the ground. Look extensively around in local supermarkets and hotels; look at prices and tastes to identify if you could produce something at a better quality or price. Talk to people in your community, including women (who usually do the shopping and cooking) of middle income families or expats to identify gaps in the market.

29. You should fancy the New Concept of Restaurants and Fast Food

As the size of Africa's cities grows, more people are having less time to cook their own food and are becoming more exposed to western diets. The ongoing rush of American and other western restaurant and fast-food franchises into Africa is glowing proof of the huge and lucrative potential of the food service industry on the continent.

At the moment, world famous brands like McDonald's, KFC, Johnny Rockets, Burger King, Subway and Domino's already have outlets

in several countries on the continent (especially South Africa, Egypt, Nigeria, Kenya, Ghana etc.).

Apart from these international fast-food giants, Africa is experiencing a growth in its own home-grown fast-food brands. Nando's, Barcelos, Debonair's Pizza (all from South Africa) and Chicken Republic, Mama Cass and Tantalizer's (from Nigeria) are just a few of the local fast-food brands making inroads into the African fast-food space.

The business opportunities in this food delivery category include fast-food (or quick service restaurants), fine and casual dining restaurants which serve both local and international menus. There is also a growing trend of specialty restaurants in many of Africa's major cities. Seafood, Thai, Chinese, Indian and French cuisines are also increasing in popularity across the continent. These businesses serve everything from pastries and pies to home-made meals and even offer convenience by delivering food to homes and offices.

The common options to get started in this space are to start your own food service business or to buy into a popular local or global franchise.

Business Concepts

There are various ways in which you can start a successful business in the restaurant and fast-food industry. And they vary greatly in the required startup capital – setting up your own restaurant being the most expensive of all. Here are some concepts that will work in Africa:

1. Setting up your own restaurant or coffee shop with an edge (remember you've got to stand out!)

2. Tap into the many franchise opportunities international and African fast-food chains currently offer. Many of these chains are ready to penetrate into new markets across Africa.
3. Running a food truck business offering convenient lunch or coffee opportunities in busy business districts, near shopping malls and markets, or on Africa's construction sites.
4. A small takeaway outlet that follows the same principle as the food truck, but set up as a small food shop.

Niche Ideas

Depending on the country in which you want to set up your business you may consider the following niches:

1. Chinese and East Asian takeaway in boxes, one of the most popular fast-food options in the West that is hardly available in Africa.
2. A Salad, Sandwich and Soup Kitchen – offering healthy, quick, and cheap food.
3. A sushi or cocktail bar in a hip area could work in countries like Kenya, Nigeria, or Ghana with a high percentage of expats, tourists, and wealthy locals: for example, a Business Lounge offering networking opportunities alongside beverages and small snacks.

Top Countries & Policy Guidance

This is a business which will work across Africa, but issues around building permits or leasing would require your time and patience.

Action & Tips

1. Visit some of the most popular restaurants and food outlets in the country where you want to operate. Usually certain names always pop up. Visit those places and observe what they are doing right that may attract so much clientele. Location, menu, prices, interior design, unique selling points and business concepts are the things you need to look out for. And look at various target markets – who

are the people that eat out a lot and what are their needs and wants?

2. Many African restaurants still lack a decent interior design. Make sure yours is unique and appropriate for your target market. You won't find many interior designers in Africa, but get one if you can.
3. This is a rather competitive industry, so make sure you have a strong unique selling point and brand.

Success Story

Desmond Mabuza – Fine Dining (South Africa)

Desmond Mabuza, born and raised in the relatively poor neighborhood of Soweto, is the only black South African who owns and successfully operates high-end restaurants that serve his country's rich, famous, politically and socially-connected people.

Originally trained as a civil engineer in the United States, Desmond returned before the end of the Apartheid era to start a small civil engineering firm. After some years, he abandoned his engineering practice and invested the money he had made into the fine dining restaurant business, an industry only white South Africans were known to dominate and succeed in.

Despite his lack of experience in this market, Desmond was neither discouraged by the color of his skin or the daunting challenge ahead of him. He went on to open his first restaurant in 2001 (at age 28) and currently owns two remarkably profitable and well-run restaurants – Signature and Wall Street – both situated in Johannesburg.

30. Feeding animals is big business.

Produce, formulate or sell animal feed

So we've heard that Africans love their meat and fish, and you need to feed these animals to meet the demand. With the rising growth in the production of animal proteins (meats, chicken and fish) to support Africa's increasing appetite and fast-growing population, animal feed production is growing too.

According to the International Feed Industry Federation (IFIF), global feed production generates an annual turnover in excess of \$370 million¹³. Despite an abundance of raw materials for feed production in Africa (such as maize, cassava etc), the continent's contribution to global feed output is insignificant and clearly provides an opportunity for entrepreneurs.

Meat producers often spend up to 50 to 70 percent of their costs on animal feed. It is the single largest cost any farmer or agribusiness owner will incur to produce market-ready animals, no matter the type (cattle, goats, poultry, fish etc). The small amounts of feed produced locally are not enough to meet demand on the continent. As a result, the African market currently depends heavily on imported feed from the USA, Europe, Brazil and China.

As competition tightens in their home countries, feed producers across the world are looking to high growth markets like Africa to increase their sales. Importers of feed products that serve the livestock production, poultry and aquaculture business segments stand to gain. There is also a huge opportunity for local animal

feed producers to take advantage of the continent's large market and abundant raw materials and produce feed locally.

Business Concept

While the import of feed is a valid option, you can gain a strong competitive advantage by producing *cheaper* feed locally. Your business should take that concept on board to beat the competition.

Depending on the country and the kind of animal feed you want to produce, you could use for example farmland waste, seasonal crop residues, or even some locally available plants such as *Propopis juliflora* (*mesquite*), a dryland shrub considered a weed because it is fast spreading throughout Africa's lowlands where it aggressively invades agricultural crops and grazing land. As it is not a native plant, most people are unaware of its great feed potential when pods are grinded, processed, and mixed with supplements. And it's a free resource!

Be aware not only of the kind of feed you want to produce, but also whom you are selling to. Commercial farms are one option; the masses of Africa's poorer farmers and nomads who face chronic food shortage during dry spells are another.

Niche Ideas

Production of animal feed for fish is a valuable niche, especially in countries like Kenya, Nigeria, Zambia, and Uganda where fish farming is actively promoted and spreading. Another niche that you could tap into is the processing and packaging of pet feed for households with dogs – most dogs in Africa still get the lunch leftovers. Chicken farms are also fast growing across Africa and in need of adequate feed.

Top Countries & Policy Guidance

There is a shortage of animal feed on the entire continent and as such feed production is a business that would find a suitable market across Africa, but especially in countries with an extended drought period

Action & Tips

1. Speak to the managers of animal farms and to rural farmers to understand the feed challenges of a certain country, and read through the ample amount of documents available in this regard online.
2. Start with simple, locally available feed processor equipment or import such machinery. You can start in your own court yard or simply rent a spot on an animal farm (maybe against the exchange of some feed to help you through initial cash flow challenges).
3. Read <http://en.youscribe.com/catalogue/reports-and-theses/knowledge/the-ecological-and-socio-economic-role-of-prosopis-juliflora-in-1431447> if you are interested in exploring the *Prosopis* plant as a free resource for fodder production. The document was written by Dr. Harnet Bokrezion, co-author of this book.
4. Position yourself faster by closely networking and partnering with related agricultural associations and commercial farms.
5. Visit some of the many local agriculture conferences and expos – this is where you will find key stakeholders in your market that can advance your business.

Success Story

The Maggot Miracle – AgriProtein (South Africa)

In South Africa, this young business is doing the unthinkable. AgriProtein is breeding billions of flies on a farm to mate, lay eggs and produce maggots. Yes, maggots, those horrible looking creatures that are likely to make you want to vomit. These maggots are fed on organic waste material - producing a nutrient-

rich fertilizer in the process - before being harvested and dried into a natural and sustainable animal feed.

AgriProtein's maggot-based animal feed is more than 15 percent cheaper than other alternatives and has been proven to be highly nutritious for livestock, especially chickens (poultry), fish and pigs. The company recently attracted more than \$10 million in capital to build more fly farms in South Africa.

31. Agricultural inputs – You can make money by meeting the needs of farmers.

So we have heard that the agricultural sector will be among the two fastest growing sectors on the continent. But that outlook needs to be maintained! Agricultural inputs include everything such as fertilizers and crop chemicals (pesticides, fungicides and herbicides) that are used to support crop and animal production. These inputs (like fertilizers) help to increase production, while chemicals protect the produced food from spoilage and infestation. With the current and expected growth in both livestock and crop production across Africa, the demand for these critical inputs is also expected to increase.

There is also a growing demand for cleaner and less dangerous substances (in fertilizers and crop chemicals) which could currently cause harm to people and the environment. In this line, there is a growing preference for eco-friendly fertilizers, pesticides and herbicides which do not poison the cultivated food or the surrounding land and water resources.

Business Concept

To exploit opportunities in the African agricultural inputs market, you should seek out partnerships with existing manufacturers of these inputs outside Africa for import possibilities. There is also an available opportunity for you to produce organic fertilizers and crop chemicals locally.

Niche Idea

Nowadays, any product with an 'organic' angle to it is bound to gain attention and patronage. Look out for opportunities in organic fertilizers, pesticides, herbicides etc.

Top Countries & Policy Guidance

Agricultural inputs are in great demand across Africa. However, certain products (like fertilizers and chemicals) may require a government license or permit. This will differ from one country to another and you should take the time to find out what applies in the country you're operating in.

Action & Tips

1. To understand fertilizer, crop intensification, and pest control it would help to speak to local agricultural farms, horticulturists, farmers, and associations to determine their challenges and needs. This will help you identify the exact inputs to supply to them.
2. There are also ample resources on agricultural input habits and needs across Africa available online – study them well.
3. Network and possibly partner with related agricultural associations locally.

Tap into a global market with these TOP African products

We thought we should really make you aware of a few special and high-profile agricultural products that have huge economic potential in the African and global markets. These products are so significant on the global market that they have earned Africa significant foreign exchange revenues and will continue to do so.

One would assume that Africa's industries are pretty advanced in the production of these products, but you will quickly learn in the following chapters that this is not the case. In fact, most of these sectors are pretty underdeveloped! This is a real shame for Africa and those countries that are perfect for the advancement of these greatly sought-after products, but it's good news for you, because tapping into this market has huge potential locally, regionally.... and yes, absolutely: globally!

32. Coffee – A product with a market too huge to ignore

Coffee is the world's most widely traded tropical agricultural commodity, accounting for annual exports worth up to US\$ 16 billion with over 140 million bags of coffee consumed every year. Coffee is a significant source of export earnings for several African countries like Ethiopia, Uganda, Kenya, Rwanda, Ivory Coast and several others. Some countries on the continent take coffee production very seriously. Countries like Burundi earn more than 50 percent of their export revenues from this commodity.

Now, here comes something that is really amazing: Germany, the world's largest green coffee importer, gets most of its coffee from South America, although East Africa is so much closer geographically. Germany has a great coffee roasting sector; it's adding the value locally and then sells this coffee on at about four times the price to countries all over Europe and to North America.

But it all gets a bit more unbelievable: We watched a clip about a South African coffee shop the other day and would you believe it, that new business imports its coffee from Brazil, too, although Africa grows the best coffee on its doorstep.

Ethiopia and Kenya have recently ranked as producers of the best quality coffee worldwide in a report that collected opinion of experts in the coffee industry.

So yes, this is the current scenario: despite its huge geographic and qualitative advantage in coffee production, producers in Africa accounted for only 12 percent of global supply.

The opportunities in this space include actual coffee production, but above all the local processing, branding, distribution and supply of the commodity in both local and global markets.

And more countries are stepping up to this potential: Rwanda, for example, was kind of rated as an average C-grade coffee market, but it is increasingly becoming known as an emerging origin for specialty coffee. Foreign exchange earnings on specialty coffee in Rwanda have risen from \$0 in 2001 to over \$12,000,000 in 2014 and are growing at 10 percent annually. The country's coffee is

being picked up on the international market by everyone, including Starbucks, Green Mountain Coffee Roasters, Intelligentsia Coffee and Tea, and many others, resulting in a considerable increase in profits per kilo. That probably is a small peek into Africa's coffee potential.

If you are not too much into the coffee trade, you could create a successful local business by selling not the bean *per se*, but the good old cup of coffee wrapped up in a creative context. One trend that has seen a lot of success recently is hip coffee places that sell a variety of local coffee where people can go, relax, and drink their coffee during breaks. Coffee chains such as Java House have become very popular in Kenya, and in Ethiopia a similar trend has started. So this is another business idea to step into.

33. Latex and Gum Rubber – The world still needs more of it!

Rubber is a high demand product that is widely used across several industries, especially transportation, health, construction, mining, consumer products and several others. The demand for rubber is expected to reach 27.7 million tons in 2014 and will likely grow faster due to rapid industrial growth (especially in the manufacturing and automobile sector) in emerging economies like China and India.¹⁴

The global rubber market is categorized as natural rubber, which is obtained from rubber trees (as latex), and synthetic rubber, which is manufactured with petroleum-based feedstock. The tire

manufacturing and automobile industry accounts for nearly 60 percent of global rubber consumption, with the remainder going into the general rubber products sector.

Africa has a significant advantage in rubber production due to its tropical forest climate which favors rubber trees. Apart from Central and South America and South-East Asia, Africa is one of the largest producers of rubber in the world. However, due to low investment and poor agronomic practices, African rubber production has yet to reach its full potential.

Did you know that you can harvest the so-called gum arabic from two acacia tree species, which you can find across Africa's dry lands and which can be easily cultivated for commercial purposes? The investment is minimal; you just need land to cultivate the trees and then you can start harvesting by cutting into the tree trunks and hanging some plastic containers onto it. Harvesting from wild trees may also be possible and legal in some countries for small production (for example if you want to try out your product before embarking on it in more serious terms). There are also tree species in India which produce higher amounts; maybe they could be cultivated on plantations in Africa, depending on the local climate.

Main gum arabic-producing countries in Africa are Sudan, Chad, Senegal, Nigeria, Tanzania, Mali and Mauritania, but it would work in many more countries.

34. Cocoa – The backbone of the global multi-billion dollar chocolate market

OK, here is an incredible market fact you need to grasp: Although the developed and fast-developing countries (especially in Europe, Asia and North America) consume over 90 percent of the chocolate produced every year, chocolate largely exists because of Africa! This is because nearly 70 percent of cocoa, the major ingredient for making chocolate, is grown and harvested in Africa! ¹⁵

Cote d'Ivoire (Ivory Coast), Ghana, Nigeria and Cameroon are the continent's largest producers but there is still unexploited potential in other West, Central, and even East Africa countries that are also well suited for cocoa production. The growth of the middle class in emerging economies in South America and Asia is leading to rising demand for chocolate and cocoa beverages.

At the moment, the chocolate industry finds it difficult to meet this fast-growing demand. Given Africa's distinct historical and geographical advantage in cocoa production, and the ongoing reforms by the big chocolate companies, the continent is expected to gain significant revenues.

We believe that you will *always* find a market with cocoa production and that you could start planting hybrid trees (seeds have been made available recently in Nigeria, for example), which can produce cocoa in just three to five years after planting. But we should not only be talking about the global market, but markets across Africa! A simple chocolate bar that sells for maybe \$0.80 in the West can cost over \$2 in a Kenyan supermarket and you can

hardly find any pralines on the continent – you know, the ones that you buy in the West for parties, gifts, and family visits. So again, if you set out to plant cocoa, why not add value to the products and start your own little chocolate ‘factory’ – producing chocolate, chocolate bars, and pralines for Africa and abroad.

35. Leather – The most traded commodity you didn’t know about

Did you know that the total value of the annual trade in leather is estimated at 1.5 times the value of the meat trade; more than five times that of coffee and more than eight times that of rice? Yes, it is amazing, because most people would not think of leather as a great trade product or something to build a business around.

Leather and leather products are among the most widely traded and universally used commodities in the world. It’s no surprise that leather is in such high demand given its popular use in the manufacture of shoes, belts, bags and several fashion accessories. As the global population grows and the demand and taste for fashion expands, the consumption of leather is bound to explode.

Africa is endowed with livestock! And this means it is a leading producer of hides and skins, the major raw materials used in the production of leather. As a by-product of meat production, the popular hides used in leather manufacture are from cattle, sheep, and pigs. Africa has nearly 15 percent of the world's cattle and about 25 percent of its sheep and goats. Countries like Ethiopia and Kenya already earn significant export revenue from exporting

hides and skins to the Middle East, Asia, Europe and North America.

However, the fact is that most Africans and their respective countries still do not recognize the great potential of leather. Many of Africa's emerging entrepreneurs have had great successes after a short time with producing high quality leather goods. Interestingly, many of those featured in the media are African women producing bags, shoes and belts.

Business Concept

The interesting opportunities in this space include leather production (conversion of hides and skins to leather through a process known as 'tanning') which you then sell on to companies in Africa or abroad, and the opportunity of value addition, which means that you design and produce products made of leather such as shoes or bags, for example.

Both have big potential to become very profitable. However, while a leather production company requires considerable investment for the land/building and the machinery and staff, you are able to start shoe or handbag production almost immediately in a workshop on your own backyard using the craft skills of locals (just help them with improved finishing!). Several upcoming African entrepreneurs have started their businesses on a shoestring budget just like that and today their success stories are being featured in Africa business media.

Niche Ideas

1. High quality luxury fashion accessories like bags, shoes etc.
2. Leather sofas.

Top Countries & Policy Guidance

You will certainly need a country with great availability of skins and hides. And depending on the business concept you choose you may also need to consider a country with a vibrant retail market if you want to sell locally.

Ethiopia, Nigeria, and Kenya seem ideal locations for that kind of venture. Botswana has a strong cattle sector that it plans to strengthen further. It is also one of Africa's safest countries that makes doing business relatively easy, so it is certainly a country to consider.

Action & Tips

1. Again, the best way to find out more about the leather industry in the country you want to operate in is to get in touch with the local Animal Production Societies and Associations. Almost every African country has something similar and they will be able to answer many of your practical questions. If you are in Africa reading this, pass by their offices in person, that's usually the best way.
2. Visit workshops and small companies that are already producing leather products if that is what you are interested in, or find out as much as possible online about their success journey, which enables you to learn something from those lessons.

Success Story

Zainab Ashadu – Zashadu Bags (Nigeria)

Zainab Ashadu started her business just three years ago when she returned to Nigeria after living in London for 12 years (ladies and gentlemen, see, it can be done!). She is the founder and creative director of [Zashadu Bags](#), a sustainable luxury leather handbag company which specializes in handcrafted leather pieces.

Operating in Lagos, Nigeria's ever-busy commercial city, Zainab uses locally sourced materials including leather, exotic skins and rough cut semi-precious stones and produces her luxury handbags out of a workshop where she employs local artisans who handcraft the products. The company sells its luxury handbags locally and internationally on its website. Items listed on the online shop this week have a starting price

of £320 (US\$524) for a box clutch bag while the priciest are bags selling at £1,100 (\$1,800) a piece. She is now selling also in London, Paris and the US.



Personal Care

“Our bodies are our gardens to which our wills are gardeners.”

William Shakespeare

Do you wash? Sure you do, and the wealthier you are the more time you usually spend taking care of personal hygiene. Personal care is the industry which provides consumer products and services that are used for personal hygiene and beautification.

Hygiene has always been a fundamental need for all humans; both rich and poor. It's a basic everyday requirement to wash our

bodies and clothes, brush our teeth and cream our skin; just to mention a few. All these things are important to us because we want to be clean, healthy and avoid social rejection. When personal hygiene is taken care of, most people use other personal care products (like cosmetics) to enhance their appearance, attractiveness and beauty.

According to market research firm Euromonitor International, the personal care and beauty industry in the Middle East and Africa was estimated at about \$20.4 billion in 2011. Of this figure, South Africa alone represented \$3.9 billion; Nigeria and Kenya were second and third among sub-Saharan nations, with Kenya's market totaling more than \$260 million. In comparison, the Asian market was estimated at \$114 billion in the same year¹⁶. OK, this really is not meant to look like a bathing competition; let's simply say the industry is huge!

That was the size of the market three years ago. With rapid population and economic growth, expansion of the middle class and growing consumption levels across the continent, the outlook for the African cosmetics market in the coming years is indeed very positive.

In this section of this book, we shall look at seven of the most popular personal care products and services that are currently in high demand in Africa. These products play very fundamental roles in the everyday lives of Africans and will continue to represent a huge portion of Africa's consumption over the coming years.

36. Soaps & Detergents – Everybody needs them! Make a product they'll want to buy!

Soaps and detergents are two of the fastest selling products in the Fast Moving Consumer Goods (FMCG) category. Just take a moment to imagine a day in your life without soap. It's simply unimaginable. The size, fragrance, color and cost may be different, but everybody (rich and poor) uses some kind of soap every single day.

Whether liquid or solid, every soap's job is the same; to wash us clean and rid our body of germs. If everybody (except the extreme poor) uses soap every day, imagine the demand and consumption of soap on a continent with over 900 million people, and still growing at a staggering rate every year? Yes, Africa (besides Asia) is the world's largest consumer of soap.

Like soaps, detergents are also equally important and highly in demand due to their everyday use in laundry, house cleaning and dish washing. Whether in powder or liquid forms, various types of detergents are used in homes, hotels, campuses and restaurants across Africa. In many parts of the continent, soaps are sometimes favored over detergents for washing clothes and house cleaning.

International conglomerates like Unilever, Procter & Gamble, Colgate and several others have turned to emerging markets like Africa to increase sales of their soap and detergent brands. There are also a sizeable number of locally grown soap and detergent brands that are doing well on the continent. Africa's rapid

urbanization, strong emerging middle class and large, fast-growing population contribute to the growing demand for soaps and detergents on the continent.

Business Concept

Again, the production of soap is something you can begin in your house or backyard to get you started – and you can do this on a shoestring budget. As so often, the idea is to be prepared to start small yet dream and aim big. Important, however, is the packaging and branding of your soap in accordance with the very market you want to attract.

Niche Ideas

1. Build an African brand of baby care products, which is a true rarity.
2. Produce small-sized and nicely packaged soaps for hotels and the hospitality industry at large, but you need to sell very cheap and in bulk to make this work.

Top Countries & Policy Guidance

Soap would sell anywhere in Africa, but you may find well-known brands in some countries where it may be harder to compete.

Action & Tips

- We think the best way to get you inspired is to watch soap making clips on YouTube, so you can see how amazingly simple it is.
- Be clear which market you are targeting, the mass market of low income families, or the luxury market and hospitality industries – your soap production will heavily depend on this decision.

Success Story

Domitila Silayo - Jatropha Soap (Tanzania)

Domitila Silayo is the founder of Jatropha Soap in Tanzania, which produces handmade soap with medicinal benefits. She had the idea for her company when she visited an agricultural exhibition in 2012 where she was introduced to the use of the Jatropha plant – available in Tanzania – and its medical properties. Jatropha Soap is still at its early stages, now producing 1,000 pieces of soap a month. Domitila was one of the winners of the 2013 Anzisha Price for young entrepreneurs and she is using the money to diversify her product line.

37. The issue with the tissue: How you can make profits from toilet paper & other toiletries

Toilet or 'tissue' paper deserves a special mention because it's one of fastest growing products in the personal hygiene category. In many rural areas of Africa, water is commonly used to clean up after using the toilet. Other common materials are leaves, waste paper and earth. These materials are preferred because they cost nothing. But people in urban areas are more likely to spend money on toilet paper because it's the 'modern' and more convenient thing to do.

With more Africans migrating to the cities and adapting to changing lifestyles, the demand for toilet paper is on the rise. While there are imported toilet paper brands on the African market which appeal more to the brand-conscious and upper-class

customers, the largest volumes of toilet paper in many parts of Africa are produced by local companies. Most of the single toilet paper rolls on the market could last just a few days (two to three) for the average household. This means that millions of toilet paper rolls are consumed across Africa's cities every single day.

Apart from soap and toilet paper, there are other very important personal hygiene products used across Africa every day. Take toothpaste and toothbrushes, for example. With growing urbanization and exposure to modern care products, more Africans are abandoning chewing sticks and salt solutions to adopt toothpaste. A similar trend applies to other toiletries like shampoos, shaving cream and deodorants.

Business Concept

This is clearly a manufacturing business that requires premises, machinery, and staff. In South Africa, for example, toilet paper production equipment can range from around \$15,000 (most basic) to \$45,000, and of course you need to also purchase the raw material. But it is a relatively easy production and packaging cycle and a product that will most certainly find a market across Africa.

Niche Ideas

1. Luxury toilet paper for hotels and the upper class.
2. Small-sized toiletries for hotels, or in a lower quality for Africa's poor who often buy small sizes as it is more affordable.
3. Paper napkins with birthday designs or printed business logos.

Top Countries & Policy Guidance

Toiletry products would find a market throughout Africa, but you will face bigger competition in Africa's leading capital cities. It may be a good strategy to focus on the many newly upcoming and less known boom towns during the startup phase and then to expand into the capital cities from there.

Action & Tips

Call up the local Chamber of Commerce or Ministry of Trade and Industry to find out more about such companies in your country. Visit local supermarkets to see which brands are selling (many will be imported) and if you could offer a better price or unique selling point.

38. Skin & Hair care products: Africa's other billion dollar industry

Is there anyone on this globe that spends more money on hair products than African women? It's a serious question and the answer looks like: clearly no. According to Euromonitor International, people in South Africa, Nigeria and Cameroon alone spend about \$1.1 billion on hair care products every year! We mean to say: wow!

That includes shampoo, lotions and relaxers – and they do spend the money despite limited financial resources. Skin care products like lotions, creams and gels are used to smooth, hydrate (moisturize), soften and add fragrance to the skin. In addition to these qualities, skin care products also help to protect the skin from harsh effects of the external environment. Depending on skin type and susceptibilities, using lotions and creams can help people to avoid undesirable effects such as dryness, breakage and skin diseases. There is a wide range of skin care product brands from both foreign and local manufacturers on the African market. These products cater to different skin needs and types – normal, dry, oily and sensitive skin.

