



## **Arena Africana 2**

### ***Africa's latent entrepreneurial class***

Date: Thursday 10 November 200

Time: 8:00 pm – 10:30 pm

Location: De Balie, Kleine-Gartmanplantsoen 10, Amsterdam

#### **Speaker 1 (Lucia Akosua Quachey)**

##### **Millenium Development Goals and African Women Entrepreneurs in Africa**

The international community made a huge step forward when it identified its own goals through the millennium Declaration which was adopted by the General Assembly of the United Nations on 8<sup>th</sup> September 2000.

There have been declarations before and goals set for development. But I believes the MDGs are different for two reasons:

- 1) MDGs have gained attention of governments, development agencies and the rest of the international community
- 2) MDGs have linked set of objectives-a portfolio, a coherent assault on the problem of development

For sake of the discussion here I enumerate the eight goals :

1. Eradicate Extreme Poverty and Hunger
2. Achieve Universal Primary Education
3. Promote Gender Equality and empower women
4. Reduce Child Mortality
5. Improve Maternal Health
6. Combat HIV/AIDS, Malaria and other diseases
7. Ensure Environmental Sustainability
8. Develop a Global Partnership for Development.

Goals 1, 3 and 8 deserve special attention as achieving them will have great repercussions on all the others.

On this, empowering people, especially women should be the great priority in order to expand their businesses and create more jobs, this will go a long way to improve the income levels on sustainable basis and improve livelihoods, reduce poverty and hunger, improve the nutrition level of the child and the mother. Women's role goes way beyond the stereotypes and jobs typically associated with them. Entrepreneurship is important as markets will increasingly rely on a transition from an

informal nature to a formal one. We need a market with regulations that put forward issues of fair trade and in order to create a competitive globalized market that is not there at the moment. The capacity at the moment is limited so, even simple measures such as training women on how to use E-commerce and open their E-mail, prove very important.

### **Entrepreneurship and achieving the MDGs**

Poverty can be eradicated by strong leadership in Africa, supported by much closer teamwork from governments, donor private sector and civil society organizations working together to achieve a common goal. Africa's priority is to ensure government produce tangible results in its efforts to support the poor and vulnerable in the society. Concrete investment in the development of the informal private sector and support for women economic activities is needed in order to achieve a result that makes real impact in the day-to-day lives of the poor.

Overcoming poverty is possible in Africa if we can focus our attention on enhancing the entrepreneurial capacity of those business operators in the informal subsistence sector. There are three reasons for this:

- 80% of private sectors are in the informal, micro and small sector, operating in the rural and urban poor areas
- Entrepreneurship in all its diversity provides between 6-9 million full and part-time jobs and the income from agro-businesses and trading supports 9-15 million people in Ghana alone. If informal businesses would be formalized, poverty will be reduced in the shortest possible time and eradicated within 15 year from now.
- African government will mobilize internal resource through income and company taxes to meet its budget requirements without subjecting it selves to external borrowing.

### **Platform to economically empower women entrepreneurs in Africa**

Africa has a population of over 800 million people and women make up over 50%. How can you ignore over 50% of your population and feel you can make progress without them?

The First Global Women Entrepreneurs Trade Fair and investment Forum held in Accra on June 1996 was a clear evidence of women building their own capacity when given the necessary support. Some of the objectives were:

- to create a platform for women entrepreneurs all over the world to come together and network economically,
- to exchange market information, technology
- invest in each others businesses in order to make women entrepreneurs visible in their national economy as well as relevant in the global market place.

It is however a pity that when there are programs specially designed to address the issues of women, it never see the light of day. It seems there is more talk than action as far as women issues are concern in Africa.

An Africa aiming to enter the market would first have to tackle the technological gap that exists between them and developed nations, to facilitate entry of their products into the globalized market in the 21<sup>st</sup> century and beyond.

Women entrepreneurs would have to move away from the traditional marketing and production methods, which often result in low productivity and substandard quality and adopt new technologies which will enable them to compete effectively in a well structured market.

Almost 30% of food crops go waste during each harvest season due to lack of technology and information as a result, women food producers are often displaced by big firms using latest technologies, and responding faster to request due to the use of internet services.

There is the need for rapid technological advancement in the various stages of the export business such as production, processing, packaging and handling as well as the use of ICT. This is particularly important because in the new global market place, products from everywhere are measured by the same quality standards, and the need to meet datelines for delivery.

I challenge African entrepreneurs in the Diasporas to play a lead role in investing in Africa. I also challenge African leaders to create a conducive environment to encourage investments needed for the take off of the informal sector and empowerment of women through entrepreneurship for self-employment activities

I also wish to state that the viability of the African. Union (AU) and its program NEPAD, will depend on the following:

- African governments to formulate policies that would place value on Science and Technology(S&T), Research and Development (R&D)
- The link between science and society in Africa is presently weak
- There are disconnections between activities of scientific communities and the overall development aspirations of most Africa countries

### **Structural Condition which hamper the development of a healthy investment climate in Africa.**

They are numerous structural conditions which hampered development and the lack of private foreign direct investments flow into Africa.

Some areas that need more improvement are the ICT sector –Africa is least served by Telecommunications, Information and Internet services. Africa’s potential for economic growth to attract private foreign direct investment rest on the dual foundation of democracy and free enterprise development, information and telecommunication technology including transport systems, play a major role in enhancing and attracting investment in Africa.

I was a 17 year old married and pregnant teenager. I had three children before I was 20 and started wondering if I could do something better with my life. It took one year to convince my husband that I wanted, at least, to learn how to sew. After one year of negotiation I set up my business, at the same time I had to prove I could do it while taking care of the house and raising the children. After a few years I was no longer working alone as I now employed two people. It was set up as an informal business but after a few years I went to the registrar general and by 1974 I was able to employ 12 people, growing to become a limited liability company. I had moved from dependency to a self-made woman, using resources to build capacities, recurring to education to help let me do things I do today. The most fascinating thing about having been a teenage pregnant women and then becoming an entrepreneur is suddenly coming to terms with a situation where I can do things without begging. Destiny is in my hands.

## **Conclusion**

Poverty can be eradicated by strong leadership in Africa, supported by much closer teamwork from donor countries, development agencies, African entrepreneurs in the Diasporas, private sector and civil society organizations. Africa's priority is to ensure government and its leaders produce tangible results in its efforts to support the poor and vulnerable in the society.

Concrete investment in the development of the informal productive sector and particularly support for women economic activities is a most if we to achieve tangible results that have positive impact in the day-to-day lives of the poor.

I challenge African leaders to make the required move to encourage Africans in the diaspora to make the necessary investments needed for the take off of the informal sector and the empowerment of women through entrepreneurship for self-employment activities, harmonizing of policies for effective regional economic activities and sea and air to facilitate regional trade and integration.

## **Speaker 2 (Anver Versi)**

*From Anver Versi, editor of the London-based African Business magazine, winner of the Diageo 2005 award as best publication. Versi won the award as the best journalist for 2005.*

I feel privileged and humbled after listening to Mrs Quachey's inspiring account of how she beat all the odds to end up as a successful businessperson as well as a major activist for African enterprise.

What was most significant for me was that the problems that Mrs Quachey faced in her early career and the dilemmas she had to resolve are so typical for so much of Africa. By breaking out of the traditional expectations, Mrs Quachey not only managed to escape what seemed an inevitable life of poverty, but prospered and is now working hard to make other women dream the same dreams she had and to show them how they too, can escape the clutches of their condition.

We need to increasingly acknowledge that only by learning and using the knowledge will you be able to go a little bit further. The more Lucia learned the more she knew there were things she did not know and that kept her going. Irreverence is the key: if your desire and work enough you can challenge and change things. That is probably the most important lesson she brings to us. You do not have to accept your fate or your misfortunes. If the desire is strong enough and you are willing to work hard, you can change things.

Her own biggest transition was a change of outlook. From one of hopelessness to one of hope and the knowledge that she could make things happen.

Nothing can replace strong determination and a dream, the worst is when you lose the dream. Unfortunately, the five fingers of a hand are not equal. Mrs Quachey's are still very rare in Africa. Most people grumble about their situation, curse their luck, blame leaders and find a million other excuses, but few work their way out of poverty. Most do not believe there is a way out.

The question before us is how do we encourage more people to make the plunge? How can we create institutions that will help nascent enterprises? What help, guidance and support can we provide to those who want to go into business? In short how can we bring about a change of outlook in Africa from one of hopelessness to one of hope? How can we change the mental output, especially in African – How do we change its pessimism? From the top down this will not happen. How do you take this experience and push a little bit further? How to bring people to work, technology, banking, formalize informal sector? How? It is what we are here today to do.

### **Speaker 3 (Hans Boon)**

I will now put forward the structures and efforts the Postbank has been setting up in the developing world in general and the African continent in particular:

Efforts to enable private entrepreneurship:

- Access to information. Communications and technology (since many fail within the first year we need to provide technical support).
- Diaspora is important
- Proven business concepts supporting trade
- Access to financial services

What is the role for postal networks?