Hair care is also another very important product for Africans, both male and female. African hair is unique in appearance and its distinctive structure, thickness and dry nature makes it especially fragile. African women spend significantly more on hair care products than men. The most common and highly demanded hair care products in Africa include: hair relaxers, conditioners, gels, shampoos, hair moisturizers and several others.

Business Concept

The challenge here for you is clear: To develop and market an African brand. The African market is already flooded with international brands, and many Africans who live in the city have some sort of links abroad through which many receive their skin and hair care products. But these products are usually expensive and getting them can be inconvenient, so the real market gap exists for a wide range of locally branded care products. Including locally available plant extracts with certain health or rejuvenating benefits could be your unique selling point that sets you apart in the market.

Niche Ideas

1. Cosmetic studio with treatment using your own brand products
2. Organic products.
3. Baby products
4. Small sizes for hotels

Top Countries & Policy Guidance

Skin and hair care products would find markets across Africa, but it may be helpful to choose a market that is less competitive in this regard. It would enable you to find easier entry. Away from the big cities you could focus on markets in less obvious, dynamic African province towns.

Success Stories

Victor Rasugu - Melrose Bounty and Bown (Kenya)

Victor started his skin care company in 2007 with two friends after they realized it was difficult to get a job. Their biggest challenge was to succeed in a pretty competitive market with global brands. All they had in hand was Ksh.150,000 (US\$1,900). They consulted a cosmetic scientist who guided them towards the development of their product range. They then hit the market with samples, but there were quality problems.

After adjusting those, they branded their products and hit the shelves. Just three years later, in 2010, their company was valued at over US\$800,000. Part of their success story was that they opened production near one of Kenya's slums using local machines instead of imported ones, which helped them to start small and also to cut the cost for the end users – this was their competitive advantage. They also used locally available ingredients and added aloe vera and sunflower oil, naming one of their product ranges 'Back 2 Nature'.

Christian Ngan - Madlyn Cazalis (Cameroon)

After working in financial services in France, first as an analyst at French investment bank Quilvest Group and then as an associate at Fundercord in Paris, Christian Ngan returned home to Cameroon to start his own business in 2012. With \$3,000 of his savings, he founded Madlyn Cazalis, an African hand-made bio cosmetic company that produces body oils, natural lotions, creams, scrubs, masks and soaps. Madlyn Cazalis products are sold and distributed across more than 30 chemist stores, beauty institutes and retail outlets in Cameroon and neighboring countries in Central Africa. The company does not reveal revenues but says it is profitable. Ngan, 30, is also founder of GoldskyPartners Advisory, a small financial advisory firm in Cameroon.

39. Cosmetics & Beauty products – Makeup can make you rich!

Technically speaking, any substance used to beautify and promote the attractiveness of the human body is a cosmetic product. This makes cosmetics a very large product category that includes makeup (also known as color cosmetics), fragrance, facial skin care and hair care.

The market for cosmetics and beauty in Africa is huge and still growing. Africa's young and fashion-conscious middle class population is fuelling demand for cosmetic products. Another interesting reason for this growing demand is that more African women (many of whom are getting educated and employed) are becoming economically empowered. As a result of these factors, billions of dollars are spent every year on cosmetic and beauty products in Africa.

In 2011, South Africa alone represented \$3.9 billion, the highest of the total market for cosmetics and beauty products in Africa. Nigeria and Kenya were second and third among sub-Saharan nations, with Kenya's market totaling more than \$260 million.¹⁷

Business Concept

To find quality makeup of any brand is a challenge in most parts of Africa – and the quality products available are often expensive. Looking at some of the cosmetic products that have become hugely successful in Africa in the last few years, it appears that a successful business concept is based on developing a reasonably priced African brand of high quality.

You could use direct marketing schemes for sales, such as Avon, a globally recognized brand that uses a network of independent sales teams who sell directly to homes or during marketing events. This way you could reach out to a much bigger market and at the same time build income stream for thousands of Africans who want to join the network and start selling your products.

Niche Ideas

1. Makeup school and training courses
2. Makeup artistry

Top Countries & Policy Guidance

Makeup products will see increased popularity in Africa's fast rising middle class across the continent.

Action & Tips

1. The best start is to find out from women (or men) in your target market about the state of makeup and beauty care products in a certain country. As consumers, they will be able to quickly point out the strength, challenges or weaknesses in the market. Or maybe you are a consumer yourself and have long understood that there was a certain gap. Act on it!
2. If you need a detailed insight of the market in a certain country, type in the specific product (for example '*makeup*') + country in the search engine of Euromonitor.com. You will find a summary of that particular market for free, and there is the option to purchase an entire market research report for certain countries in Africa.

Success Story

Suzie Wokabi – Suzie Beauty (Kenya)

Suzie Beauty was created by Kenyan entrepreneur Suzie Wokabi, a US-trained makeup artist who runs her business in Kenya and found it hard to source quality makeup for her work. This motivated her to create her own makeup line. She struggled to receive financing for several years, using her home as a laboratory for her makeup collection. Her company is now worth over \$1 million.

40. Sanitary pads production for low-income women: A social enterprise of great value

If you live in the developed world, what you're about to read next may sound shocking to you. Did you know that a large portion of rural African women do not have access to decent sanitary protection during menstruation? In many instances, young girls use feathers, newspaper, old rags, mud and other 'less dignifying' stuff to absorb the blood. Yes, it's very shocking, but it's also true.

In some parts of the continent, women cannot afford the sanitary pads on sale. For example, 'Always Sanitary Pads', one of the most popular sanitary pads on the market, sells for about \$2.00 for a single pack of 10 pads. As a result, millions of schoolgirls across Africa absent themselves from school for three to five days every month (during their menstrual periods) to avoid embarrassment and discomfort. A considerable number of these girls eventually drop out of school and never finish their education.¹⁸

The business opportunity here is simple. Low-income Africans need low-cost alternatives to the sanitary pads that are currently available on the African market. This category of consumers wants a product that, while very affordable, allows them to live their normal lives without discomfort or missing out on a bright future by not attending school.

Business Concept

This is the perfect product that you can run both as an entrepreneur and as a social entrepreneur. This is one of those businesses that allow you to make a profit and a huge social impact at the same time.

The availability of sanitary pads will be of increasing importance in Africa. You could start your business venture as a very simple mechanized production concept at grass-roots level in rural areas or townships, or an automated state-of-the-art machinery system for the city retail market.

There is also the opportunity to import low-cost brands into certain areas if you do not want to manufacture the pads yourself.

Niche Ideas

1. Tampon production
2. Urinary Incontinence pads for the elderly

Top Countries & Policy Guidance

There will be high demand for sanitary products across Africa, but in some African capital cities it may be difficult to compete with some of the popular global brands that are being sold there. A great strategy would be to focus on low-income consumers.

Action & Tips

1. Talking to women from various economic backgrounds in a particular country will provide you with first hand insights about your market.

2. Check Euromonitor International online by typing in 'sanitary pads + country.'

Success Story

Barclay Paul Okari – Safi Pads (Kenya)

Barclay Paul Okari is a 21-year-old Kenyan entrepreneur who noticed the problems caused by the unavailability of sanitary pads for teenage girls in the rural settlements of Western Kenya, Eastern Uganda and Southern Sudan. He decided to make a product that was half the market price of commercial sanitary pads on the market. His product, Safi Pads, is made from soft locally-available materials and is washable and reusable.

His brilliant invention now affords access to cheap, clean and safe sanitary protection for thousands of young women in his country and neighboring regions. He has also caught the attention of the world and received \$18,000 funding to support his initiatives and increase production.

41. Beauty salons and barber shops – Looking good is big business in Africa!

Apart from boosting self-esteem, good grooming has become a social standard. Nobody appreciates a person who shows up with unkempt hair at work, school or social gatherings, right? More people are catching up with the fact that looking good is good for business.

Most African urban men tend to have a regular haircut and ensure their facial hair (beard and moustache) is well shaven or neatly trimmed. On the other hand, women demand a wider range of services than men. This includes everything from basic hairdressing and weaving to fixing wigs and artificial hair extensions. Other services include manicure, pedicure and professional makeup services.

There is a story of an Ethiopian woman who has set up her spa beauty salon in the center of Nairobi. We couldn't find out her name, but were told by locals that she was offering Botox and treatments with unusual herbs – apparently her clients are women in high-end cars, among them some celebrities. Well, this is not some kind of case study in the public domain, but it sounds like a pretty good approach to business in an African city where women are ready to spend an awful lot of money to stand out.

Business Concept

Traditionally, you will find beauty salons and barber shops across Africa's cities and most of them run as small businesses. This is not what we are talking about. We want you to build a striving success story and as such your business concept needs to be unique.

You could offer beauty treatments in a spa atmosphere for Africa's upper class, or aim towards setting up a chain of well-branded salons that stand out from everything else there is in the country so far. Offer beauty treatments that are available in the West, but almost unheard of in Africa – be assured you will find clients who are happy to spend.

Niche Ideas

1. Spa and wellness
2. Massage sessions
3. Beauty school and training courses

Top Countries & Policy Guidance

The beauty salon business is most profitable in capital cities of the continent's fast-growing economies, where you can find a strong upper-middle class and upper class who have the spending power to indulge in exclusive beauty services and treatments. This includes Nigeria, Ghana, Kenya, South Africa, Ethiopia, and Angola.

Action & Tips

Do some basic research to get a look and feel of the beauty salon market in the country of your choice. Visit in person or have a look at the websites of the top shops and study what they offer in the market. If you can, book a treatment for yourself to experience first-hand how your competition provides services. Figure out how you can enter the market with your own unique concept.

42. Dry cleaning & laundry services – a booming business opportunity in urban areas

The demand for laundry services is growing across Africa for a couple of interesting reasons. Since only a few people can afford washing machines, washing, which is commonly done by hand in many parts of the continent, has always been and remains a tedious and time-consuming process. A growing number of people in the city would rather pay for the convenience than engage in this activity.

Another interesting point is that more women, who traditionally do the washing in many households, are now more involved in

income-generating activities like formal employment or private businesses. In addition to these, there are special clothing and garments (like suits, jackets, wedding gowns etc.) that require machines and professional attention.

Business Concept

The professional way to go about this – and which readily comes to mind – is a small room with several washing machines and a back office area for ironing or alterations. This is a valid concept, but may require quite a high amount of investment to get you started.

An alternative may be to set up laundry services in a big backyard or other open space where you employ people who wash the clothes by hand. This is still very common across Africa and many families with good income still employ maids or other women to regularly do the washing by hand. This will enable you to build your business without significant capital and you won't spend so much on electricity and water either.

Again, focus your bigger vision, not on owning one little laundry shop, but a chain of branded shops or networks that offer great service. The success in this particular concept lies probably in serving the masses of lower income families and providing great service and convenience. Find a creative way to franchise your laundry salons.

Niche Ideas

1. Africa doesn't have a self-service commercial laundry service (like Laundromat). You could start one.
2. Pick-up and delivery laundry service.

Top Countries & Policy Guidance

Be aware that issues around prolonged power cuts, and in some countries water shortage when rains are delayed, may impact on your revenue. Consider that when choosing a location for your business; solar power may be a good investment to overcome power cuts and high electricity bills.



Child Care

"Children are God's opinion that the world should go on."

Carl Sandburg

With the highest fertility and birth rates on earth, Africa now has the fastest growing population in the world! African mothers have an average of 5.2 children in their lifetime, rising to 7.6 in Niger, the country with the world's highest fertility rate. These figures are about five times the European average of 1.6 children. In fact, modern medicine and health care on the continent means more

babies are surviving birth complications than ever before in Africa's history.¹⁹

In light of its high birth rates, Africa's population (currently above one billion) is expected to rise to 2.3 billion in less than 40 years from now. By 2050, several African countries including Uganda, Chad, Mali, Guinea Bissau, Liberia, Niger, Burundi, and Malawi are projected to triple in size. In the same period, Nigeria (currently Africa's most populous country) will have become the fourth largest in the world.²⁰

All of these statistics point to one fact – at the current birth rates, more than one billion new babies will be born in Africa over the coming decades. This massive baby population (or 'baby boom') will represent a huge consumer market for products and services that are required by babies, young children and the people who take care of them, especially mothers.

Urbanization, a growing middle consumer class and a rising preference for products and services that enhance safety and convenience are just some of the factors responsible for the growth of the children-based category. The population of stay-at-home mothers appears to be dropping (especially in Africa's urban centers) as many of them take up income-earning activities like jobs and businesses to support their families. This class of consumers will constitute the greater part of the market for products that are effective, easy to use, safe and convenient.

In this section, we'll explore five major and high-potential product and service categories that will serve the needs of Africa's multi-billion dollar baby boom market now and in the future.

43. Produce baby food and formulas: A market for all income levels

For many families, feeding a baby represents the largest cost element after the baby is born. As the number of full-time nursing mothers and housewives drops across Africa, baby foods and infant formulas are increasingly supplementing or totally replacing breast milk which has always been the traditional source of nutrition for babies. For the benefit of people reading this who do not know the difference between 'baby food' and 'baby formula', we'll explain.

Baby formula (or infant formula) is a manufactured food for feeding babies and infants usually less than 12 months old. Formula is used as a full or partial substitute for human breast milk or in situations when the baby has special dietary needs. Baby formula looks and tastes like breast milk and appeals to mothers who cannot breastfeed their babies due to health, preference or convenience reasons. Infant formula is sold under several brand names and the common ones usually contain cow's milk extracts, a blend of vegetable oils, carbohydrates and a mix of vitamins and minerals.

On the other hand, baby food is any soft and easily consumed food other than breast milk or infant formula, which is made specifically for babies between the ages of two to nine months to two years. Baby food comes in several varieties and tastes, and unlike formulas, it's not intended to look like or replace breast milk. Baby foods are either a soft, liquid paste or an easily chewed food since babies lack developed muscles and teeth to chew effectively. Babies typically move to consuming baby food once breast milk or

formula is no longer sufficient to satisfy their appetite, so ready-made baby foods (that are so common in the West, but hardly available in Africa) are pureed vegetable mixtures, fruits or grains according to the baby's digestive system development.

Baby food and formula are some of the fastest-moving baby products in Africa. Billions of these will be consumed by babies across Africa over the coming decades as over 1 billion babies are added to Africa's population.

Most of the baby food and formulas sold in Africa are either imported from overseas or manufactured locally. Due to the delicate hygiene requirements for producing baby food and recent health scares of food poisoning in some countries, more parents now prefer to buy the major brands such as Heinz and Nestle, but frankly they are very expensive, even by Western standards! We saw Nestle baby porridge with banana flakes selling in Nairobi's supermarket for US\$6, while the one without banana still cost \$3!

However, there are a few newcomers in the market that are starting to appeal to customers who cannot afford the big brands. There is also a huge opportunity for baby food alternatives that are based on locally-sourced foods.

Business Concept

First you should be very clear about what kind of mums and families you are targeting with your product. The kind of baby food you offer, and the price you charge, need to be acceptable for your target market.

If you have not too much capital to invest into state-of-the-art equipment to cook ready meals, you can start with simpler baby foods such as cereal

porridge, fruit purees, or dry snacks for toddlers. They all require very basic ingredients and are easily processed and packaged.

Niche Ideas

1. Organic baby food
2. Toddler drinks and fruit smoothies
3. Rice porridge
4. Fruit porridge
5. Dry baby food snacks
6. Baby food in squeezable sachets

Top Countries & Policy Guidance

Get in touch with the regulatory body for food safety in the location you want to operate in. These are different departments across Africa. In Nigeria, for example, it would be the National Agency for Food and Drug Administration Control (NAFDAC). It is the major agency responsible for regulating and controlling the manufacturing, importation, export, advertisement, distribution, and use of food, drugs, and other products.

Baby food production will be most successful in countries with a fast-rising middle and consumer class, for example: Nigeria, Kenya, Ghana, Uganda, Morocco, Zambia, Botswana, Mozambique, Tanzania, Uganda, Ethiopia, Angola and Senegal, among others.

Action & Tips

Find out as much as possible about the baby food market in the country you want to operate in – in Africa it's best to simply pick up the phone or visit in person. Contact the Chamber of Commerce, the Ministry of Commerce and Industry, Association of Nurses, or check Euromonitor.com for some market research outcomes online. And above all: talk to mums!

44. Make Baby Diapers affordable for the lower middle classes

Across Africa, diapers are commonly available in two main forms – reusable cloth diapers and disposable diapers which are made from synthetic materials. Households usually purchase large volumes of diapers when a baby is born because soiled diapers need to be changed on a regular basis to avoid skin problems like diaper rash (also called 'nappy rash'). With most babies, diaper changes can happen up to five times in a single day. For a growing number of parents who prefer the convenience provided by disposable diapers, the amount spent on nappies can be huge.

Although they tend to cost more than reusable cloth diapers, disposable diapers are fast becoming a favorite with middle class African families. Many middle-income mothers are busy nowadays because they work at a job or run their own business. Disposable diapers allow them to avoid the dirty and time-consuming task of cleaning cloth diapers in order to bring them back to a reusable state. As a result of this growing preference for disposables, millions of dollars will be spent by African parents on this commodity alone over the next 30 years.

Business Concept

There are two ways to go about the diaper business: You can either import diapers from China and re-brand them for the African market to add value, or you can manufacture your own African diaper brand, which is rarely available across Africa.

In some of Africa's leading cities many mums have become used to international brands such as Pampers and Huggies, so it will be difficult to compete with those; but there is a great space for quality low-cost African

brands. Most of the affordable brands available in Africa are of poor quality, feature Chinese babies on them, or are still too expensive for the lower middle class families. This is the gap you could fill: Offering an African brand with which local mums can identify more - low cost and of decent quality.

Niche Ideas

1. Diaper sizes for premature babies and larger-than-average babies
2. Diaper sizes for disabled children

Top Countries & Policy Guidance

Diapers will sell most successfully in countries with a fast-rising middle and consumer class, for example: Nigeria, Kenya, Ghana, Uganda, Morocco, Zambia, Botswana, Mozambique, Tanzania, Uganda, Ethiopia, Angola and Senegal, among others.

Action & Tips

Speak to local mums to find out more about the diaper market and visit euromonitor.com to get a market summary. Type in 'diapers + [country]' in the search engine.

45. Start a children's clothing brand in your own home

When we met with celebrated entrepreneur Christine Khasinah-Odero, the founder of Supermamas.co.ke in Nairobi, she told us that the baby market has a huge opportunity and hardly anyone has stepped into it yet. Could that be the right market for you?

The children's clothing market is indeed one of the most lucrative segments of the global apparel industry and the value of this market is expected to reach \$160 billion by the year 2015²¹.

Because babies grow fast over a short period, there is a frequent need to buy new clothing to replace outgrown ones and this is a key reason for the huge volumes of children's wear purchased by parents every year. Fast-changing fashion trends and every parent's desire to buy the best for their children are also strong forces behind the high demand for children's clothing.

The options available in Africa's baby wear market are extensive – ranging from luxury designer brands (targeted at upper-income families) to used baby clothing imported from abroad (especially Europe and North America) and sold in second-hand clothing markets across Africa's urban areas. In fact, used baby clothing is now a multi-billion dollar commodity²² due to its high demand in many parts of Africa. Many Africans parents prefer these used clothes because of their high quality and low cost.

But you know what is really missing: Good African clothing brands for children! There is a huge opportunity for African home-grown baby clothing brands that will, over time, reduce dependence on and compete with imported baby clothing lines which currently dominate the market. In fact, quite a few are already coming up in different parts of the continent and now is the best time to join them, while this production segment in Africa is still in its... well, infancy stages, really.

Business Concept

This is a wonderful opportunity to develop your own African kids' clothing line. You could sell your clothing lines to other stores and also online. Run regular fashion shows for children to increase visibility and stand out in your local market!

Niche Ideas

1. Baby clothing
2. School uniforms for primary and secondary schools.
3. Children's costumes
4. Accessories

Top Countries & Policy Guidance

This business concept would be successful in all vibrant capital cities across Africa, but the competition you will encounter may vary widely. Keep that in mind.

Success Story

Adenike Ogunlesi – Ruff n'Tumble (Nigeria)

Adenike Ogunlesi started making children's clothing when her kids ran out of pajamas. And then she started making clothes for the children of friends and relatives. That's how Ruff n' Tumble started. From a tiny shop with her and her mother as the main staff, Adenike turned Ruff 'n' Tumble into an instantly recognizable brand. Today, she has built a reputation for being one of the leading and best manufacturers of children's clothing in Nigeria and along the entire West African coast.

46. Creches, Daycare Services & Preschool Education – We have been told 'you can milk it!'

Unlike any other time in Africa's history, more women (especially in urban areas) are working at paid jobs or running their own small businesses. As a result of this trend, there is a growing opportunity

for convenience services like crèches and daycare center businesses. More middle class families can now afford these services and appreciate the value it brings to their children's early mental and emotional development. The crèche and daycare service business is a venture that can be run from your home or a rented facility, and is best located in a residential or office neighborhood where mothers live or work.

In fact, we heard that mums in some African cities are taking the whole daycare service to a new level. To avoid traffic, some daycare services now arrange for the children to be picked up and they also drop the children at home in the evening as an added service. There a nanny often takes over. Seriously, some well-off and busy African mums need to be careful not to outsource raising their children, but for you it's good business.

Business Concept

There are different concepts for childcare you could pursue, similar to childcare setups across the world. There is the possibility of opening a private daycare center in special premises that you either rent, lease, or own with families paying a monthly or yearly fee for the childcare and the provision of healthy food. There is potential to expand this by creating a chain of well-recognized and respected centers across the city or country.

Alternatively you could start it as a smaller business by providing childcare in your own home. This would allow you to take up to around five children into your care. The downside with this approach is that it may pay you a decent monthly income, but it will be difficult to expand that. This is something you should be aware of.

Yet another possibility would be to run several such home-based daycare options as a network, which then would allow you to grow the business.

Think of added services you could offer to families to increase the revenue stream in your business.

Niche Ideas

- Day care for disabled children
- Promoting unique and renowned pedagogical concepts, such as *Montessori*

Top Countries & Policy Guidance

It is a business that works across Africa, but ideally you will run this in a country where people have enough spending power to pay for quality private daycare – only this way will you be able to make enough revenue. Countries include Nigeria, Ghana, Angola, Kenya, and South Africa, among others.

Action & Tips

- To find out more about your market and competition you need to visit existing childcare facilities in the country you want to operate in and directly engage with mothers for their feedback.
- Finding websites for certain childcare facilities in Africa will be difficult (it is so rare!), but some of the more advanced and professional facilities do own websites – and that may just be a strong indicator that this facility could be a competitor of yours if it is located around the same area.
- Contact the Ministry of Social Welfare / Labor & Welfare and get more information about your industry and competition.
- Most mothers in the upper-middle class and upper class are happy to provide their children with the best childcare on offer and many like a concept that stands out from the norm. With many of the wealthy families adopting Western lifestyles, a private 'American Kindergarten' or 'German Kindergarten,' which follows foreign concepts and is branded in accordance with them, would be worth considering.

47. Produce Beautiful and Useful Baby Care Accessories

First of all: The things you can produce here are really almost endless! Some are so simple, and you can start to design and produce them in your own home using the help of skilled locals. For other products you may want to get some machinery to manufacture the items. But even here we are not necessarily talking about a full-blown manufacturing firm!

Having a new baby is usually a big and serious project for many African parents. Because of a child's sensitive needs, lots of new stuff usually has to be bought. Some of these items may be bought every single time a new baby is expected, while other items – like prams, cots, mattresses and toys – will probably be purchased just once and used for all the children born in a household. These items include, except for those already addressed above, everything a child (and its parent or caregiver) requires from the time it wakes in the morning until it sleeps at night.

The range of products that make up the baby accessories category is huge, with several big, small, local and foreign competing brands. We'll just go through the major categories and highlight a few items within them.

- *Sleep-related gear* – This category includes: cots, bedding, baby monitors (a kind of 'walkie-talkie' that transmits a baby's noises to the mother in another room), beautiful blankets or sleeping bags, mattresses etc. Some of these items are very easy to produce!

- *Feeding equipment* – Teats, feeding bottles, teething accessories, sterilizers, breast pads, feeding pillows, bibs, breast pumps and breast cold-packs. Little bowls, plates, and spoons.
- *Other stuff* – Changing mats, bathing equipment, prams and strollers, high-chairs, drawers and cabinets for storage, baby mobiles, baby and toddler toys, bouncer chairs, play blankets.

Business Concept

There are still many countries in Africa where such baby care products can hardly be found and mothers have only access to it through family members from abroad.

Importing baby accessory items is one possible business avenue for you. You could then distribute (be very aware of how powerful already existing importers/distributors are in your country of operation!) or open your own shop.

But the approach that will really give you a competitive advantage and that has the biggest potential for growth is when you manufacture some of the products yourself. Made-in-Africa baby care products are an absolute rarity to this day, and this is the market you could own faster, as you will have a competitive advantage using local creativity and cutting production costs.

Niche Idea

Almost all children's clothes on the market are Western-styled. African-inspired styles and fashion for children's clothing would be a great idea that could capture the market's attention.

Top Countries & Policy Guidance

These ideas would be suitable for all economically advanced countries with a fast-rising middle class.

Action & Tips

- There is a huge spectrum of baby accessories out there; just have a look at the shops or online shopping sites of major European or American retailers, such as Mothercare.com. Look at their website and products for inspiration! Start your baby care business with small or simple items that can be easily produced and manufactured – you can expand your business later by adding more products.
- Develop a made-in-Africa quality baby care brand right from the start – you will find your greatest success potential in that strategy!

Success Story

Carol Ngige – Beauty Bee (Kenya)

When Carol Ngige became a mother she visited a friend and saw a breastfeeding pillow. The product was not available in Kenya and most mothers imported it or used ordinary pillows for breastfeeding. Carol was inspired by the idea to produce breastfeeding pillows for the Kenyan market.

She borrowed a sewing machine from her mother, hired a tailor and started manufacturing at her home. This is how her company Beauty Bee started in 2006. Carol continued operating the business from her house for the next three years and slowly expanded it from there, employing people and moving into an office with a workshop area.

The company has since expanded its product portfolio and Beauty Bee products are stocked by leading supermarkets in Kenya, as well as baby shops and hospitals. It wasn't an easy drive, but one that required much patience and Carol had to "knock doors tirelessly" to get her products stocked by supermarkets.

Seven years later Beauty Bee manufactures breastfeeding pillows, nursing covers, maternity briefs, changing mats and travel neck pillows for babies. Carol also runs Baby Banda Fair, an annual event that allows her to bring market stakeholders, such as health professionals and related companies, together onto one platform. She also offers services training and advising parents in Kenya.



Education

“Education is the most powerful weapon which you can use to change the world.”

Nelson Mandela

Did you know that education can be very profitable while serving Africa at the same time? Africa’s education system is in a state of serious crisis. On a continent with over 50 percent of its people below the age of 25, and one in every three children out of school, it is estimated that more than 60 million African children may reach adolescence lacking even the most basic literacy and numeracy

skills²³. This ugly situation, if unchecked, may deprive a whole generation the opportunities to develop their potential and escape poverty. When these kids become adults, they will lack the tools to find or create jobs, or contribute towards innovation and the economic growth of their countries.

Across the continent, government-sponsored schools and training institutions face the same difficulties - poor funding, low quality, rapidly falling standards and general system failure. Due to the poor reputation of public schools, more parents (including the poor ones) are enrolling their children in paid private schools even in countries where government schools offer free education.

Many Africans strongly appreciate and understand the value of education and training and its power to lift their children out of poverty. Both rich and poor are investing a significant portion of their income in their personal and children's education. According to the United Nations, school fees consume more than a quarter of a poor family's income in sub-Saharan Africa, covering not only tuition, but also indirect fees (such as membership of parent-teacher associations, community contributions, textbooks and uniforms).

The huge demand for education in Africa goes beyond primary, secondary and university education. There are also huge opportunities in vocational training, professional training and certification, side-lines such as stationery, and several other opportunities we'll look at in the rest of this section. We will also share some inspiring stories of successful entrepreneurs and businesses who through basic innovation are positively affecting

Africa's ailing education system and turning a profit at the same time.

48. There are huge opportunities in Primary & Secondary School Education

Primary and secondary education makes up a major proportion of the overall demand for education in Africa, because parents are desperate to give their children a good foundation in the early years. It is very important to catch them young and get children interested in education while their learning ability is high in the formative years of life.

The poor quality education offered by the existing government-owned primary and secondary schools has created a huge opportunity for privately-run schools to flourish. Although they typically cost more than public schools, most private schools offer better quality education and higher standards. Even in countries where basic education is free (sponsored by the government), more parents are skeptical of the quality of education in public schools and enroll their children in private schools, despite the higher costs.

The possibilities in the primary and secondary education business are quite appealing as this is still a virgin market in many African countries. There are the expensive private schools targeted at children from upper class homes. Many of these schools offer curricula that are adapted to the high education standards in the

USA and Europe. There are also private schools targeted at middle-income children. These schools are moderately priced and are expected to grow in number as more Africans enter the middle class.

In addition to formal primary and secondary school education, there is a huge and growing demand for private tutors to supplement the education children get in school. More parents are paying extra fees to private tutors who provide additional training after normal school hours. These extra lessons may take place at the children's homes or at a dedicated location where children in the area come to receive classes after school. On average, primary and secondary school students who receive extra classes (private tutorship) perform better at school and general examinations than students who only attend school.

Business Concept

If you want to dig deep into this, open your own primary school - or better, even: a chain of schools. It is surely not a simple undertaking and one that will require a great deal of passion and vision at your end. But it can be done and the market is there to build a very successful business.

If you'd rather consider a less complex venture, you could offer after-school care and clubs with homework supervision, or manage a network of tutors who could work both in schools and homes.

Niche Ideas

- International schools that provide education based on a foreign curriculum (American, British, Chinese, etc.). This would be a great attraction for expatriate and high-income families who are likely to send their children overseas.
- Special schools for children with learning difficulties (such as dyslexia and autism).

Top Countries & Policy Guidance

Again, this is a business that will work throughout Africa, especially if you are interested in social entrepreneurship. However, if you want to increase profit you should aim for the upper classes, which are fast growing in countries like Nigeria, Ethiopia, Kenya, and Angola.

Action & Tips

- To find out more about your market and competition you need to visit existing schools and primary education facilities in the country you want to operate in, and directly engage with mothers to receive their feedback.
- Contact the Ministry of Social Welfare / Labor & Welfare and get more information about your industry and competition.

Success story

Omega Schools (Ghana) and Bridge International Schools (Kenya)

Two amazing success stories are presented to Africa through the Omega Schools in Ghana, and the Bridge International Schools in Kenya. Both companies are hugely successful social enterprises that work on a massive scale and have received much media attention and various awards for outstanding social impact. You really need to visit the websites of both companies and you will be amazed at what grand visions and passion are able to accomplish.

Take Bridge International Schools: Shortly after getting married in 2007, May and her husband, Jay Kimmelman, who is also her business partner (both US citizens), spent their honeymoon traveling through half a dozen African countries where they interviewed teachers, principals, and

parents about their educational needs to gather information for a business plan.

In 2008 they opened in Kenya. Today their school franchise is educating 100,000 children, allowing quality education at a monthly fee of just \$5 by using a unique administrative and teaching concept that dramatically cuts down expenses. The school franchise continues to grow, now also outside Kenya.

49. Higher Education is profitable... build a school that offers online courses

If the condition of primary and secondary education in Africa is bad, the state of university education on the continent is much worse. Apart from being poorly run, the number of universities in Africa cannot cope with the huge (and growing) number of university-ready students every year. More young Africans are desperate for a university degree because of the competitive advantage it provides in the job/labor market. However, the number of universities on the continent is not enough to cater to this overwhelming demand.

In Nigeria alone, only **one-third** of about two million candidates who write university entrance exams every year will gain admission into a government-owned university²⁴. The remainder (if they can afford it) will try to enroll in one of the few and expensive private universities in the country. Strikes by university staff, which commonly disrupt and extend the academic calendar in many public universities almost every year, are also one of the main

reasons for the growing profile and preference for private-owned universities in Nigeria. And indeed, the Nigerian story is quite similar to many other African countries.

Although setting up a private university is much more capital-intensive than a primary or secondary school, the huge demand for university education in Africa justifies any business investment in the sector. In fact, it is projected that African students spend upwards of US\$3 billion every year to pursue graduate and post-graduate university education outside the continent (especially in Europe and North America).

The increasing likelihood of employers to choose foreign-trained graduates over local ones is putting more pressure on the demand for high-quality and international-standard university education across Africa. Private universities with standards and quality that are similar and comparable to foreign universities have a strong competitive advantage in Africa. More parents and students are likely to prefer this option as they are considered to be closer to home and much cheaper (low travel and accommodation costs).

Africa's university education industry will definitely be an exciting sector to watch in the coming years.

Business Concept

Some smart entrepreneurs are already partnering with foreign-based universities to set up satellite campuses in Africa. Others are using distance-learning and online courses to break into Africa's lucrative university education market. Both are very successful business models you could adopt. As so often, it is important that you start with an approach that looks achievable to you personally – you can always expand that later into a grander version.

Niche Idea

- Online courses are an interesting trend. They'll surely change how Africans learn in the near future.
- Specific focus - such as Business Schools, Vocational and Technical Colleges.

Top Countries & Policy Guidance

This is again a sector that needs investment and input across Africa. There are some countries that are known for a relatively widespread higher educational system – South Africa, Egypt, Kenya, Sudan, and Ethiopia belong to those countries – with Kenya providing some of the best education on the continent.

Action & Tips

- Visit Africa's top 100 university rankings for 2014 and the respective websites of several universities to understand what it takes to become a top institution. <http://www.4icu.org/topAfrica/>
- Agribusiness is becoming hip in several countries among students who witness how peers and other entrepreneurs are earning a good return in this sector. It's a course with great potential that you could offer to students.

50. Providing professional training for individuals and businesses will satisfy a huge demand

Because the academic curriculum in many universities is out of date and largely irrelevant in today's industries, more university graduates need to 'update' their knowledge and skills to stand a good chance of employment. Faced with rapidly changing

technologies and stiff competition in a difficult job market, more Africans are seeking professional training and certifications to complement their university and college degrees.

Certifications from both local and internationally-recognized professional institutions are acknowledged to increase a person's prospects of getting a job (with better-than-average pay) and advance their careers (especially via promotions). The most highly demanded professional certifications are in *Information Technology (IT), Engineering, Finance & Accounting, Law and Management training* (including project management, supply chain management and several others).

Many of these professions are strictly regulated by local and international private or government-backed organizations. These institutions often require candidates to be trained according to a specific curriculum before writing the certification examinations. As a result, a growing number of accredited training and test centers have entered the market to exploit the huge demand for professional training and certifications.

Business Concept

The business concept here can be very simple: Provide high-quality training in an area of great demand in the country of your operation. It's important that you provide a couple of outstanding training packages that become your trademark. You don't want to be another Internet shop in Africa that provides IT training; instead strive towards becoming an authority in your field. You can then charge accordingly for your training sessions and expand your business by employing qualified trainers who are instructed by you, so your trademark training continues to grow in popularity. The great benefit with providing training packages is that you will usually not need much financial

capital to invest: your knowledge, skills, and social capital will drive your business.

Niche Ideas

- Develop training for mid-level and senior employees of private and public organizations who want to advance their careers.
- Dedicated training and certification centers for technical and professional qualifications.
- Management training is big in demand all over Africa!

Top Countries & Policy Guidance

We suggest that this is a venture that would work everywhere in Africa, but choosing a country with high entrepreneurial activity in the non-informal sectors can most certainly increase your success rate. If your training targets startup entrepreneurs in particular, choose the countries with the highest adult percentage in this regard. According to a CNN report in 2014, they are: Nigeria and Zambia (both 40%), Malawi (28%), Ghana (26%), Uganda (25%), and Angola (22%).

Other countries with great potential for a training venture include: Botswana, Kenya, Ethiopia, Tanzania, Rwanda, and Mozambique, among others.

Action & Tips

- The shortage of mid-level to senior management staff is currently a major problem for bigger companies, investors and governments, and hampers Africa's growth path. Tapping into this niche would add a wider African development context to your business providing great potential for funding, networking, or sponsorship – you could set up a structure where you directly help in seeking employment positions for the trainees. This way you would earn an increased revenue receiving commission for the placements, but also create a great benefit for the trainees and a competitive advantage in your business. It's a win-win situation.

- It would be of value to your business to offer training certification – get in touch with an accredited certification bureau to learn more about adding this to your business.

51. Personal development is a huge industry in the West – and grow it in Africa!

Many of the vital skills required to succeed in life and work are generally not taught in African schools. There is a growing interest and demand from individuals and businesses for non-technical and 'soft' skills training for employees. The most common subjects covered in this type of training include Entrepreneurship, Leadership, Team Building, Communication, Presentation and Selling Skills, Negotiation Skills, Career Management, Stress Management and Time Management, just to mention a few.

There is now a growing number of training units that are exploiting the opportunities in this interesting niche. These businesses cater to personal development training needs through conferences, seminars, workshops and retreats. At these events, Subject Matter Experts and speakers in different personal development areas provide training and motivation to participants who are mostly individuals and employees of private and public organizations. The pricing for these events varies depending on the size, profile of invited speakers and the type of participants expected (corporate or individual).

Business Concept

Sure, you can build a traditional training center, but – if you have the experience, talent, and vision – this is a really a niche which you can build successfully by doing things in a unique way through retreats and energy-packed seminars. You can add visibility and win more followers through an engaging online blog or membership site. You can also produce audios, DVDs, and e-books to sell to add to your revenue stream.

Products such as audios and e-books are a great source of passive income. That means you produce them once and they continue to sell through an automated online system while you are asleep or travelling. This is called 'passive income.' A great business concept, but you need to create the right content and build up momentum for your products as a personal development coach. Surf the web to learn how to do this!

Niche Ideas

- Business success & entrepreneurial mindset
- Boost-Your-Confidence Programs
- How to lead happier relationships
- Healthy mind, body, and soul
- Women's empowerment programs
- Training for youths and fresh school graduates to empower them with employability skills.

Top Countries & Policy Guidance

The whole commercialized idea of personal development as we present it here is really a Western model that is currently fast growing in popularity. In fact, it's a billion-dollar industry and one that has not really penetrated the shores of Africa. It may best work in countries where the middle and upper classes are following a Westernized lifestyle and where they have enough money to invest in their own development and personal growth. We recommend Kenya, Nigeria, Ghana, and South Africa. Ethiopia may be another country where this could work in the local language, Amharic.

Action & Tips

- The absolute top tip we can give you is: Follow the advice and working methods of top personal development coaches, the likes of

Tony Robins, Les Brown, and Brendon Burchard, among many others. Most of them started with very humble beginnings and now they share their advice and wisdom with millions.

People like Brendon Burchard even provide insights on how they got there and which steps they had to take. A young Afro-American lady who left her job in 2010 to become a personal development coach, and who has worked her way up from scratch, is Rosetta Thurman with her Happy Black Women Community. Follow these wonderful role models online, watch them, and learn as much as you possibly can about the methods they used to grow their businesses. Now translate that into Africa, where such role models rarely exist. Become that role model.

52. Create e-Learning opportunities in Africa

Teaching and learning is gradually shifting from the physical and 'face-to-face' teacher-student classroom model to a more flexible model which allows teaching and learning to happen 'on demand.' Nowadays, people are less willing to abandon their work and sit in a classroom for the whole day. There is a growing need for learning solutions that are flexible enough to fit into people's often complex everyday schedules. Companies are looking for training models that allow their employees to use their time more productively and efficiently.

Computer-Based Training (CBT), also commonly referred to nowadays as e-learning, is an interactive method of learning that provides a series of self-paced, hands-on, computer or web-based courses that are usually delivered via a computer or handheld

device such as a tablet or smartphone. The e-learning model may one day eliminate the physical and face-to-face classroom learning that has existed for centuries. With e-learning, people can learn what they want, wherever and whenever they want to. This amazing flexibility is one of the biggest reasons for the fast-growing demand for e-learning solutions by both individuals and companies across Africa.

Apart from its flexibility, the e-learning model is cheaper than classroom learning in the long run and allows for better quality assurance and standardization in learning. Interestingly, this model can be applied across all the opportunities in Africa's education sector discussed in this chapter.

Business Concept

You develop courses or well-structured content and make it available online. When you get started it is important that you find your niche and own that instead of trying to teach everything to everyone. Find something with an edge.

Courses could be free and you give options to upgrade, for example by charging for certificates or premium courses.

Alternatively, you could base it on paid membership. Members could pay a monthly or yearly fee and gain access to all the content. But first you have to give a lot of great content out for free to gain trust as a training authority.

Niche Ideas

- Exam preparation courses
- Vocational courses in Design, food processing, home decorating etc.
- Courses for middle class/upper class mothers who want to educate themselves and need to do so from home.

Top Countries & Policy Guidance

An e-learning business will work best in countries with both high Internet penetration and higher educational awareness. Top countries include South Africa, Egypt, Kenya, Nigeria, Ghana, Morocco, and Ethiopia, among other. Of course, e-learning can easily be applied across borders, allowing you to grow your business. Be clear, therefore, whether you want to focus your e-learning courses specifically on one country (e.g. exam preparation, accounting & taxation) or if you want to target a wider region in Africa with more generic content (e.g. entrepreneurship, IT, design).

Action & Tips

- Start with just one or two courses that are high in demand – build momentum and own your niche before adding more courses.
- Make sure your online courses are compatible with mobile devices as the majority of Africans will access the Internet through their phones.

Success Story

Kolawole Olajide – Funda (South Africa)

Kolawole Olajide, a young entrepreneur, founded Funda with some of his peers in 2009 in Cape Town, shortly after their university graduation.

Funda - which means 'to learn' in Zulu - is an online e-learning platform that is changing the way Africans learn by using a system that employs 2D, 3D, and animated training materials compatible with virtually any device. Funda has been partnering with universities in South Africa to provide short e-courses for users.

The platform is focused on a fresh approach to higher education learning by 'making it fun' for both for trainees and trainers. Kolawole and his

team have been nominated for several awards, winning the United Nations World Summit Youth Award and the IndiAfrica Award for best product on the African continent.

53. Local Stationery Production – The massive but silent industry

Writing is the foundation of all learning and has remained one of man's oldest but most essential learning aids. To remember what we have been taught, we must write. Little wonder a significant chunk of human knowledge is stored in written text, and not in our brains. As a result, paper exercise books, writing pads, text books, pencils and ball pens are just a few of the most basic and invaluable tools used in the business of education. Both students and teachers have a natural need to take notes. Without these tools, it would be difficult, if not impossible, to impart any education.

Every year, parents, teachers, students, schools, NGOs and governments across Africa spend millions of dollars on stationery supplies that are used across primary, secondary and tertiary schools on the continent. The demand for stationery (especially paper exercise books, text books and pens) is currently many times higher than local supply in many African countries. As a result, over 60 percent of Africa's stationery needs are met by imports from China, India and Europe.

Business Concept

The opportunities in Africa's stationery market include local publishing and manufacture of stationery items and imports from low production cost companies, especially in Asia.

We believe that the real profit for you lies in manufacturing stationary material locally. You could pioneer in promoting the recycling of paper, collect it, and make some of your stationary out of recycled material if this is cost-effective for you.

Niche Ideas

- 'Green' stationery, such as books made from recycled paper, would be a good attraction.
- Produce stationery with an African theme, design and style that stands out from the Western-styled products on the market.

Top Countries & Policy Guidance

This would work in any African country where you find a vibrant or far-stretching educational system, as long as you do not have any major competitors lined up locally when starting your business. Countries such as North Sudan or Congo, for example, which are less popular business targets, may prove to be great destinations for this kind of business.

Action & Tips

- The Ministry of Education, universities, and the Chambers of Commerce and Industry are good starting points to find out more about the stationary market in a specific country. Simply call them up or drop in to find more out about the gaps, challenges, and opportunities in the market. And interview as many students, company administrators, and households as possible about their stationary needs.



Transportation

“Transportation is the center of the world! It is the glue of our daily lives.”

Robin Chase

In the area of transportation, Africa’s biggest needs and challenges are concentrated in its cities. In the 1980s, the population of Africans living in cities was less than 120 million. Today, more than 40 percent of Africa’s one billion people live in urban areas. If the continent’s urban population continues with this growth trend, up

to 700 million Africans could be urban dwellers within the next 20 years.

What does a higher city population mean, you ask? The answer: more movement! Urban areas (towns and cities) are centers of activity and are notorious around the world for their busy lifestyle; and this is no different across Africa. People are always on the move for various reasons – work, school, business, pleasure, personal errands, etc. As a result, there is a constant daily need for people to carry out their activities via efficient means of transport. Everyday across the continent, more than 750 million Africans depend on private, commercial or public transportation to get them to their places of work, school, business or pleasure.

Don't forget, it's not just people who need transportation. Goods need to be transported too. Every day, huge volumes of agricultural produce (food items, livestock, farm supplies, etc.), industrial raw materials, refined petroleum products, heavy and light equipment, vehicles and consumer goods are transported by land, sea and air across Africa. These goods range from inputs to (and outputs from) farms and factories to tons of imported goods that arrive at Africa's air and sea ports every day. As a result, transportation is regarded as the engine of every economy, because without it goods cannot be effectively distributed and trade and commerce will not happen.

Despite the huge demand for both human and goods transportation on the continent, there is still a persistent shortage of reliable transportation systems to satisfy these needs. As a result, several opportunities exist for private businesses to exploit the huge and fast-growing demand for effective transportation

services across Africa. In this section we will look at the major products and services that have impressive potential on the continent and which constitute an attractive investment to entrepreneurs and investors.

54. There is a growing demand for vehicles in Africa – and someone has to sell them!

Technically, a vehicle is anything that can be used to transport people and goods on land. Africa's vehicle market is huge and growing bigger every year. Because road transport is dominant across Africa, the trade in cars (both new and used), motorcycles, buses and trucks is a multi-billion dollar market. Nigeria alone spends up to \$5 billion dollars every year importing vehicles (especially second-hand) from North America (both USA and Canada), Europe and Asia. The major buyers are individuals and businesses who want to own their private automobiles, and governments. Let's look at the core product categories:

1. **Motorcycles** – Every year, Africa imports over one million different brands of motorcycles, mainly from India and China. The huge demand for motorcycles in Africa is quite understandable. People on the move find them very affordable, flexible and fast. Motorcycles have also proved to be very good at navigating the continent's bad road networks and often help people in urban areas to beat the harsh traffic when it really matters! They are also able to enter remote areas where roads are either too bad or non-

existent. Although motorcycles frequently feature in fatal accidents, their positive qualities have fed the huge demand.

2. **Cars** – Of all vehicle types, passenger cars are the most highly demanded across Africa. Although up to 70 percent of cars on African roads are used cars imported into the continent from the developed world, the number of new car sales is on the rise. With a sales growth rate (for new cars) of about 20 percent²⁵ every year, Africa is one of the fastest growing car markets in the world.

Due to affordability reasons, second-hand or used cars currently dominate Africa's automobile market. However, as more Africans enter the middle class and income levels rise more people will be able to afford brand new cars. Most Africans are keen on fuel economy, low spare parts costs and inexpensive repair and maintenance for the cars they drive. Japanese, Korean, European and American car brands are the main preferences on the continent and this is likely to continue in the near future.

But be also aware that African car brands and other locally manufactured car models are now entering the market. Nigeria and Ghana are promoting them in particular. In June 2014, Nigeria announced the development of 30 car manufacturing plants across the country, offering payment schemes to make cars more affordable to the middle class.

3. **Buses** - Buses are the most common form of mass transportation across Africa, thanks to their affordability for

both urban and rural transportation. Due to poorly developed rail transport systems, buses currently perform the roles that trains (e.g subway) do in developed countries. As a result, Africa has one of the world's largest concentrations of buses in the world! Every year, due to increasing demand (especially from urban areas), governments and private businesses across the continent spend millions of dollars to acquire buses to shoulder the burden of urban transportation.

4. **Trucks** – The demand for these heavy duty diesel-powered beasts is growing across Africa. Heavy and bulky goods such as industrial raw materials, agricultural produce, construction materials, petroleum products, wholesale consumer goods, etc., all depend on trucks to be transported. As Africa's economy continues to grow and key activities like manufacturing, importation and agricultural production expand, the demand for trucks will increase in turn.

The vehicle trade business in Africa is largely decentralized (especially for the used vehicles market). New cars are typically sold through more organized dealerships. Used cars are largely imported by both big and small businesses and often individual (one-man) car salesmen, who order them through contacts based in North America and Europe.

Business Concept

You could either become a car trader yourself or facilitate the trade of cars. Here is what we mean: As a car trader you would possibly import cars or buy them locally to sell to your customers. You could also get in touch with some of the few local manufacturing companies – they do offer partnerships.

Alternatively you could facilitate car trade by running a car trade website where people can directly sell their cars to those who are looking to buy one. Such sites have been very popular in Nigeria (carxus.com, nigeriacardealers.com, carmudi.com) and Kenya (cheki.co.uk), for example. You could also run car trade shows in Africa, which are still very rare.

Niche Idea

Vehicle auction platforms are still a rarity in Africa. You could start one.

Top Countries & Policy Guidance

Any of the current growth countries in Africa where people have increasing spending power.

Action & Tips

Study popular African car trade websites to identify some customer preferences and local market gaps.

Success Story

Carey Eaton – Cheki (Kenya)

Carey Eaton returned to Kenya in 2011 and started Cheki from humble beginnings, growing it quickly into Kenya's number one car portal and later expanding into other countries such as Nigeria, Ghana, Tanzania, Malawi, Zambia, Zimbabwe and Uganda. Mr. Eaton was the co-founder of the One Africa Media group of companies, which is the parent company of Cheki, BrighterMonday, BuyRentKenya and StayNow in Kenya, as well as similar internet businesses across Africa. Sadly, Carey Eaton was killed in January 2014 during an armed robbery at a friend's house in Nairobi.

55. It's a good time to invest in Urban and Rural transport services

Not every African can afford a private car. Even if we all could, not everybody will find an inch of space on our roads to ride on. As a result, transport services (like taxis and city bus services) are cheaper, flexible and more convenient for people who wish to avoid the hassle of driving around town and worrying about parking space. For these reasons and more, the market and demand for both urban and rural transport services has become a huge business in many parts of Africa.

Motorcycle taxis and tricycles (popularly known as 'auto rickshaws' or 'tuk-tuk') have become very common and popular with low-income classes in many urban and rural areas across West, Central and East Africa, due to their affordability and flexibility in navigating traffic and bad roads. Taxis and buses are also a very common means of mass transport within cities and towns. There is also a rising trend of 'corporate' taxis and car hire services that target corporate customers and middle-income consumers.

In coastal areas and places with navigable inland waterways, water transport has become a fast-growing alternative to the already congested road transport networks. Governments and private businesses are already exploiting the huge potential in this area.

Business Concept

There are many ways to start a profitable business in the area of taxis and vehicle hire.

The BBC reported in January that the motorcycle rental in Kampala, the capital of Uganda, was growing exponentially. The long hours people spent in traffic have caused such businesses to grow. Motorcycles – in the region known as *boda boda* - are rented at around \$40 per week, which means that you could make US\$ 45,000 in annual revenue if you own 20 motorcycles. This is a model that could be replicated elsewhere in Africa, possibly with greater profits. Unfortunately, accidents involving motorcycles have also increased.

The Star reports this month that the vehicle and equipment company Car & General made a 18.5 percent increase in profit last year mainly through a growing business selling *boda bodas* and the three-wheelers known as *tuk-tuks*, so it is a business concept that can certainly work for you.

But have a look at our success story below if you want to explore different business concepts in this area.

Niche Idea

Limousine and car rental for weddings and diplomatic delegations.

Top Countries & Policy Guidance

A car business would work best in Africa's fastest growing cities where you have enough traffic and spending power. Africa's fastest growing cities are: Dar es Salam (Tanzania), Nairobi (Kenya), Kinshasa (DRC), Luanda (Angola), Addis Ababa (Ethiopia), Dakar (Senegal) and Lagos (Nigeria).

Inform yourself about the import regulations in each country and the time it takes to clear imported goods, as they can vary considerably.

Action & Tips

- There are some very creative car rental concepts available both in Africa and in the West. What about looking into the feasibility of such concepts for African countries where the market demand would certainly be there, but where such business models have never been heard of? Pulling it off would be a challenge, but be ensured that the competition will almost be non-existent.

- The rental of motorcycles is very good business in some African countries, but non-existent in others. There may be room for you to replicate the concept in those countries.

Success story

Bankole Cardoso – EasyTaxi (Nigeria)

25- year old Bankole Cardoso was inspired by the efficient taxi services in the UK and US where he studied, and was determined to bring such efficiency into Nigeria. He moved back to Nigeria and started Easy Taxi Nigeria in 2013, a free smartphone taxi app service. The business is aiming to change the overall perception of taxis as being unsafe and unreliable modes of transport. Easy Taxi is actually a global company, and the app was launched in Brazil in 2012 by German incubator, Rocket Internet. Since Bankole's launch in Nigeria, the app has also been launched, independently, in Egypt and Ghana.

Here is how it works: The actual app service is free, and Bankole, for example, says that Easy Taxi Nigeria uses existing infrastructure (such as the taxis already operating in the city). Certified taxi drivers are recruited, trained in using smartphones and maps, and Easy Taxi links them with customers in their vicinity. The service charges drivers a 10 percent fee of every transaction they make from a customer they found through Easy Taxi. Is this something of interest to you to start in another country? Do so before others will!

56. Economic growth is increasing the demand for logistics Services – Serve this market!

This is huge. The logistics market has a lot of space for successful entrepreneurs and businesses; it's a great opportunity to make profits. Unfortunately, it's often an overlooked market.

Due to the inadequate transport infrastructure, and poorly developed rail and inland waterway transport networks, almost all heavy goods are transported internally by road in Africa! As a result, trucking and haulage have become big business on the continent. Forecasts reveal that the demand for trucking and haulage will double across Africa within the next 10 years. This will be a direct consequence of increased economic and commercial activities everywhere on the continent.

With over 15 landlocked countries, a vast terrain and an inadequate and poorly developed rail transport infrastructure to do the heavy duty work and move goods around the continent, the demand for trucking and haulage services is growing fast.

It is estimated that more than 100 billion (yes, billion!) tons of goods are transported across Africa every year. Every day, trucks, tankers and trailers transport huge volumes of food items (agricultural produce and livestock), industrial raw materials, refined petroleum products, timber, construction materials, heavy and light equipment, factory goods and consumer products across the continent.

Business Concept

Logistics is a fast-growing and very profitable business in Africa and if you approach your concept from that angle you can tap into a potential gold mine. Many private African companies are eventually forced to set up their own transport and logistics systems, as their dependence on local firms (which often lack efficiency and reliability) usually hinders business operations. This is where you come in. Looking at long-term contracts with renowned local companies and solving their transport and logistics challenges is at the heart of your concept. Be assured that many companies will sign up for your services!

Niche Idea

Courier and messenger services would work well, especially in densely populated and high-traffic cities.

Top Countries & Policy Guidance

This is something that would work best in all fast-growing African capital cities.

Action & Tips

- The best approach here would be to interview companies and freight forwarding businesses to find out about the biggest challenges and gaps. You will soon see that some answers will appear repeatedly. Make sure this is the gap you will fill.

57. Air transport: No, you don't have to buy your own plane

The contribution of air transport to any economy exceeds that of road transportation sevenfold. Yes, sevenfold! The African Development Bank (ADB) describes air travel as a sector that is essential to the prosperity of Africa as it will open up opportunities

that did not exist before. A strong air travel industry is expected to create a stronger connection between African countries/regions and become the catalyst that will boost intra-African business, trade, tourism and cultural exchange. It will also help to solve the chronic transport problems faced by Africa's landlocked countries.

But a lot is happening in international air travel too, and several African airlines (which are very often co-owned by European companies) have extended their routes outside of Africa in the last couple of years.

Currently, only about 10 percent of Africans travel by air. This is the surest sign of the huge potential of the air travel market in Africa and the anticipated future growth. As the continent's economy continues to grow and the size of its middle class expands, there will be an impressive boom in the demand for air transport services.

Now, the opportunities and money for you lie in the many service industries that are connected with airports and air travel.

Business Concept

We probably agree on this one: the majority of us will have no resources to start their own airlines (although Richard Branson managed to do just that eventually starting from zero!). There are, however, huge opportunities for you to serve Africa's airline industry in many ways: airlines food and beverage provision, cleaning services, shuttle services, cargo handling, airport shops and duty free, flight entertainment and many more.

Most of these are still handled by international companies in the West, but with Africa's increasing airline traffic and the many airport expansions we are witnessing in Africa right now, there will be a need for local sourcing,

management, and provision of such services. Airports in Nigeria, Ethiopia, and Kenya, among many others, are working on expansion plans. Now is the right time to start your business and position yourself!

Niche Idea

Airline and flight comparison sites with online booking options for African destinations.

Top Countries & Policy Guidance

Top countries are those that are currently working relentlessly on airport and flight expansion. They are (among others): Nigeria, Egypt, Ethiopia, Kenya, Tanzania, Uganda, Rwanda, Zimbabwe, Zambia, and South Africa.

Action & Tips

- Participate at the annual African Airport Expansion Summit to get first-hand analysis and updates in your market, identify options, and network with people in your industry.



Electricity

“We forget just how painfully dim the world was before electricity...”

Bill Bryson

Can you imagine what our lives looked like without electricity? Very dark indeed! Almost everything we depend on in today’s modern world runs on electricity. From light bulbs which keep darkness at bay, to mobile phones, domestic washing machines, television sets and industrial machinery, the modern world literally runs on electricity.

Unfortunately, for many Africans electricity remains outside everyday reach. With over one billion people, Africa accounts for more than 15 percent of the world's population, but generates about 4 percent of global electricity. As a result, up to two-thirds of the continent's population is without electricity, and more than 80 percent of people living in rural areas are not connected to the grid.

Did you know that all the countries of sub-Saharan Africa (except South Africa), with a combined population of more than 750 million people, generate roughly the same amount of power as Spain (a single country of less than 50 million people)? Despite its huge reserves of fossil fuels and renewable energy sources, the African continent arguably has the worst electric power infrastructure in the world with the lowest scores in power generation, consumption and security of supply.²⁶

According to the African Development Bank (ADB) Group, Africa will need to add up to 250 GW of electricity to its current capacity between now and 2030. The amount of investment required to meet this target is quite substantial and is estimated at US \$40 billion every year.

Despite the huge challenges in the continent's electricity supply, there are several opportunities that are open to entrepreneurs who can provide affordable, effective and convenient solutions to people's everyday electricity needs. Let's take a look at these opportunities and ideas.

58. Solar power is already at work in Africa and doing quite well!

The world talks endlessly about solar power, so what better place to make a business of it and utilize its benefits than Africa? If there's any energy source Africa has got in abundance, it's the sun. With an average of 300 days of bright sunlight every year, solar power remains one of Africa's most abundant but scarcely used resources. Of all the other alternatives available to Africans, solar power is relatively cheap, easy to deploy, decentralized and effective enough to provide electricity to millions of people in the shortest possible time.

Africa's solar power potential is huge and has the capacity to generate and supply electricity to power the entire continent. Recently Google, one of the world's most successful multi-billion dollar corporations invested \$10 million in the Jasper Power Plant, a South African solar project.²⁷ This solar plant is planned to supply nearly 100 megawatts of clean energy to the country and will power over 30,000 homes when completed.

There is also the DESERTEC Project²⁸, another interesting initiative which plans to set up solar farms in vast areas of the Sahara desert and supply Europe with the generated electricity. These ambitious and high investment projects prove that solar energy will power the future and Africa will be the major source of it!

Apart from these high-investment projects, we would like to share with you some of the gadgets and appliances that are already gaining significant traction on the continent. Here they are:

1. **Solar panels** – This is the heart of every solar power system that converts the power of the sun into electricity. Over the last decade, a lot of progress has been made in solar technology – making it cheaper, reliable and more efficient. As a result, solar power equipment prices have been falling, and are now within the reach of many Africans. Solar panels are commonly installed on rooftops and the electricity generated is used to provide lighting and power home appliances.
2. **Solar water heaters** – This solar appliance is quite popular with hotels, hospitals and a growing number of private homes in East and Southern Africa. Solar water heaters collect heat from the sun and use it to heat up water for domestic use.
3. **Solar chargers** – This gadget is one of the most highly demanded in many parts of the continent. It is basically made up of batteries which are charged via solar energy. These batteries (which can last a long time when fully charged) are used to charge mobile phones and provide lighting in the night.
4. **Solar fridges and freezers** – Although it's still very expensive on a per-unit basis, solar refrigerators and freezers have a huge potential in Africa. The poor state of electricity on the continent is adversely affecting millions of households who cannot preserve cooked food and foodstuff for extended periods of time without spoilage. A fridge or freezer that doesn't depend on the electricity grid is a very attractive prospect as long as it's affordable for these

households. It could work well if you focus on milk collection in rural areas for dairy farms.

5. **Solar powered computer** – Yes, amazing, but they have now been developed in South Africa. Maybe you can become a distributor?

Business Concept

The business concept is easy: You buy the solar appliances and import them to sell on to customers. Be aware though that, despite the popularity of solar energy, the great majority of Africans are not too well familiar with it and may not trust a new product.

Raising awareness, and hands-on observation and introductory opportunities need to go hand-in-hand with your business concept – especially in the beginning. This will increase the customers' confidence in solar applications.

Quite unique to Africa is the manufacturing of solar panels and equipment – so definitely another successful business model.

Niche Ideas

- Small panels for African huts in the rural areas
- Specialized solar equipment to meet heating and drying needs in agro-allied and food processing industries.

Top Countries & Policy Guidance

This business concept will work absolutely anywhere in Africa. You may find it easier in countries with higher environmental awareness, such as Ethiopia, or in countries where power cuts and generators are causing a problem to public health due to noise and dangerous fumes - Nigeria is such a country. In fact, the problems people face using generators has become an issue of public debate.

Action & Tips

- Choose your niche and target market and start with one house at a time. You will see your business expanding fast.
- Know and understand your imported products well and make sure your team of workers does, too. You will need to do a lot of demonstrations locally before starting to sell anything.
- Important: Make sure your important goods have your own brand name on it! It can be ordered that way and it is absolutely necessary for the development of your business that you do not just sell, but that you create a product with a well-respected brand.

Success Story

Patrick Ngowi - Helvetic Solar (Tanzania)

Ten years ago, aged 19, Patrick received a small loan from his mother to start a business. He started off selling Chinese mobile phones, but then he discovered that only a tiny fraction of Tanzanians enjoyed access to electricity, so he saw a gap he wanted to fill. He continued traveling to China, but now bought small solar supply-and-installation systems.

Long story short; in 2013, his company Helvetic Solar Contractors made more than \$5 million in revenues and KPMG East Africa recently valued the company at \$15 million! Yes, exactly, let's repeat: he had no real capital, no investors, no prestigious position or friends in the government, not even experience, and today Patrick ranks among the richest under-30 CEOs in Africa and met with Al Gore during climate change discussions.

59. Domestic power generators may be noisy but they're still a hot-selling product!

The sound of electric power generators is a common feature in several parts of the continent that are worst hit by the severe power supply problems. Power generating sets are available in a wide range of capacities and are commonly powered by petrol fuel (gasoline) or diesel. Some households and businesses often use generators for more than five hours every day to meet their daily electricity needs.

There has been a noticeable trend in the design of power generators as newer and smaller models which are more affordable have been introduced to the market. There is still considerable potential for power generators in Africa as the continent's electricity problems will take some time to fix. Any improvements in the design of these generators that will make them more affordable, less noisy, more fuel efficient and longer lasting will create a strong competitive advantage and will be well rewarded by the market.

At the moment, Asian brands dominate the market. These generating sets are largely imported from China and India. The technology for these machines is quite simple and there's very likely to be a huge benefit for local production in Africa. There is also a huge market for spare parts and maintenance/repair of these machines. As a result of constant use, many of them break down, often requiring new parts and technical attention.

There is also another interesting trend of generator leasing in some of Africa's biggest cities. Rather than incur the high upfront cost of purchasing a high capacity generator, most companies and households prefer to hire or lease when they need it. This option is not only flexible, it's cheaper and allows users to avoid the often painful costs of maintenance and repair.

Business Concept

The business concept again is simple: you either import the generators or you manufacture them yourself and sell.

There is a huge made-in-Africa deficit and manufacturing is seen as an industry with the greatest growth potential in Africa; either way, just get started!

Niche Ideas

- Smaller-size portable generators for low-income households
- Automatic response and remote-controlled generators that reduce the inconvenience of manual operation

Top Countries & Policy Guidance

This product would sell anywhere in Africa, but countries with dynamic capital cities and bigger towns would make up the greater market, especially if they suffer from frequent power outages.

Action & Tips

- The Ministry of Energy may be a good point of contact to provide you with market information.

Success Story

Kusum Kavia - Combustion Associates (California, USA)

This time we are telling a success story from California - in fact it was a story President Obama shared during the US-Africa Leaders' Summit in August 2014.

Kusum Kavia was born in Kenya; her family was originally from India. Eventually, she emigrated to the US and along with her husband started a small business in California.

It started off as a small engineering firm. Then it started manufacturing small power generators. With the help of the Export-Import Bank they started exporting power generators to West Africa. Today, the company has grown and partnered with General Electric (GE) in the US. In fact, in the Republic of Benin (West Africa), Combustion Associates helped build a new electric power plant.

60. Battery-powered appliances and gadgets are in vogue...

It's not surprising that batteries are one of the most-purchased items, especially in Africa's rural areas. Torchlights and radios are the common uses for the popular disposable batteries. Although there is a growing preference for rechargeable battery-powered devices over disposable batteries, the severe power shortages often make it impossible to recharge them.

Nevertheless, more appliances which never used to be battery-powered are now arriving on African markets with battery options. Of particular interest to me at this point is a battery-powered electric fan I bought a couple of months ago. During the hot afternoons and sweaty nights when people need electric fans the

most, my new battery-powered fan has been marvelous! When fully charged, the battery can power the fan for up to six hours, often lasting throughout an entire night!

I have also come across battery-powered kitchen blenders and hair clippers. These devices, gadgets and home appliances which provide power on demand hold tremendous value and are very attractive to the African market.

Business Concept

Again the concept will simply be based on importing these goods and selling them, either to existing retailers or directly to households and businesses.

However, be aware while there is currently a huge market for this, billions have been allocated to improve the electricity situation in Africa. The power availability that you witness now in a particular city or country may look completely different five to 10 years down the line. It is therefore best to exploit this opportunity with quick imports while diversifying at the same time – e.g. by adding solar-powered appliances to your product range. They will sell long into the future.

Top Countries & Policy Guidance

This is a business that would work best in Africa's large and dynamic cities where people have enough spending power to indulge in battery-powered appliances. It would obviously work best in cities with chronic power cuts, so make sure you focus on those.

Action & Tips

- When importing it is often difficult to get small shipments, but it may really be wise to get just a few samples and test the market in your given area.

61. Electricity generation remains a trillion dollar opportunity in Africa

The biggest opportunities in Africa's electricity problems are in electricity generation. Although power generation projects can be very capital intensive, there are scalable and cheap options like solar and wind power. We shall now look at the various options open to Africa for power generation based on its natural resources and geographic advantages.

Note: You may not have the required capital to exploit the opportunities in this area but we believe it's important that you arm yourself with the knowledge we're about to share with you. Who knows what ideas you could come up with.

Hydro – Africa is blessed with several impressive and high potential rivers. With some of the world's longest and largest rivers, hydropower remains one of the continent's least developed renewable energy sources. Although Africa has about 27 percent of the world's hydropower potential, more than 93 percent of this potential remains unexploited. For example, the Congo River, which is the world's second largest river (after the Amazon, in terms of flow) has the capacity to produce enough electricity for half of Africa's population.

Some of the interesting hydropower projects to watch out for in Africa over the coming years include: INGA (DR Congo), Kafue Gorge Lower (Zambia), Cabora Bassa (Mozambique), Maguga (Swaziland), Bui (Ghana) and Bujagali (Uganda). As a result of the slow pace and huge investments required for hydro projects, there

is a growing likelihood that the Africa will adopt 'micro' hydropower projects in the near future. Micro hydropower projects are usually less than 500KW in capacity and are less capital intensive to build.

Coal – Africa sits on 9 percent (33,000 tons) of the world's total coal deposits. Often referred to as 'black gold', coal remains one of the oldest sources of electricity generation known to man. Although regarded as a 'dirty fuel' nowadays due to its high carbon emissions, coal still plays a huge role in electricity generation in the world's largest economies.

For example, coal is still responsible for 40 percent of electricity generated in the USA and 77 percent in China; the world's two biggest economies. In Africa, coal generates more than 90 percent of South Africa's electricity. Coal's abundance and affordability on the continent makes it one of the top options for resolving Africa's electricity generation crisis.

Natural gas – Africa has the third largest natural gas resources in the world (behind the Middle East and Europe); Nigeria and Algeria hold the continent's largest share of natural gas reserves. Despite the huge abundance of gas, only a small portion is converted to electricity in Africa. Gas, although a fossil fuel, is favoured as a clean alternative to coal and oil.

In addition to its clean quality, gas power stations are cheaper to build and take much less time to complete than hydro and coal projects. Because gas produces much less carbon emissions than other fossil fuels (such as coal), gas power plants can be built close to urban areas and they're not considered to be a serious pollution threat. Despite the abundance and suitability to solving Africa's

serious electricity problems, most of Africa's natural gas is exported to developed countries in Europe and Asia; the rest is often burned away and wasted.

Petrol (Gasoline) & Diesel – These have become the most popular fuels for providing backup power in Africa. Most homes, offices and businesses in Africa use petrol and diesel to power backup generators to provide electricity in times of shortages.

In addition to their use and importance as fuels for transportation purposes, Africans (especially in the cities) collectively spend billions of dollars every year on petrol and diesel for electricity generation purposes. While petrol is commonly used as fuel for low capacity power generators, diesel remains the dominant fuel for high and heavy duty power generators that supply electricity to factories, large estates and office blocks.

Geothermal – Geothermal energy is energy produced from heat within the Earth. It can be pulled from hot water and hot rock found a few miles beneath the Earth's surface. According to an Accenture report²⁹, Sub-Saharan Africa has great geothermal potential. Africa's geothermal resources are concentrated in the East African Rift System (EARS), comprised of the Democratic Republic of Congo, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mozambique, Rwanda, Tanzania, Uganda, and Zambia.

The geothermal potential in these countries remain largely undeveloped and only about 217 MW of geothermal electricity has been developed so far in East Africa, most of it being in Kenya. Electricity from geothermal sources fills only 17 percent of Kenya's

electricity demand. This is insignificant compared to the region's huge potential, estimated at 10,000 MW in Kenya alone.

Wind – is one of the most abundant and renewable sources of energy in Africa. Electricity is produced when winds cause the large blades of wind turbines to rotate. According to the World Energy Outlook, Africa has the potential to produce up to 16GW of electricity by 2035 and the countries with the highest potential are those with great wind speeds. This includes coastal regions of most countries and the Eastern highlands (Kenya, Sudan and Chad). Wind power has the potential to compete with other sources of electricity in countries with abundant wind flows.

Nuclear – Africa has the world's second largest reserves of uranium, the major fuel used in nuclear plants to produce electricity. However, the continent appears to be the only region of the world that is missing out of the huge benefits of nuclear energy; which remains, despite its controversial nature, one of the cheapest, most efficient and carbon-friendly options for electricity generation in today's world.

India, a similar developing region to Africa, has 20 nuclear reactors and is currently building seven more. China is also building 13 new reactors (in addition to its existing 17) to ramp up its electricity supply by 2018.

South Africa is the only country on the continent that produces electricity from nuclear energy. There used to be an operational nuclear reactor in Kinshasa (DR Congo) but it shut down in 2004 due to overheating problems. Although a couple of countries have developed nuclear energy policies, progress has remained very

slow and no serious efforts are being made to exploit the energy benefits of nuclear.



Health & Wellness

“The basis of all happiness is good health.”

Leigh Hunt

Healthcare demands in Africa are changing; it's that simple and you can observe it in particular in some of Africa's big cities, where private healthcare clinics are mushrooming – exactly because they are usually so profitable! A growing urban middle class is willing to pay for better healthcare services and treatment. This has opened the door to the private sector, which is starting to play a new role, often working in partnership with donors and governments to

provide better healthcare facilities and increased access to medicine at an affordable price.³⁰

Although Africa is home to less than 15 percent of the world's population, but accounts for 24 percent of diseases that occur on the planet. The demand for drugs, medicines and other pharmaceutical products used to fight diseases on the continent has given rise to a multi-billion dollar industry.

Although it is relatively small in global terms (less than two percent of the global market), Africa's pharmaceutical industry is the fastest growing in the world and is driven by a small number of countries: South Africa, Nigeria, Ghana, some East African countries and North Africa.³¹ A recent IMS report³² reveals that spending on drugs and medicines in Africa stood at \$18 billion in 2012 and is expected to reach \$30 billion in 2016. By 2020, Africa's pharmaceutical market is expected to reach nearly US\$45 billion. Both giant drug manufacturing companies and small neighborhood pharmacies are helping to serve and satisfy the huge (and growing) demand for drugs and medicines in Africa.

Africa's market for medical and pharmaceutical products and services is therefore huge. Its large and expanding population, disease-prone environment and growing frequency of both infectious and non-infectious ailments are some of the drivers behind the continent's expanding pharmaceutical industry.

Currently, local production of drugs and medicines remains weak and limited within Africa. According to the African Development Bank Group, local manufacturers produce 25 to 30 percent of pharmaceutical products consumed on the continent and less than

10 percent of medical supplies that are on the African market. The continent's pharmaceutical industry is mostly composed of small, privately-owned companies that serve their national markets, and there are few large manufacturers that are entrepreneur-led or owned by the government.

As you will soon discover, the ideas in this chapter are not only about the pharmaceutical industry. Although it takes the biggest slice out of the health and wellness industry, there are quite a number of interesting business ideas and opportunities besides medicines and pharmaceutical products. Let's now look at the top business opportunities and ideas in Africa's health and wellness market.

62. It's a good time to provide gym services, fitness training and boot camps!

In rich and middle class areas of Africa's biggest cities, in particular, the gym and fitness training business is starting to take off. The growing demand for these services is coming from the continent's educated and financially-stable consumers, who are typically well-educated white-collar professionals who live in middle-income or highbrow neighborhoods in urban areas and are increasingly influenced by a western 'fitness conscious' mentality and lifestyle. There is also a growing presence of health spas and massage parlors in urban areas that target this market.

This is an ideal business enjoying what you love. It would work best in a country with a stark growing economy and a strong middle and upper class or expat community, such as Nigeria, Kenya, Angola, South Africa, or Ethiopia, for example. You need people who have a lifestyle that allows them to engage in fitness activities and pay for it.

Now, for this to become a viable business, you need to offer something for fairly big groups and with an edge – create a trademark for your variety of fitness courses, for example: the 'Flexpress', 'Lagos Running Club', and 'six-week bridal workout'. Exercising with your class in the open air (at least for some courses) may set you apart and save you some money. You could sell a selection of fitness and work-out music or your own home-exercise DVD to increase revenue. A personal fitness blog may help you to increase outreach and sales.

Location, operating format, marketing, staffing and competition are critical points that must be carefully considered by entrepreneurs who wish to enter the Gym and Fitness club business.

Business Concept

This is a wonderful business opportunity for people who love sports and who have a minimal budget at hand. Now, we think two aspects are very important if you want this to become profitable:

- Training groups or masses
- Having a very attractive, trademark fitness routine

Sure, you could become a personal trainer or train some youngsters in gymnastics, but unless you can charge celebrity fees for that, it will not be

enough. You need to get many paying clients into a small time slot – and then repeat that all over.

This is how it works: You could rent a fitness center or an empty church or community hall for your fitness routines. Or even do it outdoors, as suggested – that will save you renting costs and may just set you apart from the competition! Now come up with a really attractive routine including aerobics, African dance, muscle-building exercise, or Far East disciplines and get 15 to 20 people to participate for 60 or 90 minutes. Do that four times a day, maybe two morning sessions and two evening sessions, and you could serve 80 people each day when your business (and you!) run at almost maximum capacity. If you work 5 days a week and each person pays you \$5 per session you make \$10,000 that month – with hardly any expenses!

If your fitness program is popular you could even produce a fitness DVD and sell that to your clients and others who'd rather do the workout at home. This would work best in the context of an online fitness blog.

Niche Ideas

- Yoga courses
- Pregnancy fitness training
- Weight loss programs (this one is huge!)
- Self-defense classes

Top Countries & Policy Guidance

This would work anywhere in Africa, but if you want to charge higher rates you should focus on countries with a strong upper-middle and upper class and a tendency to embrace a Westernized lifestyle, such as Nigeria, Kenya, South Africa, Zambia, Ethiopia, and Angola.

Action & Tips

- Look at really popular fitness trainers in the US or elsewhere and be guided and inspired by the way they market their training routines and products, engaging thousands of fans. It may take some time to kick off in Africa, but the trend is there and it is visibly growing!

63. Drug manufacturing offers you huge potential on the continent

The case for drug manufacturing on the African continent is very strong. For example, Africa is home to roughly 60 percent of all HIV/AIDS sufferers and close to 80 percent of the world's malaria sufferers, yet just less than two percent of the drugs for its diseases is locally manufactured.

For decades, Africa has sourced its drugs and medicines from the rest of the world. Europe, the Americas and South-East Asia (especially India and China) have been the continent's main suppliers. In recent years, due to their low labor costs and large supply of skilled talent, Indian and Chinese drug companies have been able to produce generic drugs and medicines that are cheap and affordable for millions of Africans. This low-cost advantage has made it difficult for drug manufacturing to really take off in Africa.

***Note:** Generic drugs are copies of brand-name drugs that have exactly the same qualities as the original drug. For example, Paracetamol is a chemical ingredient found in many brand-name painkillers, but is also sold as a generic drug (without a brand name). Because generic drug manufacturers do not spend anything on research and development of these drugs, they are able to sell at very low prices.*

However, with the ratification of the World Trade Organization (WTO) Agreement on Trade Related Aspects of Intellectual Property Rights (also known as the 'TRIPS Agreement'³³), and the

flexibilities allowed for Least Developed Countries (LDCs), Africans now have an advantage when it comes to manufacturing low-cost generic drugs and medicines. A couple of African businesses and entrepreneurs are already taking advantage of the emerging opportunities by partnering with foreign drug manufacturers. However, setting up a manufacturing plant requires considerable capital, machinery, technology investment and skilled talent.

Business Concept

You will need to decide whether you are going to import drugs or manufacture them yourself, but first you really ought to be aware of the local competition and drug needs in your market. To get licensing for drug imports or manufacturing is no easy undertaking and has taken some African businesses months, or even a couple of years (depending on where you are located). So make sure you start with a thorough market analysis and a well-defined niche. When done properly, the outcome can be hugely profitable.

Niche Ideas

- Contraceptive pills
- Pregnancy test kits
- Alternative medicine, which is a huge market in the West and Far East

Top Countries & Policy Guidance

This will work almost anywhere in Africa, but you may find huge discrepancies in the level of competition and related regulations. Rare niche ideas where the competition is lower (see niches above) really work in Africa's most vibrant capital cities where people have adopted some sort of Western lifestyle and habits.

Ethiopia is currently promoting the manufacturing of drugs, so it is a location to consider if manufacturing is what you had in mind.

Action & Tips

- The local public drug-regulating department – for example, an office such as the National Agency for Food and Drug Administration and Control (NAFDAC) in Nigeria– should be your very first point of contact. Here you will be able to get first-hand information about drug regulations and import rules and you can find out more about your market.
- Warning: Some countries claim it takes a few months to get your drug import license and then it can take much longer, which can be hugely frustrating. Make sure you are talking to other drug importers and non-governmental stakeholders in your industry to find out more about their experiences.

Success Story

Emmanuel Katongole - Quality Chemicals Limited (Uganda)

Emmanuel Katongole identified a gap in the medicine supply market quite a while ago, in 1997, where he witnessed the domination of imported medicines from India and China.

Emmanuel made a very decisive move by setting up a pharmaceutical manufacturing plant in Uganda and finally started operations in 2008. He certainly had great perseverance – but it paid off. What started with an investment of US\$30,000 has today become a company that is worth more than \$100 million and has created jobs for 300 Ugandans.

His company produces affordable, life-saving drugs for treating HIV and malaria, and is also the first African producer of antiretroviral and antimalarial drugs to be certified by the World Health Organization.

Emmanuel is keen on expanding the business to become a regional drug manufacturing giant supplying neighboring markets in South Sudan, Kenya, Rwanda and Burundi. His firm advice to young entrepreneurs is to stick to their dreams and not be distracted by too many alternatives. 'Know [your dream] from A to Z and be able to articulate it very well... the sky can be the limit.'

64. Open a Neighborhood Pharmacy & Drugstore -

More Africans are looking for convenience and quality when it comes to buying drugs and medicines. People don't want to travel too far from their homes to get the prescribed medications they need. The current trend is to visit a friendly neighborhood pharmacy where customers don't have to stand and wait in long queues.

Another reason for the rising trend of neighborhood drugstores and pharmacies is the growing threat of fake drugs in many African countries. Branded franchise pharmacy stores are cashing in on the situation to satisfy the rising demand for authentic and quality drugs. To avoid the risk of buying fake medicines, many consumers are more than willing to pay a higher price at a franchise drugstore where the quality of the pharmaceutical products they buy is assured.

Another growing trend in this space is online pharmacies. This new channel of drug and medicine distribution removes the need for a physical location and allows consumers to order drugs and medicines over the internet. As the mobile phone revolution spreads across Africa and internet access deepens, this will

certainly be a very interesting space to watch in Africa's future. The Nigerian startup drugs.com.ng is one of the early risers in this area.

Business Concept

You can set up a proper pharmacy store with qualified staff in Africa but the location you choose may be a deciding factor in your success (see our success story below). Adding *free* basic medical consultation at a pharmacy will go a long way in Africa, where people have to travel fast or wait for hours to see a doctor. Serving the people in this manner will be the best marketing strategy for your African pharmacy and make it hugely profitable.

Alternatively, you can run an online drug store for a particular African market from your home. *Drugs.com.ng* is arguably the first online pharmacy in Africa and many more will follow this lead.

You may even consider providing basic nutritional or health advice online. This could, for example, include sexual health and childbirth education, a topic that too many do not talk about and have rare access to; if you stand out, you will win more prospects and ultimately customers. The secret to a successful online store is to serve your potential customers with valuable information and guidance for their problems, even with one-to-one consultation options. This creates trust and a psychological wish to repay, resulting in increased traffic to your online site as more people will go to you to buy their medical drugs.

Niche Ideas

- Vaccines and preventive/curative remedies for tropical diseases like malaria, typhoid, Ebola etc.
- Contraceptive pills
- Pregnancy tests
- Alternative and herbal medicine, which is a huge market in the West and Far East
- Curative remedies for chronic illnesses such as asthma or epilepsy.

Top Countries & Policy Guidance

Offline stores will work anywhere in Africa and can be located in large cities, townships and smaller towns. In fact, it may work better targeting poorer segments of the population as they have no access to fancy private clinics, and many will visit a pharmacy and even pay a little more for drugs nearby instead of traveling to a clinic to queue for hours, and still having to pay on top of that.

Action & Tips

- The local public drug-regulating department – for example, an office such as the National Agency for Food and Drug Administration and Control (NAFDAC) in Nigeria – should be your very first point of contact. Here you will be able to get first-hand information about drug regulations and import rules and you can find out more about your market.
- If the financial considerations of setting up a pharmacy are a concern, or you are unable to get the necessary financial capital for it, consider an online drug store. Even that can be run in partnership with other professionals.

Success Story

Rudzani Modau, Mangalani Pharmacy (South Africa)

During a recent interview on CNN, Rudzani said Africa's pharmacy business is 'the next big thing.' His profits have been growing by an average of 50 percent over the past decade!

He opened a pharmacy in Soweto, in an area where the next pharmacy shop was a full five mile drive away. His business has become very successful largely because of the valuable convenience it provides its customers.

Neighbourhood pharmacies like his have a huge advantage because customers are happy to pay a little extra to buy from his shop rather than suffer the inconvenience of long queues at overloaded state-owned hospitals.

65. There is a huge demand for more Hospitals, Clinics and Health Centers – Fill that gap!

If you live in Nairobi you will certainly have grasped the concept of public health clinics; they seem to mushroom everywhere and are widely advertised on big bill boards. Many people tend to think that hospitals, clinics and health centers should be the sole business of governments and the public sector. This is still the case in many countries on the continent, where clinics and health centers are owned and operated by the government, religious organizations or NGOs. However, these clinics, hospitals and centers are often underfunded and understaffed. They can no longer cope with the huge and rapidly expanding demand for healthcare services across the continent.

There is an increasing number of private hospitals that are springing up in many of Africa's urban areas. These establishments, which are funded by private investors and businessmen, are helping to plug the gap in the healthcare services market. On a continent where people who can afford it often travel

abroad for simple medical procedures, these privately-owned hospitals are providing a more convenient and effective service.

The target market for private hospitals is Africa's large and expanding middle-class population who are demanding better healthcare services at a reasonable price. There are also a number of 'elite' private hospitals that target the continent's rich consumers and corporate organizations which demand world class healthcare services for their senior employees.

66. Offer Medical/Health insurance – it's catching on in Africa!

Many Africans cannot afford good healthcare services because the costs often take up a large and disproportionate share of a household's income. Up to 70 percent of people on the continent have to pay out of their pockets whenever they visit the hospital.³⁴ Out-of-pocket payments are one of the biggest barriers to healthcare access in sub-Saharan Africa.

In developed countries, health insurance helps ordinary people avoid the risk of incurring large medical expenses by paying a fixed monthly or yearly fee (known as a 'premium'). With health insurance cover, people are able to access good hospitals to receive proper medical care even when they have no money in their pockets. This is a system that has brought modern and affordable healthcare to millions of people in Europe and North America for decades. Finally, health insurance appears to be catching on in Africa.

In some African countries, like Ghana or Rwanda, the health insurance scheme is run by the government. In many other countries on the continent, these schemes are badly run or non-existent and the government is allowing private businesses to take over health insurance. In Nigeria, for example, there are now several health insurance companies who service the rich, middle-income customers and corporate clients. There are also a considerable number of private-led initiatives to provide micro-insurance packages that will allow more poor and low-income people to access good healthcare services.

The health insurance business will definitely be a great investment.



Finance

"Money is only a tool. It will take you wherever you wish, but it will not replace you as the driver."

Ayn Rand

We couldn't find a better introduction for this section than the way KPMG put it in a recently released study. It says: *'The rise of Africa's financial services sector in recent years has been remarkable. From a relatively unexplored and underinvested sector*

a mere decade ago, today the financial services sector is considered to be one of the continent's brightest prospects.'

Now the world's second fastest growing region after Asia, it's not surprising that over the past few years Africa's financial services market has been attracting a lot of attention and investment. In 2013 alone, it captured about 13 percent of private equity capital investment that came into the continent.

More interesting is the participation of heavyweights like Bob Diamond, the former head of Barclays Bank, who recently partnered with Ashish Thakkar, one of Africa's young and most successful entrepreneurs, to start an investment company that focuses specifically on opportunities in the financial services markets across Africa.

Unlike similar markets in developed regions of the world, Africa's financial services industry, though fast growing, is still at an early stage of development. There are still challenges in the industry, gaps that need to be filled in the market and millions of Africans who still don't have access to financial services. It is exactly these gaps and the continent's largely underserved market that attracts entrepreneurs and investors to Africa's financial services market. It's an industry that holds huge and lucrative growth potential.

In this section, we'll look at the top five areas in Africa's financial services market that hold some of the juiciest business ideas and opportunities for entrepreneurs and investors.

67. Provide Banking & Payment Services to the poorer masses

According to a World Bank research report on financial inclusion in Africa, less than one adult out of four on the continent (about 25 percent) has access to an account at a formal financial institution (like banks, for example). In other words, over 500 million Africans still do not have a bank account today. Sadly, these people are excluded from the financial services industry. If this segment of the market could be captured, it would increase the amount of money that could be made, increase investment and support more businesses.

One of the biggest innovations in banking on the continent is mobile banking. It's a unique way of banking that avoids the hassle, transport costs and inconvenience of visiting a physical bank. With the world's fastest-growing mobile phone market, Africa is on track to hit one billion mobile phones by 2015. Mobile phones have become quite a useful tool for introducing more Africans into the formal financial system.

M-Pesa is currently Africa's biggest success story in the mobile banking revolution. This mobile banking service, which was first introduced in Kenya, allows millions of users to transfer, deposit and withdraw money, and pay for goods and services. As a result, millions of Kenyans who previously had no access to formal banking services have been 'captured'. Today, up to 70 percent of Kenya's adult population uses M-Pesa and a quarter of the country's economy flows through this mobile-money service.

M-Pesa is spreading across the continent and has been rolled out to other countries in East Africa and beyond (India, Eastern Europe, etc). Its success in transforming the banking and payment services landscape proves how existing platforms can be used to develop simple solutions to huge and complex challenges on the continent.

Business Concept

Your concept should target the lower-income segments within a particular country. Poorer and less-educated people in Africa usually have no access to conventional banking, and when they do they do not understand or trust it.

As a result many still store their money under mattresses, bury it in the backyard or leave it with relatives. They are also too poor to qualify for traditional bank loans. This is why you will find a huge market gap here – and this is where your business comes in. Offering mobile banking or micro-credit options that are both easily accessible and understandable has immense potential.

Niche Ideas

- Micro-credit for women, farmers, and traders
- Short-term loans (1-3 months) for shop owners and traders
- International merchant payment platforms (like a PayPal for Africa)
- Payday loan schemes

Top Countries & Policy Guidance

This business concept will work across Africa, but if you choose to set up a business in mobile banking it may be wise not to start in a country like Kenya, where strong and popular competition is already present.

Here is a special tip: The capital Kinshasa (DRC) is a huge business hub in Africa with hardly any traditional banking systems in place. Your revenues stream made of high interest rates providing short-term loans for shop owners and traders or micro credit schemes would simply sky-rocket. In fact

we know from contacts we have on the ground: this is exactly what happened within a few weeks.

Action & Tips

Setting up a bank or any kind of financial company usually requires that you register with a government ministry, Central Bank or financial services regulator. You need to find out the legal and regulatory requirements before you start up.

Success Story

Simeon Ononobi, Simple Pay (Nigeria)

Simeon Ononobi noticed that it costs merchants in Nigeria almost \$3000 to be able to accept online payments from debit cards. At that time, Paypal, the world's biggest payment platform was still unavailable to users in Nigeria, and most of Africa.

In January 2013, Simeon launched SimplePay, a localized payment platform that costs \$1 to sign up and significantly reduces the hefty costs of payment gateways and the unsafe exposure of personal debit card details on multiple websites.

Today, SimplePay has more than 10,000 registered users (who are mostly merchants) and more than 30,000 unregistered users. In a country with the ninth largest population of internet users (over 60 million), the growth prospects for SimplePay are breathtaking. It's no wonder that a string of local and international investors are outdoing themselves to have a stake in what is likely to become Africa's PayPal.

SimplePay is on track to raise over \$10 million in a Series A funding round coming up in early 2015.

68. Africa's SMEs and upcoming entrepreneurs are a goldmine for you, if you are looking to invest

It can be really hard to start and grow a new business in Africa. One of the biggest reasons for this is poor access to capital. Lack of funding chokes creativity and business ideas on the continent and continues to frustrate Africa's entrepreneurs and small businesses.

To make a bad situation worse, banks and governments are not providing sufficient capital to support Small and Middle-scale Enterprises (SMEs). However, large and established companies usually face few obstacles, if any, in accessing funds to operate and expand their businesses.

The funding gap for SMEs in Africa is currently estimated at over \$140 billion. That's a huge gap that will likely continue to increase if the current situation remains unchanged. Nevertheless, there is hope on the horizon. Here are a few interesting initiatives, trends and opportunities that could plug the funding gap and unleash the full potential of Africa's SMEs for savvy investors.

- a) **Venture Capital** – This is a common form of financial capital that is usually provided to early-stage and high-

potential startup companies. Although the risks can be high, the rewards can be quite huge for the investors. In developed regions like North America, venture capital is a major source of funding for startups and small businesses. In the US, for example, venture capital is responsible for investing up to \$30 billion in small businesses every year.

Venture capital (VC) as a source of funding is still in its infancy in Africa. Although there are a couple of promising small businesses on the continent that have benefited from VC funding, the potential in this area is still largely underexplored. Some of the notable Africa-focused VC firms out there are VC4Africa, AB Kinnevik and Adlevo Capital.

- b) ***Angel Investment*** - Angel investors or 'angels' are wealthy individuals who provide capital for, and invest in, startups and small businesses. Unlike venture capitalists who invest pooled funds (other people's money), angels typically invest their own money. These days, an increasing number of angel investors organize themselves into groups or networks to pool their investment capital, as well as to provide advice to entrepreneurs and small businesses.

Again, in developed regions of the world, angel investment is huge and contributes a significant chunk of capital provided to startups and small businesses. As an example, angels invested up to \$23 billion in SMEs in the United States in 2012 alone. However, in Africa angel investment is yet to take off.

- c) **Crowdfunding** – This is proving to be a game-changer in the way that startups and small businesses can raise capital. Crowdfunding is essentially the practice of raising capital through contributions from a large number of people, typically via the internet. It's a fast-growing industry that raised more than \$5.1 billion worldwide in 2013³⁵. Yes, it's that huge.

Unlike the other sources of investment capital mentioned above, crowdfunding does not depend on a huge pool of money from wealthy investors. It works by pooling the contributions of ordinary people who can easily invest in a business over the internet.

Some of the most popular and remarkable crowdfunding platforms are Kickstarter, Indiegogo, Kiva and Crowdcube. In Africa some of the existing online crowdfunding platforms are the new *africatwenty10.com* and *homestrings.com*.

Business Concept

If you have some capital at hand, investing that in African startups or an existing business is a great way to participate in Africa's emerging economy without the need to open your own business. But chances are that this is not what you are looking for in this book.

The good news is that you can turn the huge need for business financing that is hindering the majority of Africa's entrepreneurs to your advantage. It is a gap that you can put at the center of your business concept. But instead of providing the capital, you are raising it through your funding venture, which could be a firm or an online platform.

Niche Idea

- Agricultural SMEs
- Women-run businesses
- Mauritius & Seychelles business finance

Top Countries & Policy Guidance

You will find a need for business financing across Africa, but it may be wise to be driven by investor confidence as your business success will be heavily dependent on that. Countries with high growth rates, a stable business environment and/or governance will be on the top of the list among investors.

Action & Tips

- Have a look at existing online platforms (see the ones we pointed out to you in the introduction to this business idea) to get an idea of the structure and requirements for your business.
- This business is based on strong partnerships and links to get you started – people trust you with their money, after all. Think of possible endorsing partners who would provide you with a great amount of credibility until people get to know and trust you.

69. Business Insurance remains a virgin market on the continent

Insurance, the business of protecting people, businesses and other entities from significant losses and financial hardship, is a huge multi-billion dollar business globally. The insurance industry is arguably one of the oldest businesses in the world and has become quite sophisticated in developed countries. Several types of insurance products exist but the popular ones are: Life, Business, Auto, Health, Property and Liability insurance.

Despite the huge size of this global business, the insurance market in Africa is under-developed. Apart from a few countries like South Africa, Namibia, and Mauritius, most others still have very low penetration ratios. At the moment, less than five percent of African individuals and businesses have any form of insurance. While this may be a very low and even shocking statistic, it clearly shows the huge gap and lucrative prospects for the insurance business in Africa.

In recent years, the growth prospects of Africa's insurance market have become brighter due to rising incomes, increased participation by foreign companies, and more innovative insurance products. Seeing the lucrative potentials, a number of international insurance giants are making inroads into the continent. Some of the interesting entrants in the last few years are: Germany's Allianz Group, UK's Prudential Plc and America's AIG.

Business Concept

If you have considerable starting capital at hand or you are able to raise the money there is a wide range of insurance cover systems you will be able to develop. But if you are starting small it may be the best strategy to focus on one tiny niche (see below).

Niche Ideas

- Bus travel insurance
- Theft insurance
- Fire insurance for small businesses in a certain district
- Life insurance

Top Countries & Policy Guidance

Africans as a whole are not familiar with buying insurance, but they do see the devastation that can be caused to families and small businesses if there is no back-up. So there is a big market for insurance across Africa, but how

quickly your target group will adapt to the idea and actually buy insurance cover will vary widely.

It is probably one of the few areas where you won't find that much online and you really need to closely engage and communicate with your potential buyers to find out if they would be prepared to make such an investment.

Success Story

Heshan de Silva (Kenya)

In 2007, Kenyan Heshan de Silva, a school dropout in the US, joined his parents back in Kenya to get his life back on track. His parents gave him KSh. 10,000 (US\$116) which he used as capital to start his first business. De Silva, who was only 18 at the time, was keen to make it.

He set up a company which sold insurance cover with long-distance bus tickets. By the end of the year, the business had made KSh. 90m (US\$1.05m). Today, Heshan de Silva has invested much of it in his new company VenCap Kenya, a venture capital firm that invests in innovative businesses.



The Internet & IT

“The Internet is becoming the town square for the global village of tomorrow.”

Bill Gates

Yes, we know, figures can be dry and boring, but they are vital for you to understand the wider trend. So let's have a look: Africa had about 240 million internet users at the end of 2013. This figure represents only just over 21 percent of the continent's population. The interesting fact about the internet in Africa is not just its size

but the rate at which it's growing. In the year 2000, fewer than five million Africans had access to the internet. Today, the number has grown nearly fifty-fold and continues to grow very fast! But as you can see, about 80 percent of Africa's population is still not online and the global market share is still minimal. So what do you expect? Exactly: an upward trend (as with pretty much everything else in Africa's markets).

Africa's largest population of internet users are Nigeria (67.3 million), Egypt (43.1 million), South Africa (23.7 million), Kenya (21.3 million) and Morocco (18.5 million). The growth of the internet in these countries is primarily due to the increase in mobile phones, rising investment in fiber-optic networks, and ICT projects. But you may also be interested to know that Kenya has the fastest internet speed in sub-Saharan Africa, and if your business is largely internet-based that goes a long way!

The internet presents a dream opportunity for African entrepreneurs to own and start a business, because it is inexpensive and offers you potential exposure to larger markets, and a couple of young entrepreneurs on the continent are already taking advantage of it! Compared to physical 'bricks and mortar' businesses, the internet provides an effective platform and several significant advantages for both small and large companies. It requires relatively smaller startup costs, has a global reach and provides a fair playing field. The internet is also amazingly flexible and never closes or goes to sleep!

In addition to the internet, there is also a thriving market for Information and Communication Technology (ICT) on the continent. As the internet spreads and the need for modern ICT

tools and services continues to emerge, the demand for computer hardware, software and related industries is growing rapidly across the continent.

In this section, we'll look at the most promising opportunities that have shown up in Africa's internet and ICT space. Although the internet is still in its early days on the continent, the quality, variety and scale of the startups and businesses that are thriving in this area is just amazing.

70. If you can build professional websites, there's a huge market waiting for you!

In today's world, if you own a business that doesn't have a website, it typically doesn't exist. Startups, small businesses and large companies now consider it common sense to invest in a website that properly reflects their image and brand, and also showcases their products and services to attract would-be customers.

The fact is that, even today, most African companies still do not have their own website. And even those that do exist are often very poorly designed. While the smallest companies in developed countries have a website to reach a wider market and increase sales, thousands of African businesses are yet to fully exploit the huge benefits of an online presence.

There is a huge opportunity for entrepreneurs who have the skills and talent to bring more individuals and businesses online. There is

a growing need for web developers, programmers and designers to meet the needs of this market, especially for companies that want to build a website with special and unique requirements. Fortunately, building a professional website is now possible without the need to spend years learning how to code. There are a growing number of resources on the internet that will teach you how to perform basic programming and design a website in a couple of days. This list of [Free Online Resources](#) is a great place to start.

Business Concept

It's important that you do not join the many who simply design websites. You need a strategy and approach that sets you apart. Offer a concrete proposal to structure the site in a way that increases the company's sales by demonstrating how a solid and functional website will convert online visitors into new customers.

Or offer consultations about how you can decrease the bounce rate and make the site more engaging. Many businesses have improved their SEO, increased engagement, and ultimately won new customers and clients by adding a blog to their site. You could also review sites of companies in Africa who are looking to attract investment or partnerships with foreign companies and suggest how their sites could become more representative in this regard.

If you want to target smaller or medium-sized businesses in Africa, you could also offer simple one or three-page sites for a cheap fixed rate. Those small businesses could choose from a variety of templates you have done, so really you produce websites *en masse*, simply changing the colors and text – done! If you offer such a web design service in your country in Africa make sure you brand and promote it in a way that will attract customers in that market.

Another alternative, and the simplest (but not necessarily the smartest) concept, would be to seek out medium and larger businesses in Africa that do

not have a website, and yes, they do exist, especially in the manufacturing sector. Build quality company websites for them.

Niche Ideas

- Manufacturing companies (they often have no or poor websites)
- Local tour travel agencies (they often have very basic and poor websites)
- SMEs (they often have no websites)

Top Countries & Policy Guidance

You could go for countries that already have a higher online presence; these are Nigeria, South Africa, Kenya and the North African countries. A great benefit is that the business world at large in those countries is already aware of the value of the internet.

Alternatively you may target countries with economic growth but less internet penetration and online visibility, such as Ghana, Senegal, Mozambique, Uganda, and Rwanda, for example. Don't chose countries where economic growth and development is slow, as an online presence or performance is rarely a priority for companies in these countries, nor do the local dynamics support such an endeavor to any great extent.

Action & Tips

- Compare the websites of Western companies in your selected niche (e.g. local tour travel, manufacturing, SMEs) and then compare them with the sites and position of companies in your chosen market in Africa. Learn about the difference and gaps and use that understanding to offer 'smart website strategies' to your potential clients.

Success Story

Vinny Lingham (South Africa)

Vinny Lingham (34) is a South African internet entrepreneur, and the founder and former CEO of Yola Inc. The company, Web 2.0, which is based in San Francisco, provides free website building, publishing and hosting services to more than three million active consumers all over the world.

The company has grossed over \$30 million (R300 million) in venture capital financing from institutional investors such as Columbus Venture Capital, owned by SA's Johann Rupert's Richemont Group. Today, Lingham runs his new company, Gyft, a mobile gift card company backed by Google Ventures.

71. Digital marketing: hardly anyone has started this yet, this is the best timing for you!

Let's face it: One of the favorite means of advertising in Africa is still via radio or large billboards, especially in the cities. And we mean large! While a few corporates in Africa are engaging in digital marketing strategies, the majority still focuses on somewhat outdated marketing strategies using traditional media and road shows. And yes, of course, there are still the SMEs that need to be taken on by you.

Before the internet became the huge phenomenon it is today, advertising was largely dominated by traditional channels: television, radio and print (newspapers and magazines). Today, the story is very different...at least outside of Africa!

According to the 2013 IAB Internet Advertising Revenue report³⁶, internet advertising is fast closing in on TV advertising to become the preferred advertising channel. In 2013, over \$117bn was spent worldwide on internet advertising, and estimates show that this figure will increase to nearly \$200bn by 2018. Before the end of this decade, it is expected that internet advertising will become the largest and most preferred channel for advertisers.

Businesses, whether big or small, spend a considerable budget on advertising every year. They are constantly looking for effective solutions that will increase the returns on their advertising spend. Online advertising presents a huge opportunity for entrepreneurs to work with local businesses to promote and grow the sales of products and services on the internet.

Now, what makes this opportunity so amazing for you is that most African companies have simply not woken up to that, despite the fast growing online presence of African consumers. This is the right time to get your digital marketing company off the ground!

There are quite a number of ways to increase the visibility of any business, person, brand, product or service on the internet. Here are some of the strong emerging trends that help to increase the traffic to a company's website and attract more customers as a result.

- a) *Social media marketing* – This is the process of gaining website traffic or attention through social media sites like Facebook and Twitter. At the end of 2012, Africa had over 50 million Facebook users. Last year alone, a report entitled '[How Africa Tweets](#)' revealed that more than 11.5 million tweets originated from Africa, with people discussing a wide range of issues and topics.

Social media has become a huge marketing and advertising tool for people who know how to use it. It has the power to generate enough buzz to propel a product to tremendous success or severely damage the image and reputation of a company if it's not harnessed properly.

More businesses are now turning to social media 'experts' to promote their products and services and manage their image on social media. What does it take to become a social media expert? Just learn. Sites like [Marketing Land](#) and [Media Bistro](#) are excellent online resources to get you started!

- b) *Search Engine Marketing (SEM)* – When people are looking for information, or need to find a product or service that solves their problems or satisfies their needs, one of the first places they look is a search engine. This is the simple reason why Google has become the most popular and successful internet-based company.

To rank high and be one of the first things people see in search engine results, many businesses are now investing

in paid search advertising to increase their chances of visibility to potential customers. SEM is increasingly becoming a way for both small and big businesses to gain website traffic by purchasing ads on search engines.

There are other interesting marketing channels, such as online video and mobile advertising, that also hold great promise now and in the future.

- c) *Search Engine Optimization (SEO)* - SEO is the process of getting traffic to a website from the free, organic, editorial or natural search results on search engines. Unlike paid online advertising, SEO allows a website to enjoy free traffic that leads to a steady stream of visitors who could end up becoming customers.
 - a. Becoming proficient in SEO requires skill and experience which is not very difficult to acquire through dedicated learning. Some great resources that will help to give you a good grounding in SEO are: [The Moz Beginners' Guide to SEO](#) and [Search Engine Land](#).

Business Concept

What you have to realize is that this is a market that only leading companies and those exposed to online efficiency in Africa (for example because they sell products online) will understand at this time. But Africa is catching up fast with technology. Right now we are witnessing a mobile revolution, which will soon be followed by an internet revolution across the continent.

So with that in mind, your concept could be to go for the big fishes in the market, Pan-African or international corporations for example, because

frankly they already have the necessary awareness regarding online marketing at this point, however don't use it much. But try to engage with SMEs as well; you need to be ready when that wave takes off. Offer a combination of services such as digital marketing, digital strategy, and social and mobile marketing services.

Niche Ideas

- ICT sector
- Financial corporations
- Fashion companies
- Fast Moving Consumer Goods (FMCGs)
- Motor industries
- Mobile phone marketing (remember, Africa has the fastest-growing mobile phone market in the world, and this is the best way right now for companies to reach the African consumer directly).

Top Countries & Policy Guidance

This works best in the most competitive and popular markets, among them Nigeria, Ghana, Kenya, South Africa, and Botswana.

Action & Tips

- Companies in Africa are moving on from TV, radio, and billboard adverts, and you need to find out what challenges they face in your particular country or region in reaching out to their customers and prospects. You need to create strategies that allow these companies to become globally competitive within an African setting.
- Be aware that your business requires online presence (electricity!), and internet access (broadband cables). You will face logistical challenges such as lack of reliable access to electricity and may want to consider taking care of that with solar solutions or a generator, which you should add to your startup costs if you can afford it. If not, don't worry; get started anyway!

Success Stories

Abasiama Idaresit – Wild Fusion (Kenya)

Abasiama Idaresit graduated with an MBA at Manchester Business School and moved back to Nigeria in 2010 to start his own business. Today, he is the Founder and CEO of Wild Fusion, a digital marketing company, which he started in 2010 with a gift of \$250 from his mother. He was not successful straight away; it took him eight months to make the first deal. But only three years later, Wild Fusion has rocketed to success and has served major companies like Visa, Vodafone, Samsung and Unilever, and several large Pan-African corporations. Abasiama's Wild Fusion was recently valued at \$6 million (revenues).

Joel Tetteh Akumiah – Zala (Ghana)

A new marketing platform was launched in October 2014. Zala is a very innovative idea, with zala.mobi as the first free giveaway website in the sub-Saharan region. It was inspired by Joel Tetteh Akumiah, CEO of Customer Interest Company Limited.

Joel Tetteh was determined to revolutionize the marketing drive in the country, and he just liked the idea of giving things away for free. He incorporated that into his business. Companies who want to advertise their products and services have a great way now to reach masses of people at one time. Through zala.mobi, users get to see the adverts of Ghanaian companies on the platform and get to try their products, too. Several Ghanaian companies are already participating.

72. Blogs & Information platforms are a popular route to your financial success.

Blogging is another in-thing to do these days. However, many bloggers give up sooner or later. Why is that? It's because it takes an awful lot of work and commitment to make it profitable. Hey, we are two Africa Business bloggers; we know, and can tell you, that you must be somewhat obsessed about your subject and your whole blogging thing if you want to turn it into a business. If you are good at sticking it all out, at being creative, offering great value in solving other people's problems or being amazingly informative or entertaining, you may have a chance to make an income from it.

Information is the currency of the internet and up to 80 percent of people who use the internet are looking for information to solve a problem, satisfy a need, learn something, or just as a pastime or source of entertainment. In countries with high internet penetration rates, news websites, blogs, discussion forums and search directories are the most dominant information platforms.

The best bloggers, for example, earn millions of dollars selling online courses, e-books, audio books and seminars to help people lead better lives and build stronger businesses. Others are successful with publishing celebrity gossip. Here are just a few examples of information platforms that are making waves across Africa:

- *Niaje* is one of the most visited blogs in Kenya for the latest entertainment and lifestyle news. It also has a good presence in Uganda and Tanzania. This platform makes money through advert placements by major brands who target the blog's large audience.

- *Linda Ikeji* and *Bella Naija* are two of the most visited blogs by Nigerians, both at home and in the Diaspora. Both blogs are very popular and feature the latest news in politics, entertainment, events and lifestyle. It's also a melting pot for people interested in society gossip and celebrity talk. Owned by individual entrepreneurs, both blogs earn significant revenue (>\$5,000 monthly) from advertisements and endorsements.

- *Jovago Africa* is a search directory that contains a listing of over 6,000 hotels across Africa. Launched in 2013, this directory provides a fast, reliable and easy way for people to find hotels that are right for them and provides an option to book in advance.

- *Nairaland* is Africa's largest online discussion forum. The site is a general purpose discussion forum with a bias towards issues of interest to Nigerians. The forum now has more than one million registered users and is the most visited Nigerian website today. In Nigeria, Nairaland gets more visits than Wikipedia and earns revenue through its ad inventory.

So again, yes, much talk is being made about blogging these days, but the fact remains that building a successful blog (or any

information platform) involves a significant investment of time and effort. Therefore, it has to be treated as a serious business if you wish to earn any income from it. If you enjoy writing, assisting people or have a knack for news, gossip and entertainment, you are likely to find a fit in building a suitable platform that will help you to serve a large audience.

Business Concept

First, you will need to decide what kind of online platform you want to build: a blog, a publication, a news aggregator, a comparison site, etc. Once you have made up your mind there are various ways to monetize your platform. You could become an affiliate to someone else's products you sell on your site and get a commission, you could sell advertising space (that only works when you have gathered a really critical amount of traffic on your site), or you could sell your own products and services – you can also combine those options.

Creating your own online products such as an e-book, an online course, an audio, webinar, DVD etc. is the best way to create a considerable passive (automated) income with your blog, as long as you teach something that helps others solve their problems – this way, you can make an income even if you have only a small but loyal group of followers.

Niche Ideas

- Business blog for a certain niche
- Single professional African mum blog
- Fitness blog
- Africa business and success news aggregator

Top Countries & Policy Guidance

This one is straightforward, and when you research from where people primarily access these kinds of platforms it will usually be: Nigeria, Kenya, South Africa, the USA, and the UK. It's almost as clear-cut as that.

Action & Tips

- The best tip we can give you is to really read and study online everything there is to know about building a profitable blog, publication, or comparison site. There is a rich amount of information out there in this regard and you shouldn't get started until you're sure you understand exactly what it involves. Don't be taken aback by it, but be aware of it, learn it and apply it following the guidance of many successful bloggers and publicists in the West. There is no better way.
- You will find a great resource at the [Smart Passive Income Blog](#) to get you started and [Brendon Burchard's Expert Academy](#) is one of the best sources if you want to learn how to become an online expert in your niche selling your own products.
- Here's our top tip, and one you should not overlook: Build a list! It is very important for the productivity of your business to build an e-mail list. Just Google 'list building' if you don't know what it means. And start that from the first day you publish: that's how important it is!

73. eCommerce businesses & online marketplaces. No need to rent an office!

Although we are still in the early days of the eCommerce boom in Africa, some startups in this space are already showing a lot of promise. The fast pace at which eCommerce is growing across the

continent makes it an unstoppable wave in the evolution of retail and how Africans generally shop.

As the internet spreads across Africa, the culture of buying goods and services online is spreading with it. Although the concept of eCommerce and online shopping is relatively new to Africa, more people on the continent are adopting it, especially because of the convenience and price advantages it provides.

According to market research firm yStats.com, an annual growth rate of about 40 percent is forecasted for the African eCommerce industry. In its 'Africa B2C E-Commerce Report – 2013,' yStats.com found a number of countries where strong online sales have already emerged, including South Africa, Nigeria, Egypt and Morocco.

Well, we love the big numbers, so here is another one: According to a 2013 report published by McKinsey³⁷, the global consulting company, the eCommerce market in Africa will grow to a staggering \$75 billion by 2025. And right now it's in its infancy ... so jump in!

Where in Africa is the best place, you ask? That's a good question. A recent report by MasterCard following its *2014 Online Shopping Behavior Study, conducted between September 2013 and January 2014, revealed:* Mobile shopping is gaining traction in Africa, with 56 percent of respondents in Kenya and Nigeria stating they had shopped or intended to shop online via their mobile phones. This was followed by 55 percent of Egyptian consumers, 33 percent of South African shoppers and 25 percent of Moroccans.

Many of the online marketplaces that currently operate on the continent offer a wide range of products; some of those most in demand are food items, gadgets and devices (such as mobile phones), household appliances, and so on. Some of the successful online marketplaces in Africa include:

- *Konga* and *Jumia*, two of Nigeria's most successful ecommerce giants. To date, these two companies have raised \$63.5 million and \$61 million respectively from global investors. Offering a wide range of fast-moving consumer products, these marketplaces operate out of the busy city of Lagos and deliver orders to customers across a wide region of the country.
- *BidorBuy*. Launched in 1999, bidorbuy.co.za is marketed as Africa's largest online marketplace. The emphasis is on providing a variety of products in numerous categories that cover all aspects of the modern lifestyle.

Business Concept

There are many business concepts you can develop for an online business. The most popular in Africa so far seem to be online shopping of electronics, clothes, household goods, and baby care, followed by car auction sites. But this doesn't mean you have to follow that young trend; you can be a pioneer for a new trend, the scope and space is there!

Niche Ideas

- Promotional vouchers and offers by restaurants, shops, and photographers – such as Groupon
- Bridal products
- Organic skin care products for babies, children, and adults
- Interior design

Top Countries & Policy Guidance

Although eCommerce is taking off fast it has simply not yet started in many countries. So at this point it would work best in Kenya, Nigeria, South Africa, Morocco, and Egypt. But it may not take long for other countries to follow, so if you are brave and in it for the long-haul you can pioneer eCommerce in other dynamic African growth countries where they have yet to wake up to it.

It may be a little risky starting ahead of time and you should really only undertake it if you can sense the interest and trend already, in which case you will be well ahead of the competition.

Action & Tips

- Many articles have been written about the journey of the most successful eCommerce and online shopping sites in Africa; after all, there's not too many of them as yet! A good start would be to study these articles and learn from the lessons and approaches that the founders of these companies have shared with the media.
- Think of the many really successful international eCommerce sites and browse through them. Can you translate some of what you see into an African context and build your very own version?
- You need to have online or mobile payment options present in those countries – and many countries simply do not have these systems available yet. But a lot is happening in this regard and it will change soon! MasterCard is one of the leading credit cards in Africa following their Africa expansion. At the time of writing this book (summer 2014) MasterCard operates in 48 out of 54 African countries. So make sure your online business is compatible with MasterCard, among other payment systems.

Success Stories

Tunde Kehinde – Jumia (Nigeria)

Kehinde, a 30-year-old Harvard MBA graduate, founded Kasuwa, a Nigerian online retailer in 2012 from scratch. Within days of its founding, Kasuwa received seed funding from a German online startup incubator and the company's name was changed to Jumia.

It has already a multi-million dollar turnover and has become Nigeria's largest online retailer. A major challenge for the company was the logistics of running a growing company and transporting the goods to the customers.

For reasons that are not entirely clear, Tunde Kehinde recently stepped down as CEO of Jumia Nigeria. He resigned in January 2014 to start a logistics company.

Elias Schulze - Kaymu Africa (Kenya)

One of the latest online shopping sites is Kaymu Africa at kaymu.com, which was launched in September 2014. The success of the site has yet to be determined, but the approach is new, as its founder and CEO Elias Schulze combined products of already existing online shopping platforms all over Africa. Have a look and be inspired!

74. Online gaming is becoming a huge hit!

If you're an avid online gamer, you would instantly recognize blockbuster hits like World of Warcraft and Farmville. These are just two of thousands of games that make up the multi-billion dollar online gaming industry, which is expected to reach \$82 billion by 2017³⁸. It is indeed a huge industry by any standard.

Africa is a big and largely untouched market for the lucrative online gaming business. The continent has a youthful population and the roll-out of internet broadband services through smartphones and tablets has made online games very accessible. Other interesting trends that point to a bright future for online gaming in Africa include the rapidly-expanding technology innovation on the continent and the growing investment in the industry, both locally and internationally.

Kuluya.com is a Nigeria-based online gaming platform and one of Africa's leading players in this young and promising industry. Launched in October 2012, Kuluya develops cross-platform games with African characters and currently features over 100 games for all kinds of devices, especially mobile phones. In just less than two years since its founding, this startup has successfully raised over \$200,000³⁹, thereby increasing the company's valuation to \$2 million.

75. You need to take a good look at Web Domain registration and hosting services, especially outside the capital cities

Every day, hundreds of new websites are opened by individuals, businesses and public sector organizations across Africa. Registering a domain name and hosting a website on a secure server is a huge source of recurring revenue for hundreds of companies in the USA and Europe who currently dominate this very lucrative industry, worth billions of dollars every year.

In Africa, the potential of this industry is huge. Currently, less than 25 percent of small and medium-sized businesses on the continent have a website; this in itself represents a goldmine for entrepreneurs, who can sell domain names and provide hosting services to the millions of new businesses that will come online over the coming years.

More interesting is the new opportunity to register country-level domains. Rather than settle for a .com domain name, a business in Ghana, for example, can register a *.com.gh* or simply a *.gh*. Just recently, the *.com.africa* and *.africa* domain levels were made available. The exclusivity provided by these new domain levels gives African entrepreneurs a big opportunity to finally penetrate the huge domain name registration and hosting industry that has been dominated by foreign companies since the internet started over two decades ago.

Apart from just hosting websites, there is a global emerging demand for cloud-hosted services. Across the world, rather than sit on individual computers, software is gradually becoming a tool that exists online and can be accessed at any time with any device. It's a concept called Software-as-a-Service (SaaS) and African web-hosting businesses will greatly benefit from this trend.

Success Story

Opeyemi Awoyemi, Whogohost (Nigeria)

Whogohost.com is a Nigerian-based web domain registration and hosting company that was started in 2006 by Opeyemi, a young university undergraduate. His inspiration for starting this business came from the frustration he suffered while trying to register and host a website.

Whogohost is just one of a few early players in the web hosting landscape in Nigeria and now enjoys more than a 10 percent market share. The company, which currently has about 2,500 registered domains, plans to reach 500,000 by 2020. It's an ambitious but very likely target, given Africa's virgin web hosting market.

76. There is a growing need for Data Backup and Recovery Services

What happens if a fire, flood or deadly computer virus affects a business and all the data on its computers are lost or destroyed? Will years of highly valuable financial data, business operations records and sensitive customer information be lost forever? These are situations that every serious business has to plan and be ready for. To remain successful in business, disaster recovery (especially data backup), is becoming a major concern for both small and large organizations, whether government-owned or private businesses.

Though this market is still in its early days of development in Africa, the potential is huge. As more people, businesses and organizations look for easy, safe and convenient ways to store and access their data, entrepreneurs can provide affordable services to meet the demands of this growing market.

There is also another interesting angle to the data backup and recovery market that could offer huge opportunities for African entrepreneurs. Due to the current trends in data privacy and financial crime investigation, we anticipate that over the next few years African countries will introduce laws that will force businesses to domicile data in the countries in which they operate, and not foreign territories as is currently the case. Countries like Australia already have these laws in place and it may not be long before Africa adopts a similar model.

Business Concept

You don't have to be a security software developer to become hugely successful. A much better approach would be to search for great computer security software and devices that exist on the global market. Get in touch with the manufacturers (many of them are eager to get their products into Africa) and aim to become the sole distributor for a certain country or region in Africa. In order to make a strong case, it will help if you have a local IT or security company set up that has been operating for a while – this will give you more credibility.

Niche Idea

- Backup & Data recovery services for:
- Small and medium-sized businesses
- Large organisations (such as banks, NGOs and government offices)

Top Countries & Policy Guidance

Your best market would be in countries with high internet filtration, among whom are Northern African countries, Nigeria, South Africa, and Kenya – but your products must be slightly more compelling.

Action & Tips

- Visit one of the many tech accelerators that you find in several African countries such as Kenya's iHub and Rwanda's Klab, or call in at a local IT company. There you will find people who are well informed about IT products that are currently available on the market and they can probably tell you something about the gaps.
- Get in touch with companies abroad who have products with security features that are not yet widely available locally.

Success Stories

Justin Stanford – ESET (South Africa)

South African-born Stanford is a software entrepreneur and venture capitalist. After dropping out of high school, Stanford set out to launch an internet security company which flopped.

When he came across ESET, a Slovakian anti-virus software package, he negotiated with its manufacturers and cornered the exclusive, lucrative Southern African distribution for the product. Today, Stanford's ESET Southern Africa operates the ESET brand in the region and sells ESET's range of internet security products in about 20 sub-Saharan countries, leveraging on an extremely successful internet business platform and digital distribution model for online software sales and service.

Today, Stanford's ESET brand records over \$10 million in annual turnover and controls five percent of the anti-virus market in Southern Africa.

IronTree (South Africa)

IronTree is a South-African based company that provides secure online backup solutions to the South African business community. Founded in 2004, the company has become one of the leading players in this space due to its strong partner program and loyal customer base. In the coming years, we expect that similar companies will spring up across the continent.

77. Build business management tools and sell them across borders!

Thousands of businesses across Africa are in desperate need of tools to help them run their businesses in an effective, efficient and profitable way. In all industries – agriculture, tourism, retail, health, etc. – entrepreneurs and business people will pay a reasonable price for a solution that makes business management a breeze.

Did you know that most businesses in Africa get turned down for funding because they have no reliable financial records? This is where you can come in!

Business Concept

This concept is straightforward yet so powerful: Build software that African companies can use to improve their efficiency, and manage everyday business tasks such as Human Resources, Bookkeeping, Order Processing, Customer Service, Operations Management, Financial Reports, etc. The good thing is, even if you don't know how to build software, you could hire a freelancer to do it for you!

Niche Ideas

- Financial records
- HR records

Top Countries & Policy Guidance

Business management tools such as this would work everywhere in Africa.

Action & Tips

- Talk to small business owners to find out how they are managing their business. A great source of information is bank loan managers and investors who are turning business away because of poor

management. Find out why, and you can then figure out what management systems are missing.

Success Story

Titus Mawano, fFene (Uganda)

In 2012, Titus Mawano abandoned his studies (in aeronautical engineering) in the United States to pursue his burning business idea: to develop software that would solve everyday problems for businesses.

His brainchild, fFene.com, is a software program that helps small businesses keep track of their finances through proper accounting, improve inventory monitoring and manage their customers. This simple business management software now serves over 600 companies in Uganda, with plans to expand regionally. Needless to say, Titus did not return to the US and never looked back!

Borrowing from Titus' idea, you could focus on building software that solves problems for a specific industry like real estate, hospitals and clinics, government departments, farmers, small and medium-sized manufacturing businesses and several others. The possibilities in this space are both untouched and endless!

78. If you love to fix computers, you're in luck!

As more Africans go digital, it's not just mobile phones that are on the rise. Every year, millions of personal computers (PCs) are sold on the continent and the range of computer hardware and gadgets available on the market these days is just amazing. This includes everything from desktop computers, portable computers (laptops and tablets) and the wide range of accessories that support them.

There's another opportunity that exists in Africa that is bigger than selling computers; it's fixing computers. First, not many people who use a computer know how to fix it when something goes wrong. Second, computer technology is changing so fast these days that most people cannot catch up. These two factors have created a big opportunity for entrepreneurs to build businesses that help both individuals and business users to install, troubleshoot, maintain, fix and repair all kinds of computer hardware and software.

Business Concept

This works perfectly in Africa where many people simply cannot afford to just buy another computer when something is wrong. You may want to target this big mass market; if so, you can operate from your own home and employ others in the same way to get you started.

We believe that excellent customer service and a fast response rate is what will set you apart almost anywhere you start your business. This is what will make you very competitive and why people would start to refer you or come back to you.

Niche Idea

There aren't a lot of fixers for Apple devices (Macbooks, iPads, iPhones and iPods). Specialize and serve this niche market.

Top Countries & Policy Guidance

This would work across Africa.

Action & Tips

- Start over-delivering and surprising your customers in the first few years of your startup to quickly grow your customer base — it will pay off in the long run.

Success Story

Colin Thornton, Dial-A-Nerd (South Africa)

Colin Thornton is one of the leading entrepreneurs in this space. Working out of his parents' garage at age 20, Colin has built a \$10 million business that helps several major clients solve their computer and IT problems.

Today, his company, Dial-A-Nerd, is one of South Africa's most promising IT support companies providing IT services and remote support for SMEs and schools. Colin was featured in the Forbes list of Ten Young African Millionaires to Watch in 2013. Who would have thought that fixing computers would make you a celebrity? Now you know it could!



Other Ideas

“The best way to have a good idea is to have lots of ideas”

Linus Pauling

We are strong believers in niche markets, and although Africa – as we saw in the previous chapters – has a huge need for basic products and services, there is a way that can make you a market leader and influence much faster: by carving out a specific, sometimes maybe even extremely rare, niche market for yourself. So instead of becoming a small fish in a larger pond, you would

aim to become a big fish in a small pond, which often allows you to grow your business at a faster rate. This is exactly why we have listed niche suggestions for each of the business ideas we shared with you so far.

But there is more. There are Africa business ideas that are even more unique and rare, maybe even daring at times. For many this is the 'not so obvious' approach to doing business in Africa. But here's the good news: Almost everyone can engage in these niche ideas and you can usually start researching, planning, and preparing immediately, as the majority of them can be started on a shoestring budget.

Do you remember one of the important rules to finding success in Africa? That sense of urgency. Get the timing right and tap into the pool of opportunity while it's not too crowded, before entry becomes increasingly expensive. Don't postpone. Start now!

We're happy to equip you with even more ideas. So here we go:

79. Organize networking forums for moms

You need to be aware of the concept that the rise in Africa's middle class and the growing number of wealthy Africans creates a lot of room to accommodate new habits – much of it considered daily business in the West. One such area is networking events for mothers, especially around the time of birth and when their children are babies and toddlers. Many mothers feel overwhelmed, confused, lonely, or even bored during that time and nothing can give them greater support than socializing with other moms.

Kenyan entrepreneur Christine Khasinah-Odero founded SupaMamas in 2011 after the birth of her own child in order to meet the needs of mothers and business women. Her site, *supamamas.co.ke*, has become one of the most popular in the country, and besides monetizing her website Christine is now organizing regular events for moms. She moved from failed events to gatherings with 30 people and now welcomes up to 200 people at an event at a time! Her Baby Sleep Skin and Safety show was sponsored by the likes of Pampers. What a great idea that can be replicated in other African countries!

But really there is a wide range of business activities you could start in Africa and carve out a powerful niche for yourself. Moms' magazine, blog, birth classes, baby and toddler fairs, and moms and toddlers' play meetings are just a few ideas. By the way, we met passionate Christine in person in Nairobi, and she confirmed to us: the baby market is huge and hardly anyone has ventured in!

80. Open a garden center to meet the demands of a growing housing sector

Everywhere in Africa are construction sites, new houses, offices, roads, recreation areas – and most of them have gardens, parks or live fencing integrated. This is not an obvious business idea for Africa but one that can be extremely lucrative: set up a tree nursery and garden center to offer a range of garden and

landscaping plants, or just focus on one or two shrubs for live fencing.

De Fynne Nursery was started in 2001 by South African entrepreneurs Jacky Goliath and Elton Jefthas in a backyard. Market demand grew fast and steadily. The nursery moved to a 0.5 hectare site in 2005, and in 2008 had to move again to a 1.5 hectare site outside Cape Town where they hosted 600,000 plants.

Today the De Fynne nursery supplies its products to retailers such as Woolworths, Massmart and Spar in South Africa, and has since moved to a whopping, commercial-sized 22-hectare location. This is indeed any entrepreneur's dream, and there is no reason why you cannot achieve this, too, somewhere else in Africa – even if you have to get started in your own backyard!

81. Good toys are often hard to find in Africa – change that!

Take the story of 43-year-old Taofick Okoya from Nigeria; he saw a gap in the market when he struggled to find an African-looking doll for his niece. He started ordering black dolls' parts from China, assembled them in Nigeria and added a twist – Nigerian traditional doll costumes. His business was born, and today Okoya sells up to 9,000 of his 'Queens of Africa' and 'Naija Princesses' each month.

This is a straightforward idea and business concept for you which could be applied to so many other toys. A chat with some children in your family or neighborhood, and a trip to local toy markets in

the country of your choice, may quickly shed light on the market gap that you could fill.

82. Got a large backyard? Grow and press plants and flowers for the beauty industry.

Africa's beauty and wellness industry will soon be one of the fastest-growing, serving Africa's middle and upper classes with fast-moving consumer products such as creams, soaps, and perfumes.

Now, the power of a unique niche that no one else gives much attention to is that you can lead your chosen market segment usually relatively quickly – so we suggest that you produce oils and fragrances for the beauty industry.

While some people think about planting carrots, you should consider planting lavender, *Sarcococca confusa*, *Hamamelis mollis*, *Daphne odora* or *aloe vera*, for example. Research some plants online and find out if they would survive in your local climate under floriculture shade nets or greenhouse conditions. And of course you will need tools for fragrance extraction.

83. This is a good time to become a Landlord! The demand for accommodation is hot right now...

First an important fact: In many African countries, real estate is among the top five investment areas – with a very high return of investment (ROI). Just like food, water and clothing, shelter (accommodation) is one of the most basic human needs everywhere in the world and the demand for that in Africa is currently huge. With the world's fastest growing population and rapid expansion of its urban areas, suitable accommodation for residential and business purposes is grossly inadequate and remains a huge problem in many parts of Africa.

In addition to these internal factors, more foreigners are visiting the continent for business and tourism, further increasing the demand for accommodation. This shortage of suitable accommodation is pushing up rent and property prices in cities and towns across the continent, making it one of the hottest and most promising places in the world for real estate investment.

In Nigeria for example, the continent's most populated country, the World Bank estimates that over 16 million new houses need to be provided to solve Nigeria's serious housing problem. The estimated cost of providing these homes stands at a whopping \$350 billion!⁴⁰ This is just for residential housing alone. There is a similarly high demand for office accommodation for both business and industrial needs.

Here are the lucrative segments of Africa's real estate market that can be exploited by entrepreneurs and investors:

- *Residential:* This is by far the largest segment of the African real estate market. Single room, two- and three-bedroom, and multi-family apartments enjoy the highest demand. There is also a growing trend of high-rise and tastefully finished apartments targeted at foreigners and expatriate workers.

With poorly developed mortgage financing systems in many parts of the continent, only few can muster the finances to build their own houses. Although this opportunity can be quite capital-intensive, its upside potential is quite impressive in the long run. You will often hear that lower-middle class housing and luxury houses will sell best.

- *Industrial* – There is a growing need for industrial real estate especially for distribution, manufacturing and warehouse uses. This demand for industrial real estate is mainly boosted by the increased economic and trade activities on the continent.
- *Office:* After residential, office space is probably the next in high demand. The pricing (rent or lease amount) of office properties are often determined by their location. Office spaces located in Central Business Districts attract higher prices than Suburban locations.
- *Retail:* This segment includes properties for businesses that sell retail goods through stores, kiosks or in shopping malls.

Such businesses include grocery, drug, department and convenient stores. Service businesses (like beauty salons) are also included in this category. As the number of small businesses increase on the continent, the demand for this type of real estate is also growing in turn.

- **Hotel:** The demand for lodging and temporary accommodation is growing across Africa. As the volume of regional and international travel for both business and tourism increases across the continent, there is a serious need for suitable hotel accommodation. The options available in Africa's hotel market range from luxury and full service hotels to economy guest houses and motels.

84. Build a courier service network – on bikes!

Africa's business sector is not only growing, but it is becoming increasingly competitive. This means that more companies will put an emphasis on efficiency. There are many different ways to set up a courier service.

Assuming that you are starting with a small budget and that you live in a big city with chronic traffic problems, it may be good to start a courier network on bikes. Several such networks exist in London, for example, enabling you to get an important letter or small package picked up from your office within the hour and delivered straight to another office in the city.

85. Provide cooking fuels – Africans can't live without them!

Africans collectively spend billions of dollars every year on cooking fuels alone. Because over one billion people need to eat, cooking is a very important activity that must happen every day across Africa.

The only thing that stands between raw food ingredients and a well-cooked lunch or dinner is a burning stove that runs on heat energy. Depending on income levels, the source of the heat energy used to cook food may vary significantly. While poor households will likely use firewood and charcoal, middle and upper class homes can choose from a range that includes: kerosene (paraffin), cooking gas and electricity. We shall now look at the key and highly demanded cooking fuels that currently feed a lucrative market in Africa.

- *Firewood and Charcoal* - As the price of crude oil continues to rise, most of the 'modern' cooking fuels have become very expensive and out of reach for many ordinary people in developing countries. For millions of families in Africa who need heat energy (fire) to cook their daily food, wood remains the abundant, most available and cheapest source of fuel.

According to the United Nations Environment Program (UNEP), firewood and charcoal alone provide more than 40 percent of energy used in Africa. In fact, around 80 percent of households on the continent depend on firewood and charcoal as a primary energy source. Due to its desirable

qualities, Africans use more than 23 million tons of charcoal every year, making it a multi-billion dollar product⁴¹.

Although increasing demand for firewood and charcoal is responsible for rapid deforestation and growing carbon emissions, it would be almost impossible to completely wean Africa off these fuels in the short term.

Despite its negative environmental and health effects, there is a growing trend to improve the sustainability of firewood and charcoal production while reducing their undesirable effects. There is an opportunity for new stoves that use less wood and burn more efficiently without the bad side effects. Stove models of this type are already being introduced in West Africa.

- *Kerosene* - Technically known as 'Household Kerosene (HHK)', Dual Purpose Kerosene (DPK) or Paraffin, kerosene is one of the most widely consumed fuels in Africa. It is commonly used in homes and households to provide heating, lighting (in kerosene lamps) and for cooking food. Especially in low and middle income households, kerosene remains the cleaner, more effective and often cheaper alternative to charcoal and firewood. Kerosene is very likely to remain a hot selling fuel as environmental awareness discourages more people from destroying forests to produce wood for firewood or charcoal.
- *Cooking Gas* - Also known as 'Liquefied Petroleum Gas' or LPG is expected to become the preferred fuel for household cooking and heating in Africa's future. Although cooking gas

is not yet as popular as Kerosene in many parts of the continent, it is considered a cleaner, more efficient and cheaper option than kerosene. Unlike Kerosene, charcoal and firewood which produce soot and other harmful particles when they burn, cooking gas burns more efficiently and is much safer for the health of humans and the environment.

As more Africans join the economic middle class and migrate to the cities, the demand for cleaner and cheaper fuels like cooking gas will surely increase. Climate change concerns and a growing consciousness to preserve our natural environment will lead to higher adoption of cooking gas as the preferred fuel for households in the coming years.

86. Recruit for a certain niche or sector

It is a well-known fact that Africa has many more able workers than job positions, and this will probably remain one of the continent's main challenges, but there are still shortages when it comes to filling specific employment posts. The current economic growth spurt, which has led to increased investment in various sectors and a fast technological expansion, now requires a well-trained and specialized workforce.

But there is more to it: According to PwC's report 'The Africa Business Agenda' (2014), over 50 percent of African companies are planning to build international partnerships, and that means they

have to meet a certain standard. The problem is, however, that Africa notoriously lacks mid- and senior-level management staff.

Foreign investors, in particular private equity firms operating in Africa, face a daily challenge of finding general partners who are able to adequately manage new projects locally. The lack of able managers is currently such a great handicap in driving investments forward that many equity firms have started to train local staff themselves. Now, this is where you can come in, because African companies are hiring! Botswana, for example, is striving to become a regional banking capital and is calling for qualified Diaspora Africans to come forward to fill job positions in the financial sector.

To establish a recruitment and headhunting company that places experts into vacant top positions in the financial, managerial, medical, ICT, or mineral exploration sectors, for example, will fill a clear market gap. As a headhunter or recruiter for senior management staff you can get 10 percent of very competitive annual salaries for each placement you make. And all that with hardly any expenditure for your business!

You could also build online job portals for a particular country or industry sector across Africa. Jobberman, for example, has become Nigeria's leading job site, and although it does not serve a niche but targets a great range of sectors it may help to have a look at their online portal.

In 2009, three ambitious university students decided to take on Nigeria's disorganized job market by providing an easy way to match unemployed people with their dream jobs. Today, *Jobberman.com* is providing millions of people with the

opportunity to find employment, with a few thousand jobs being advertised each week.

87. Write insider (business) travel and city guides

This is an excellent way of making money with no capital at hand whatsoever. All you need is in-depth research of a certain African city, insider knowledge, and great images – all to build your attractive tourist guide.

You could then turn it into an e-book, as this would mean you do not need to worry about 1) publishing/printing costs, 2) shipping costs, 3) and shipping logistics for a hard-copy book. Learn how to market products online and ask travel agents to feature your book or become your partners (which means they would make a small percentage of 10 to 30 percent for each download).

88. Trade and sell building & construction materials to build your empire...

One very obvious similarity with all developing regions of the world is that there's always a lot of construction work going on. In a bid to meet the market demand for accommodation, building contractors and construction companies are constantly working on new office blocks, residential apartments, retail shops and hotels.

Africa's booming housing market is having a knock on effect on building and construction activities across the continent. In addition to the housing market, increased government spending on building roads, schools, hospitals and other public infrastructure is also giving a boost to the consumption of building and construction materials across the continent.

There are tens of different materials that are used in the building and construction work but we'll look at the top 8 hot-selling materials.

1. *Cement* – This is one of the most widely used building material in the modern world and nearly six billion tons of this very important commodity is produced every year. Although cement production requires a huge capital investment, small scale businesses and entrepreneurs can get involved in the cement business by joining the distribution chain as major dealers and distribution agents.
2. *Aggregates* – These are raw earth materials which have been used since prehistoric times in building and construction. Typically, aggregates fall into two broad categories - *coarse aggregates* (such as crushed stones, gravel, pebbles, and granite) and *fine aggregates* (usually sand and clay). In modern construction work, aggregates are combined with cement to increase its volume, stability, resistance to wear or erosion, and other desired physical properties. It is estimated that Africa consumes several million tons of aggregates every year.

3. *Timber* - Wood is one of the oldest and most commonly used building materials in the world. Despite the growing threat of deforestation, wood has remained in high demand as a building material because of its reasonable cost, availability, attractive appearance and long life. Africa's abundant tropical forests provides sufficient wood for its construction needs. The continent is also a top exporter of timber that supports building and construction on a global scale.
4. *Plumbing Materials* – This includes a range of pipes, drains, fittings, valves, assemblies, and several other accessories and devices installed in buildings for the distribution of water for drinking, heating, washing, and the removal of human and domestic waste. More than 70 percent of plumbing materials on the African market are made of PVC or PEX plastic. Plastic is very flexible, easy to install, has a low cost, can last for very long and does not rust like most metals. The materials on the market are manufactured locally on the continent but large volumes are still imported from Europe, USA and Asia (especially China).
5. *Roofing materials* – Every house needs a roof. Commercially available roofing materials on the African market range from corrugated iron and aluminum sheets to clay tiles, plastic, fiberglass and concrete. In choosing roofing materials in Africa, builders and home owners usually consider cost, style and quality, suitability of the material to the climate, low maintenance and long life span. The four main segments for in the roofing materials market

are residential, industrial, commercial and institutional customers who have different roofing needs and preferences.

6. *Steel* – Steel is widely used in building and construction and is arguably the cornerstone of the modern building and construction industry. Steel is commonly used to make reinforced concrete that supports structures in buildings, bridges, dams and several types of complex structures. The demand for steel in Africa will explode in the coming years as spending on infrastructure increases to support the continent's economic growth. Steel production is still very low in Africa and the continent currently depends on imports to satisfy the huge and growing demand for steel.
7. *Electrical systems* – This includes a huge inventory of materials used to supply electric power or telecommunications in a building project and will typically consist of: electrical conduits and fittings, wires and cables, explosion proof enclosures, meters, circuit breakers, connectors, and electrical products such as wiring devices (switches, plugs) and lighting (bulbs).
8. *Glass* – Modern architectural designs have given a boost to glass and made it into one of the most preferred materials in today's buildings and structures. The growing influence of the Green Building movement significantly favours glass due to its ability to save energy costs by providing natural day lighting. While a significant volume of the glass on the African market is produced locally, the quantity of imported

glass is on the increase to support the limited local production.

89. Open a public relations & communication agency

The market for African companies will soon become more competitive, and companies need to strategize and visibly stand and reach out if they want to set themselves apart. This is an aspect that is completely underutilized in Africa and building a business in PR and communication will prepare you well in time for an upcoming peak in Africa's emerging markets.

Local companies will pay you for introducing tailored strategies to build brand and corporate reputation, or to find appropriate messages and communication channels to reach more people or connect with government.

Networking by developing contacts with reporters and other media can also be a way in which you assist clients to go public with press releases and more.

90. Businesses have needs. Find a profitable way to serve them!

Most of the ideas and opportunities we have shared with you in this book concern products and services that are sold directly to consumers and end users. Businesses too, like human beings, have

needs and demands that have to be met and problems that must be solved. Business-to-business (B2B) is a promising area that entrepreneurs should strongly consider. Here are some of the key areas where most businesses usually need help, regardless of their size and industry:

a) Outsourcing is the new deal

Nowadays, most businesses just want to focus on their main business and outsource everything else. Outsourcing often allows businesses to reduce costs and avoid hiring employees they don't really need. Rather than buying cars and hiring drivers, for example, most companies prefer to outsource this service to a car leasing company and pay a monthly or yearly fee. This can be a much more flexible, cheap and convenient option.

Some of the most commonly outsourced services are IT, security, maintenance (for machines, equipment and buildings), janitorial work, training, catering, couriers and messengers, staff bus service etc. There is a huge opportunity for entrepreneurs to build services to serve businesses in these areas.

b) Compliance services are hot too

The business environment is usually regulated, and not complying with rules and regulations can be very expensive. Obtaining business registration, permits, licenses, levies, and tax certificates are just a few of the 'compliance headaches' that many businesses face in Africa. If you can serve this need, most businesses will gladly pay you for it, especially those businesses or companies who

are new to the area and cannot do all the paperwork and legwork themselves.

c) *Businesses need doctors too. They're called consultants!*

If you know or can do anything to help a business cut costs and become more productive and efficient, that is surely one service most businesses will pay for. And this is exactly why companies will pay a handsome sum to consultants to revive, improve or troubleshoot their business.

At the moment, the business consultancy space is dominated by high-pricing firms that most small- and medium-sized businesses cannot afford to pay. Positioning your business for this market will be a winning strategy.

91. Cleaning products will be fast-moving products in Africa's markets

By now you have probably understood that products that fall into the category of 'Fast Moving Consumer Goods' (FMCG) are those with the greatest potential to grow exponentially in Africa. Cleaning products available in many African countries are pretty basic and there is a clear opportunity for you to set up a successful business.

Ronak Shah, for example, has done just that. He is a 26-year-old Asian-Kenyan manufacturer and the founder of *Kronex Chemicals Ltd*. He has deliberately targeted Kenya's lower middle class with

his low-cost household cleaning products. Shah only founded Kronex in January 2013. Today it is growing fast with its two products: a dishwashing liquid and a multi-purpose detergent.

92. Become a security service provider

Security is a recurring threat across the world, more so in regions where there exists high poverty and a wide gap between the rich and poor. In Africa, the rapid growth of urban areas has come with its own challenges. Common theft, armed robbery and kidnaping are just a few of the security issues that threaten lives and property across the continent.

Although security is usually the responsibility of government, their efforts are often not enough to tackle the growing threats. As a result, more Africans are personally investing in their own security to protect their lives and property. Here are a few business ideas and opportunities that are flourishing with the growing demand for security:

- a) *Private security companies* – There aren't enough policemen to guard every piece of private property in the cities. This has opened a huge opportunity for small private firms that provide security guards to houses, corporate offices, banks, schools, hotels and events. These units work with government agencies in the areas of training, security, intelligence sharing, etc.

Divine Ndhlukula is one of several entrepreneurs who have successfully taken advantage of the growing demand for private security in Africa. She started *Securico*, a small private security outfit, from her small house in Harare (Zimbabwe) with only five employees. Worse still, she had little capital and no experience in the security business; but she was determined to take on the big and established security companies who had become a cartel in a largely male-dominated industry.

Today, her \$13 million business employs more than 3,000 employees and has become Zimbabwe's most successful private security outfit.

- b) *Anti-theft and surveillance devices* – GPS-enabled vehicle tracking solutions, security cameras and intrusion alarm systems for homes and offices are just a few of the popular devices that are increasingly in demand in Africa's big cities. For example, the high frequency of vehicle theft in cities like Lagos (Nigeria) has created a huge opportunity for car tracking devices which are used to monitor the movement of a vehicle and locate it if it's stolen.
- c) *Guard dogs* – Yes, the trend is catching on. There is a growing demand for guard dogs by households, private and government security outfits. The biggest opportunities in this space are in breeding guard dogs and selling them, training, pet food and dog healthcare. Pet (dog) food is another fast-growing segment of this market.

93. Relocation– Offer the best service!

Have you ever stopped for a moment to imagine the kind of challenges faced by individuals, companies and organizations who want to relocate to Africa? They worry about immigration hassles (visas and residence permits), airport assistance, luggage, local transportation, accommodation and security. In fact, staff relocation remains a huge challenge for many companies and organizations within and outside Africa.

Individuals, companies and organizations will gladly pay for a service that takes care of all these challenges and provides a stress-free relocation to any African country. Several businesses in Europe and America have become very successful in providing this range of services and African entrepreneurs can copy and apply this business model too.

Africa Relocation Services (ARS) is a good example of an early mover in the relocation services business in Africa. Based in Abidjan Ivory Coast, the company specializes in providing relocation services to individuals, companies, regional and international organizations who are moving to locations throughout West and Central Africa. It offers a one-stop-shop suite of services that are designed to facilitate the relocation process of its clients into and within Africa.

94. Market Research Services: Businesses and NGOs desperately need this!

Getting any kind of credible research, market or consumer data is a difficult task across Africa. On most international databases and information depositories, Africa is often depicted as a region where there is 'No Data Available'. To obtain the critical data needed to make strategic business decisions, most companies and organizations hire expensive consulting firms (usually based in Europe and America) to conduct field research.

Many of the market research reports for African countries that currently exist are often sold at high prices. There exists a huge opportunity to provide credible and high-quality market research data, industry and country reports to both local and foreign companies, NGOs and even research students who are in need of this data. In fact, African entrepreneurs can build impressive data research outfits by undercutting the expensive foreign consultancies who currently dominate the market research space.

Market research data is often sold on a monthly or yearly subscription basis, or you could be hired by organizations to carry out specific field research. This is an area that remains relatively unexploited in Africa.

95. Create a unique business in the wedding and events services industry

The wedding services industry deserves a special mention in this book because it remains one of the fastest-growing business areas in Africa. It is also a billion-dollar industry that is brimming with opportunities for all kinds of businesses. The good thing is you can start a business with just about any amount of capital in the wedding industry. This is only possible because many of the services and products sold in this market are on a person-to-person basis.

With its young and marriage-conscious population, Africa is definitely going to witness more weddings than any other region of the world over the next few decades. Rising income levels are also leading to more spending on weddings. On average, most middle- and high-income families spend between \$4,500 and \$40,000 on weddings. Some of the most lucrative areas in the wedding business include:

- *Rentals and event centres* – Everything from the wedding reception venue, seats and tables, overlays and equipment are usually hired during wedding events which makes the rentals business a steady and attractive source of income. Although an event centre may be capital-intensive to build, the steady stream of income that follows afterwards makes it a worthwhile venture.
- *Catering* is another big opportunity in the wedding services space. Food and drinks are a highlight of every wedding

and catering for the audience often takes a huge slice out of every budget. Catering businesses that offer a wide variety of meals, drinks and services at an affordable rate almost always do very well.

- *Wedding organization and planning* - Wedding organizers and planners are usually hired by the hosts to take the pains out of planning and ensure everything goes well on the event day. A good wedding planner should be organized, articulate and able to work under pressure.
- *Others* – Of course there are other great business ideas and opportunities in the wedding services market. Some of these include: photography and videography, event centre decorators, bridal makeup artistry, Master-of-Ceremony services and several others.

There are already quite a number of interesting businesses that are exploiting Africa's huge wedding services market and we're very happy to give you a few examples:

- *Kosibah* is a couture bridal wear designer brand that is making waves on the continent, especially in Nigeria. Although based in London, Yemi Osunkoya, the brain behind this fast-rising bridal wear label, enjoys a huge following.
- *The Wedding Company* brands itself as an outfit that provides 'stylish and elegant celebrations for couples who want an inspirational wedding without the stress of

organizing it.’ Based in Lagos, Nigeria, this niche business focuses exclusively on weddings and works with its clients to plan and execute ‘flawless’ wedding events.

There is a wide range of service businesses that are enjoying the booming demand from weddings. On a continent where up to 50 percent of its people are below 25 years old, the size of the demand for wedding-related services will continue to experience a boom.

Everything we have shared with you here is not just exclusive to weddings. The event services industry is worth billions of dollars. Every year in Africa, there are hundreds of other events besides weddings. These include: festivals, ceremonies, parties, concerts, conferences, conventions and several other events. These events are a goldmine of opportunity for several different businesses to make money and most of the businesses that serve the wedding industry (like rentals, catering, event planning) can also serve other event needs.

96. Produce boxes and packaging options for fruits and vegetables – look what happened in Zambia!

There is a huge need for this! Agricultural production and trade is increasing, but these goods have to be packed and transported after they leave the fields. In September 2014, farmers in Zambia called upon the government to quickly distribute packaging bags as they had harvested their vegetables but did not have packaging

options. As a result farmers took nights shifts outside to guard their produce. And this is not a single incident: there is real shortage across Africa. The type of packaging you might produce varies widely in size, form, and material. You could start with simple options using local material, or import cheap sacks *en masse* if they cannot be produced locally.

97. Meet the booming demand for auto repair and spare parts in the cities!

Every day in Africa, thousands of vehicles are brought to auto repair workshops for a wide range of services ranging from basic fixes, complex repairs, servicing and maintenance to major upgrades and modifications. Hundreds of these auto repair workshops (garages) are scattered across major cities and towns. Millions of motorcycles, cars, buses and trucks depend on these garages to remain in good working condition and continue to serve the transportation needs they were purchased for.

Nevertheless, despite the huge demand for auto garage services, there is a huge shortage of auto technicians with the requisite skill and experience. Inadequate and outdated tools and equipment, and rapid technological advances in modern vehicle design and function are just a few of the reasons for the skill gaps in Africa's auto repair industry.

There is currently a serious shortage of modern and adequately equipped garages that provide affordable and effective diagnostics-based repair and maintenance solutions.

Apart from the growing demand for skills required to provide repair and maintenance services, the demand for auto spare parts and accessories is much higher. The most highly demanded vehicle parts like tyres, lubricants, brake pads, body panels, and several different mechanical parts sell huge volumes across Africa every year.

Although brand new spare parts are available to cater to brand new cars, the second-hand (used) spare parts market has proven to be the bigger and most popular in Africa due to the large number of 're-conditioned' vehicles on the continent. These second-hand spare parts are usually sourced at very cheap prices from damaged and auctioned vehicles in developed countries, especially North America and Europe.

Success Story

Jerry Chukwueke – Germain Auto Centre (Nigeria)

Jerry used to work for the Ford Motor Company in The USA before he returned to Nigeria to set up his own auto company. Germaine Auto Centre, which has accredited automobile dealerships with Toyota, Kia, and Peugeot franchises, is located in a high-income suburb of Lagos, Nigeria's most populated city.

In a country where most auto garages are poorly equipped and are notorious for dishonesty, Jerry decided to set his business apart by tooling up with the latest technology. This helped Germain to carve a niche for itself in the already crowded auto repair market.

With a focus on cars, light trucks and commercial buses, his company has grown quite rapidly. He recently acquired a 20,000sqm property in the hinterland to serve the Nigerian northern region.

98. Start a small importation business. It's cheaper and easier than you think!

Before now, you couldn't start an import business if you didn't have a lot of capital. Under the traditional model, small businesses couldn't buy directly from overseas manufacturers, and as a result, were unable to enjoy the low and favorable prices that only the big importers enjoyed.

Thankfully, all of that has changed. The internet has brought down the walls which used to restrict access to manufacturers located thousands of kilometers away. Improvements in transportation and logistics now make it possible for small businesses with little capital to import smaller amounts of stock at low shipping costs. Finally, entrepreneurs and small businesses can enjoy the same low wholesale prices that the big importers have enjoyed for a very long time.

To join the new and growing league of small business men and women who can now import products at low wholesale prices directly from overseas suppliers and manufacturers, here's all you need:

- (1) *A computer or mobile phone with access to the internet;*
- (2) *A valid email address;*

- (3) *A valid and traceable home or office address in your country where the items you order will be shipped to; and*
- (4) *A Debit/Credit card (same as an ATM card) to make payments.*

Where to buy from?

China! Although there are other places to buy from like Europe and America, everybody knows that China is one of the lowest cost manufacturers in the whole world. Toys, home appliances, accessories, computers, laptops, mobile phones and even Apple's iPads are made in China. In fact, many of the big brands that you know (like Apple, HP, Louis Vuitton etc) make their products through factories and contractors based in China.

How to buy?

You don't need to travel to China. From the comfort of your bedroom, you can order for any goods you want using a computer or mobile phone. After a couple of days, your order will be delivered to your address in Africa! It's that easy! Here are the top eCommerce sites we recommend:

- ***Aliexpress.com***

Aliexpress has become the leading destination for small scale importers looking to buy goods at wholesale prices from China. It is one of the subsidiaries of the Alibaba Group which dominates internet-based commerce in China and was recently listed on the New York Stock Exchange with the highest IPO of all time (\$25 billion).

Every day, Alibaba's portals handle more sales than its competitors (eBay and Amazon.com combined).

- *DHgate.com*

DHgate.com is a Business-to-Business (B2B) e-Commerce website connecting China-based small and medium-sized businesses with buyers overseas. The website is a fast trading marketplace where users can order Chinese-manufactured products directly through the site. The company has been in business since 2004 and is backed by investors KPCB, JAFCO and Warburg Pincus.

To find out more about this interesting business opportunity and how you can make orders, avoid scams and choose the right goods, there's a comprehensive article that will teach you everything you need to know. You can read it at: <http://www.smallstarter.com/browse-ideas/internet-business/how-to-start-a-small-scale-importation-business-in-africa>

99. Find a business gem.....with gem stones and mining

Africa – a single continent – holds about 30% of the world's mineral deposits and this is why mining has been Africa's leading economic sector for many decades. While many African countries are trying to move away from mining as a main source of income, the sector remains of great importance to Africa and offers investment and business opportunities for you.

Countries dominating mining are South Africa, Ghana, Zimbabwe, Tanzania, Zambia and the Democratic Republic of the Congo, while

Botswana is the world's largest producer of diamonds. But many other countries, such as Angola, Ethiopia, Nigeria, and Namibia do also have huge mining reservoirs.

Having said that a mining business can almost work in any African country and what may be of particular importance to you when considering a mining business are a conducive and clear mining law and policy framework to make this already challenging undertaking worth-while.

Some countries have experienced recent set backs: Kenya is struggling with its mining law and has issued a new Mining Bill in 2014, Zambia and Uganda have imposed some restrictions on mining exports, and Ethiopia remains to be a rather closed off market, so be aware of that when choosing your destination. If you are flexible go for a country where the related business environment may be more conducive such as South Africa, Ghana, and Botswana for example.

Starting a mining exploration team or opening a mine usually requires substantial investment. One success story is that of Dr. Mike Seger and his company Injula Mining, which he started in 2004 with little money but a great success portfolio and strategy after intensive research that resulted in his PhD study.

His company now turns over R8-9 million a month (over, US\$720,000) employs 160 employees, and mines and delivers 120,000 t of coal on contract for Anglocoal. Its coal resources amount to 120 Mt. Seger explains that you need to go through all the pillars in order to be successful and they include a strong strategic pillar (this is the attractive part that will help you win

investors), a legal/financial pillar, an operations management pillar and a risk management pillar.

But we would like to suggest an approach that some of you may find simpler, especially if you are lacking finances, experience, and investor relations. Get into the mining industry first – through the back door. Start organising a very specific annual mining conference, publish a blog for partisan miners and junior miners with a regular newsletter, or start a specialist magazine. Partner with a local stakeholder such as the Chamber of Mines, the Ministry of Energy or the Association of Miners in doing so or simply visit their offices to find out more about certain gaps you may fill with related events and publications.

As an event organizer or publisher in the industry you will now not only understand the industry much, much better, but you will slowly become a part of that community, which allows you to meet representative of mining companies, potential investors, and government stakeholders. Alternatively, link up with small partisan miners and regularly visit mining events in your region (it's an investment worth making). You will need these links and partnerships for a successful mining startup.

But there is another angle to mining that you should consider. Most African countries have not developed strong backward linkages in the mining industry, such as engineering, mining related services and supplies, or education and training. These are all areas that are high in demand and where you can relatively quickly build a successful niche.

Or follow the example that a few entrepreneurs have taken in Botswana, a country that agreed to have the large part of their

diamonds now cut and polished locally before exporting them. It's in this area of local value addition where your biggest chances may lay across Africa's mining industry – then selling to various African or other markets abroad. You will find overall a very conducive business environment for such a business model, because local value addition and manufacturing is precisely what many African governments are trying to achieve.

100. African Exports: Start with a smart strategy!

Now here is one important truth when you think about exporting from Africa (or importing from Africa if you are based in the Diaspora): African countries at large have a huge export deficit, which means that they import much more than they export, and this is something African governments are very keen to change. So the good news is: you will find overall a lot of support and readiness to export. But there is more you need to be aware of to come up with a smart export concept.

There are two other important aspects you need to consider. One is that some African producers would love to export, but that they have simply not the capacity to produce a certain quantity and produce that in a regular and reliable manner, because finding buyers and keeping them means to meet their requirement in regard to quality, quantity, and consistency. So here is a gap – we'll get back to this in a second.

The other is that you should export something that is of real demand in other markets. Be driven by the market need and not

necessary by your own opinion or tastes (don't make emotional decisions).

Keeping that in mind, here are a few approaches for smart African export.

- Don't export the raw product. Instead, add value to the product locally and export that. This is will be the export trend and right now, there is a lot of space and little competition for you. So instead of exporting green beans, export an African roasted coffee brand, instead of leather export bags and shoes, instead of fruits process fruit concentrate and export that to juice companies abroad.
- Intra-African trade is growing at a much faster rate than exports to other markets. Think Pan-African and consider your markets there. You will also find more relaxed import regulations for agricultural produce or dairy at the receiving end.
- Bulk or a certain quantity is very important for exports. If you think you do not have the capacities find new ways to build them. One is to partner with other smaller businesses or producers in your area building a cooperative and you export the sum of your products.

The other is to be aware of avenues to increase your capacities. The US, for example under the AGOA agreement⁴² assists African companies with finances, training, and other means to build their capacities to enable them to enter the US market. See if you are eligible. Contact your local USAID or US embassy office to find out

more about such opportunities or research the AGOA guidelines for your country online.

- Partner with Africans in the Diaspora and vice versa. This is how Africans on the continent and those residing in the West can really assist each other. Such partnerships would be very popular and you will have one partner at the exporting and one at the importing end. A wonderful way to cooperate and be up-to-date with your market.
- Make the most of selling to Europe! Africa is literally at the doorsteps to Europe, yet when you stroll through Europe's supermarkets you will find that most fruits, vegetables, and commodities imported from abroad are not from Africa, but from South America or East Asia, which is much further away.
- Market your exports using relatively cheap but highly effective online marketing strategies, visit trade shows in various countries exhibiting your products locally and elsewhere. Be visible, engage, this is how you will win business links and buyers.
- Most Africans are not members of any government related association, which is a real shame, because you seriously miss out. As an exporter you should become a member of the local chamber of commerce and sign up to other institutionalised export bodies.

Such memberships will enable you to visit regular networking events in your industry, access relevant

training, receive the latest in your country's export sector, and maybe you will one day be contacted when your association gets approached by investors or buyers looking for local partners (which is happening quiet a lot!). Further, this kind of accredited membership gives you immediate credibility when doing business in new markets for the first time.

101. An extreme African business niche: Silk worm farming

Now, this one is a top tip! Silk *farming*, is the *rearing* of *silkworms* for the production of silk, it is also called sericulture. This is as rare and as extreme as it may get for you, but it's happening in Africa right now and it is very profitable!

While small-scale efforts have been started in Nigeria's garment industry and by Rwandan women farmers who gave up their traditional crops, Kenya has recently discovered the potential to commercialize it and works in collaboration with Japan to make this happen.

Silk worm farming could be much more profitable than other agricultural commodities, so much so that Kenya's agriculture cabinet secretary Felix Koskei announced in the summer of 2014: "Silk farming is the most promising enterprise with much potential in government's long term development strategy of reducing poverty and ensuring food security."

The demand for silk is increasing while production in major producing countries like Japan, Brazil and India is declining, hence making it a valuable option in Africa. Having said that, silk production can also find market within Africa's apparel and fashion industry – especially Ethiopia is making big leaps towards the development of both. In short, if you produce silk, you will most certainly find a buyer and hardly any competition in local and regional markets.

It is difficult to find the eggs of the silk worms, but you can get started with 1,000 eggs or less and in the US that can cost you as little as \$US10. So investment – as good as none. What you will need however is a ready supply of mulberry leaves. The best variety is the tree *Morus alba*, the white-fruited mulberry of China, but there are other species as well.

The good news is that this tree grows on almost any soil and most the mulberry tree can be grown in most parts of Africa – and it is fast growing. Just make sure you get permission from the Ministry of Agriculture or related authorities to grow the tree when you are the first to import it as an alien species.

Three-year-old trees are said to produce the best feed for silk production, and one healthy mulberry tree should yield from 20 to 30 pounds of leaves during the time your worms are in their growing stages. One tree can then feed about 100 worms for one month at a time – just to assist you a little with your maths.

Once the cocoons are developed you are ready to produce your raw silk. It's pretty simple. We think this is a well-kept African business secret. In ancient China, revealing such silkworm secrets would probably have resulted in a death penalty. You may be on to

something big with African silk worm farming and you have excellent growth opportunities.

Nigeria, Kenya, and Ethiopia are planning to build apparel industry centers – these may be strong African market for you in future, so start selling and find partnerships there early on. South Africa, Northern Africa, and the UAE may have equal market potential for your fine silk. And then of course you can always go global, that the whole point with a powerful African business idea. But for now, let's start your business empire with a few worms and a tree.



How to Move From ‘Idea’ to ‘Start-up’ in Six Simple Steps

“An idea that is developed and put into action is more important than an idea that exists only as an idea.”

Buddha

One of the biggest challenges that most entrepreneurs have is taking action on a business idea. No matter how great the idea, it will count for nothing if you don’t take the necessary actions to develop it and make it a real-life business.

In this section of the book, we'll share six practical steps you can take to move from the idea to start-up phase of your journey to become a successful entrepreneur. Here they are:

STEP 1: You need a clear business concept – and simplify!

This is very important. Entertaining too many ideas or being vague about the idea you have in mind will not help you get started, it's that simple. You need as much clarity as possible about your business model and if major aspects are missing, extend your research online and on the ground. Get a paper and pen and conceptualize on a daily basis (this means you are serious about your idea!), write a business plan if you can.

On the other hand, don't get stuck with researching, that's just another trap that'll make you procrastinate and continue to entertain ideas that will never be implemented

So, *'I was thinking of producing my own skin care range in Africa'* will not do it. Where exactly will you produce it and why in that particular country and location? How will you get the ingredients and the packaging; how much will that cost you? Who are you selling to and at what price? What gap or needs are you meeting, and how are you standing out from other products in the market (why would your target market buy your products or service?). Are you selling online or in a shop? Who are the strategic partners you want to win? These are the kinds of questions you need to have answers to.

Clarity is the first step toward vision and action.

When you work out your business concept – simplify! A major problem we come across regularly is that people add too many aspects to their business and want to do everything themselves. Re-visit your concept and double check: Would you be capable of scaling from 10 to 1000 relatively easily, or would it mean you have to split yourself into many pieces to achieve it? If so, your concept is probably too complicated. Try to simplify it – cut some aspects out (you can always add them later if needed) and outsource certain parts of your business operations to other companies or freelancers so you can focus on what counts: Selling and growing your business!

All this helps you to understand exactly what it is you are doing and where you are going next and you will pass this crucial clarity on to your target market.

STEP 2: Get your product or service ready

You need to sell either a product or a service. Prepare the product, package it (even a service can be neatly packaged, so it sells better). Test it among friends, colleagues, or a small group of customers before launching it to avoid embarrassing hiccups later on. Make adjustments and improvements.

STEP 3: Set up 'shop' and a good image

Set up a base for your business. This could be your house, a dedicated office or shop, or even a simple website. Decide the name of your product and print some business cards so you are ready to network where ever you go. You don't need to spend much on all that, but make sure it looks neat, because it will now represent your business.

You may need to take care of infrastructural issues such as identifying your suppliers, preparing a delivery network, or building an e-commerce system that allows payments online.

STEP 4: Settle administrative issues

Yes, indeed, don't start with finding a name for your business and getting that registered. Although it may make you feel good, getting that done is really the easy part. Once you have gone through Steps 1-3 and you are *still* sticking with your plan, you will know that you are on the right path. The time has come to register your business and get a bank account to accept payments.

We regularly get questions regarding business registration procedures in Africa and we would have loved to cover it here, but frankly, the process varies considerably across the 54 African countries and can last from 1 day in Rwanda to several months in Ethiopia or the DRC. Some countries like Rwanda and Kenya for example have one-stop-shops for business registrations or you can even register a business online, other countries require that you run from one office to the next locally to gather or submit all required documents.

Another possibility if you live abroad is of course that you register your business outside of Africa (depending on the kind of business you want to do), it is often much easier to register a local branch office in Africa and a great number of countries do not discriminate against foreigners in the registration process.

Some African countries require that you have a local legal expert when opening a business and even if it is not a requirement it is often advised to protect you against certain risks when doing business locally. So again you need to check the local requirements and the need for legal expertise may naturally increase with the amount of money and assets you are investing.

No matter how hard it may be at first, do your best to legally register your business. This is often overlooked by entrepreneurs in Africa and it can often come back to haunt you. You don't have to register as a company at first, especially if you're starting up on a small scale. A 'Sole Proprietorship' or 'Business Name' should be fine if you intend to start out as a small business.

A registered business makes you more professional and influences customers to take you more seriously. Above all, it's the responsible thing to do.

STEP 5: Promote and start selling

Promote, promote, promote. There's no point having a great product or service and nobody knows about it. Billboards and leaflets may work, although they are still being widely used in Africa, they are marketing methods of the past. Here are marketing

avenues that will work better for your start-up and give your business a competitive advantage:

- *Online marketing strategy including a social media strategy* - Africa after all has the fastest growing mobile phone market in the world and is in the throes of an Internet revolution. Make sure you learn about online marketing techniques....well, online.
- *Local exhibitions* - this works particularly well for certain products related to food, skin care and accessories, and fast moving consumer products.
- *Word of mouth* – Yes, word-of-mouth promotion is still in fashion. To enjoy the benefits from word-of-mouth, you have to provide excellent products and great services that people will gladly recommend to others. Giving out some of your products and services for in the beginning can be a good way to get referrals from happy customers.
- *Networking and partnerships* – Promote your products and services to people you already know. Go out there and meet new people who are in your target market. Visit places and attend events where your target customers congregate. Networking and partnerships can be a great way to find new clients and customers.

STEP 6: Build local partnerships from the start

This is true for building a business anywhere in the world, but particularly in Africa. Partnerships go a very long way on the continent in opening new opportunities, accessing new markets, and mitigating risk. Therefore get out there early on, engage, network at events in your industry and widen your horizon!

How To Get Your Business Started in Africa on a Shoestring Budget

“From humble beginnings come great things.”

Anon

Tip: This strategy works if you are based in Africa but also if you want to manage your African business from abroad!

There is good news and bad news. Let us start with telling you the bad news first: One challenge that African entrepreneurs face is the lack of access to capital. This is absolutely true. Assisting others in their endeavour to succeed we regularly come across enquiries about how we can assist with raising finance in Africa.

Many aspiring entrepreneurs spend a lot of valuable time and energy trying to get a significant amount of capital before getting things off the ground. Others never get started in the first place - the lack of capital seems to be just too big a hurdle to overcome.

Now here is the good news: You can become successful - even *very* successful - by starting on a shoestring budget! Yes, absolutely! The lack of capital should not, we repeat *should not*, hold you back!

Firstly, we really hope that you have read the African success stories throughout this book with the necessary focus. If not, please revisit those chapters. You will realize that many, yes a significant number of the successful entrepreneurs we have featured in this book started with little to nothing in hand.

So, what do you need to do? The most important aspect is probably that it requires some flexibility at your end. You may have to let go of your business idea or plan as it stands right now and approach it differently. And you need to let go of your fears and insecurities of going it all the way with nothing in hand other than clear vision, determination, and humility to start with the basics.

Here is an example: Don't plan to build a modern manufacturing company or to import 1,000 solar panels if you have no money. Instead, start with simple business models that work. Build gradually, consolidate and expand until you get where you want to be and beyond.

Here are a few tips that will help you start a business on a shoestring budget:

(1) Facilitate the business interactions of others

OK, let's say you want to import cars, but you have no startup capital to buy those cars and transport them over to your location in Africa. What do you do? You can build an online car auction site that makes money by connecting buyers and sellers. By facilitating this trade, you could ask for a 1 or 2% commission for each sale

they make. Provide a market or service to which people in your country have usually no easy access to. This is how you stand out and some people have become very wealthy doing exactly that. This is exactly what *Cheki.com* is doing in the African car trade market.

Or you can become an agent, a focal point for a certain country or company that you may have a relationship with (or you build that relationship). Let's say Femi sits in Nigeria and some kind of car dealer he meets at a networking event in Lagos wants to import Mercedes cars from Germany for Nigerian diplomats. Femi can ask Peter in Germany to find the local Mercedes dealers for him and by facilitating the deal he could make 5 or 10 % of the purchase price of the cars.

And so on. It works for almost every product, just be flexible in your business concept if lack of finance is an issue. The good thing is that you still become very knowledgeable about your product in the process and you will get the contacts in your niche and other opportunities usually turn up along the way. Who knows, you may not even want to return to your initial plan in the end.

(2) Find a partner with assets but a lacking vision

This is so simple. Find someone who has money or access to the assets you need and partner with him. An example: You want to start fish farming. You have read all about it, studied it and you know it is very profitable. But you may need access to a plot of land (if you want to build ponds) or you may need a small lorry to

ship the fish from the lake or sea into the capital city to sell. You need capital and have wasted months looking for it and you're getting nowhere. Skip it and change your approach and outlook.

You may just be amazed how many people with a plot of land or a big car may want to partner with you. They may have the assets, but no ideas, no inspiration, or no education and knowledge. This is what you can bring in and the two of you can be in business immediately as partners and get started. It's so straight forward.

(3) Start a crowd funding group

You have US\$2,000, but you are absolutely convinced you need \$10,000 to invest in a project with super returns. Start a crowd funding group among your friends, like-minded startup entrepreneurs, or among village or clan members. Get 4 more people to put in US\$2,000 and you have the 10,000 you need to get started. Get 50 people who ship in US\$1,000 each and you have 50,000. Draft a written agreement regarding the business management, responsibilities, and the distribution of shares and pay a lawyer for it if necessary. Now you can get your business started or you can finally invest and let the money work for you.

(4) Build a business online

E-commerce is the business of the future and it is becoming increasingly popular across Africa, especially in countries like

Nigeria, South Africa, Kenya, and Egypt - but it's also starting in many other countries.

You don't need to pay rent for a shop or an office, no utility bills, and no expensive human resource cost. Many of the most successful e-commerce businesses on this planet (and Africa) were started in someone's garage or bedroom. Expenses are minimal and if you sell no physical goods, but products like courses, e-books, audio (it must be of high value) then you can even generate your income automatically at one point with little input.

Some experts call this *passive income*, money made without any active participation on your part. So for example, you create a course once – but then people can download it again and again when they use Paypal or a credit card for payment; and you are generating income while you may be on holiday with family.

(5) Sell your knowledge and skills

It is not easy to sell your knowledge and skills, but if you are truly good at it and you find the right avenue it won't cost you money to produce it or import it, because you already own it. It's all in your head! And once you have made a name for yourself as an expert, you can earn a lot of money indeed.

So think of online marketing or brand design, there is a huge market out there in Africa, you just need to position yourself to get noticed (with a website and a blog, networking at events with business cards, or providing totally free services for a while to great clients so they refer you).

Sell your skills and knowledge as a personal coach or in business management, provide copywriting or editing services, or become more creative: become a personal shopper and style consultant or provide couple or parenting counseling. The possibilities are manifold!

(6) Be creative with a 'zero-capital' business model

There are many ways to achieve success if you desperately want it. You just need to sit down and do things the unusual, creative way. In entrepreneurial terms, it's called 'hustling' and you have to do a lot of it for a year or two at least (or long-term), and you will be amazed how far you have come setting your business up. Here are some examples of getting your foot in the door, making valuable contacts, finding partners and sponsors:

- i. *Create a unique networking event in the industry or niche you want to get into.* Choose a great hotel or bar for the event. Suggest to the hotel or bar manager that you will invite 20-40 people into the bar/restaurant on a day where they do not have many guests. Send invitations for a special networking opportunity in a particular industry or for start-up entrepreneurs announcing that it is completely free, but participants are expected to buy their own drinks.

This will cost you nothing, yet now you are mingling with the right people and if you can pull your event off regularly for a year or so, you may even consider an extended event adding speakers, ticket sales or sponsorships – you are in

business! Alternatively, if events management is not your thing for the long-term, you have at least managed to get to engage with the people in your industry through the meet-ups you organized. If they trust you and see skills you can bring along they will be very open to cooperate. This is a smart strategy to get your foot into the door.

- ii. Are you interested in developing a food brand, a home-made recipe or an organic beauty product? *Start it in your own kitchen!* Seriously, several entrepreneurs have done it! Perfect your product, let family and colleagues try it. Make improvements where necessary, get some very cheap (but still smart looking) packaging, put a sticker with your brand on it. Produce 100 units and pay for a very small stand or desk at the next food or beauty exhibition.

You may have heard of Avon or Tupperware – who run a business network through individuals who sell for them. There is an increasing number of such direct marketing companies now operating in Africa selling creams, coffee, and holiday packages. It is one way of starting a business for yourself using the product of others.

But you could also use your own product and establish a network of individual sellers for your product who earn a commission for each item they sell for you to their friends, colleagues, neighbours and customers. This way you are not relying on supermarkets for example to buy from you and you don't have to do all the selling yourself, it is mostly done by others.

- iii. *Offer a service – any service* (like delivery, laundry, copywriting. But instead of buying the cars, the washing machines, or paying the office rent, you actually use the services of decent and reliable small businesses who already offer those services, but have no recognizable brand and serve only a very limited reach. Add something unique to the services they offer – you could be the fastest service in town for example.

Build a network of small businesses. You are really just coordinating the process, but you have a wide outreach this way, and your network can act fast because you give the job to the one that delivers in time. This way you get jobs to these small businesses while building your own company and brand. Fastest in town and 24 hours per day? Your customers will love it!

There are many more efficient and creative ways you can use to start your business on a shoe string budget. The most important point in our view is that you do not let the world pass by and the competition build up while you are still looking for capital. Besides, many who finally managed to get the 'big money' together they were desperately looking for often face sudden cash flow problems along the way.

Thousands and thousands of start-up business fail despite the initial start-up capital raised, leaving a lot of people in debt or with little motivation to start all over again. Yes, access to capital can give your business a head start or may be necessary to grow your business at one point. But the above examples and models are very feasible avenues for those who simply don't have the money -

be it as a new entrepreneur or those who are looking for a second chance after failure.

Our Final Words to you...

“Sometimes it falls upon a generation to be great, you can be that generation.”

Nelson Mandela

We have written this book to support aspiring African entrepreneurs in their endeavours and to enable anyone who wants to do business on the African continent to make informed decisions faster and more confidently.

But this book is much more than a self-help guide to doing business in Africa. It is our humble contribution towards building a better Africa and to encourage more people to work hard to increase the impact we can make.

It is with great hope that we see a new generation of African business leaders emerging from the continent who genuinely care about Africa and its people, who care about transparency, social responsibility, and the environment. You may not have noticed it but behind the narrative of *'Africa rising'* stands a fairly well connected and fast growing front of new African business, community, and political leaders who are consciously working towards solutions for Africa.

Building an African business enables you to become part of this ultimate dream. We want you to be aware of this powerful narrative, because instead of joining the rat race of formal employment, you can choose to become part of a wonderfully

grand vision: building a great business for yourself while improving the lives of Africans in many ways.

To become a part of this dream, two important things are required of you. One is a sense of urgency, because the time for great potential in Africa's emerging markets is right now and not 'someday' in the future. Second, you have to be ready to widen your horizon beyond yourself and your inner circles. It is time to invite Africans across the globe into your vision for success by giving back while reaping the fruits.

As Mandela said: *"Sometimes it falls upon a generation to be great, you can be that generation."*

We hope to hear from you during this exciting African journey.

We wish you all the very best and please remember to stay in touch!

John-Paul Iwuoha
Harnet Bokrezion (PhD)

www.africa101book.com

If you have any questions, feedback or comments after reading this book, don't hesitate to send an email to feedback@africa101book.com

Or

You could join the conversation and brainstorm with other entrepreneurs on the Facebook page at www.facebook.com/africa101book

About the Authors

Harnet Bokrezion PhD

Dr. Harnet Bokrezion is a food security expert by profession who has worked with rural communities in the wider Horn of Africa region for the last 13 years coordinating programs funded by Oxfam and the UNDP among others.

She now specializes in entrepreneurship as a pro-active, African-driven development concept for the continent. Today, she is based in Germany and London working as an Africa Business Consultant for aspiring African entrepreneurs and as a Partner for Africa with a New York based consultancy firm assisting American companies to enter the African market.



She regularly writes about Africa business on her blog Africajumpstart.com and the renowned online publication Howwemadeitinafrica.com and has started her own two African start-ups in the E-commerce and agribusiness sectors.

Dr. Bokrezion has a passion for contributing towards a better future for Africa, traveling the world, and being a mother to two wonderful sons.

John-Paul Iwuoha

John-Paul is passionate about the new wave of youthful entrepreneurship that is sweeping across Africa. At 30, he represents the new generation of entrepreneurs who see Africa's problems and challenges as lucrative business opportunities.



Although trained as an engineer, John-Paul has a diverse background that cuts across entrepreneurship and consulting. Until 2011, he was an Associate Consultant in the Business Advisory practice of PricewaterhouseCoopers (PwC), the global professional services firm. His strengths are in business strategy and planning.

Through his popular blog, [Smallstarter Africa](#), John-Paul is inspiring a new breed of entrepreneurs who will create businesses and jobs and bring prosperity to the continent. His passions and interests include farming, technology, blogging, leadership and inspiring change.

He lives in Lagos, Nigeria and is married to Nneka, his sweetheart.

Links & Resources

Here are a few resources that will help you stay updated on your journey to entrepreneurial freedom:

Business ideas, Success Stories, Entrepreneurship advice, News & Updates on business in Africa

- 1) **Africa Jumpstart** - www.africajumpstart.com
- 2) **Smallstarter Africa** - www.smallstarter.com
- 3) **How We Made It in Africa** – www.howwemadeitinafrica.com
- 4) **Ventures Africa** – www.venturesafrica.com
- 5) **Celebrating Progress Africa** – www.cp-africa.com
- 6) **CNN Africa Start Up**
<http://edition.cnn.com/SPECIALS/AFRICA/african-start-up>
- 7) **BBC Africa Business Report** - <http://www.bbc.co.uk/programmes/n13xtmrr>
- 8) **Africa.com** – www.africa.com
- 9) **The Africa Report** – www.theafricareport.com
- 10) **African Business Magazine** - <http://africanbusinessmagazine.com/>
- 11) **CNN Marketplace Africa** - <http://edition.cnn.com/CNNI/Programs/marketplace.africa/>
- 12) **Silicon Africa** – www.silicon africa.com
- 13) **AllAfrica Business** - <http://allafrica.com/business/>
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