Postal networks in Africa

- 11.000 post offices
- 5 million postal savings and giro accounts
- US\$ 500 million deposits
- 7 million transactions in 2003

What is then the answer?

- Intermediation?
- Rural outreach?

- Use of ICT?

In Brazil the Postbank is the largest micro-finance entity in the country with high expertise in client relations.

One must however be aware of the distinct setting within which we operate. Take Uganda for instance, with minimal infrastructures and large rural areas where poor people are however bankable and many micro finance institutions are already in place. But how does money travel to the country? At present a 15 % fee is charged for each 200 dollar remittance and the question of expanding the formal infrastructure should be faced. The post office proves quite relevant in this context in order to expand mass markets.

Migrant remittances are vital, they connect post offices, reequip Post Offices with new, cheap technologies and from there they are able to further expand technology and provide a broader range of services.

We should continue to help reposition Post Offices as portals, adding to an entrepreneurial flavour spreading along the continent. Post offices should be put forward as a franchise and retail formula whereby technology and the training provided to small private entrepreneurs will stimulate the investors and the labour market.

Can provide a better role in the sector but there is still a long way to go, there is a learning curve associated to it.

#### **Speaker 4 - Felix Awunou**

From my experience doing business in Africa the biggest I've learned is that you cannot survive alone. Successful entrepreneurs will always need solid partner. These partners will need to understand business in Africa and which country is doing business there and the locality of those people down there.

I myself once tried to set up business and failed. This failure was due to several reasons, firstly I did not have a very good partner, secondly I lacked enough time and availability and thirdly I did not have the appropriate facilities at my disposal.

I consider myself as a trader, not a real business man since a business man is a master of the market and I am not one. Nonetheless I've learned that it is also important that the product is ascribed to a certain specific target sector. My point is that only believing is not enough, you need a reliable strong structure behind you and strong partners. I tried to change people when I went back to Africa, when I tried to do so, they started saying I was too fast and too demanding. Once, a Dutch friend went to Africa to set up a cocoa business and buy some raw materials, on his behalf I went inside the bush trying to find cocoa as cheap as possible, everywhere I looked it seemed there was never enough fertilizer and cocoa. Looking back, I returned with a lot of reports, it took me 5 years until I was successful in buying cocoa, I was lucky that in the end the man was patient enough and was able to understand the real African mentality.

Sometimes it is hard to find and appoint the right people in Africa, it is not easy to do business, bureaucracy is huge and mentality will play a key role.

#### **Question**

Im also a Ghanaian and married a Dutch. I am very proud of Lucia. What is it that you are doing at the moment to help women that are in such tough positions as you once were?

### **Question**

When one looks at the conditions of poverty, lack of electricity, etc., how can the ICT factor be all that important outside the cities? How can it be that important for a population that has nothing to eat?

### **Question**

What can attract the informal sector to become formal?

## **Speaker 1- Lucia Akosua Quachey**

We rather focus on economic empowerment for women since in the end money is power. As advice for other women I believe that negotiation should be considered as always the best of options. African men are sometimes very possessive, respect for the women's conscience is also important.

Referring to the question on technology and its appropriateness in places where hungry people still endure. Some schools are having computers no matter how rural they are, creating avenues so that people use technology. It is true though that people are supposed to feed themselves before anything else, hungry people are hungry people. Yet, technology and improvements on agro-forestry, combining trees to give fruits and giving demarcation to farms while maximizing the use of resources can also be given a boost through ICT initiatives. The informal sector also needs to grow, the reason why most people remain small is due to lack of education and resources but if they are given the opportunity, like I was, they will grow. The initial growth of the informal sectors is crucial in order to feed the people.

## **Speaker 3 - Hans Boon**

Technology is closely related to poor recovery. No access to financial services is also at the roots of the problem. We need to break through this vicious circle. In rural areas the need is for financial, community services and ICT seems to be one of the vital components.

Migrant remittances are also very important, sometimes larger than FDI, the risk is that the money never gets to the beneficiary on time. On some occasions, money is actually used to finance terrorist crime. This is one of the reasons why it is important to improve the numbers of the formal economy. Nowadays most of the remittances come through as cash to cash yet sometimes, the purpose of the sender is not met. We should stimulate people to use remittances in a more productive way.

## **Speaker 4 – Felix Awunou**

Africa cannot do without ICT, we have to follow the world. We have to follow the market. Television is longed for in rural world and our mentality is increasingly the wish to follow the world. Mobile phones are today found everywhere.

### **Question**

This will be more of a remark than a question. Isn't the Postbank highly dependent on the transaction fees set up by Western Union? Are women who are really saving a lot of money, able to invest it in equipment and small business? Sometimes women don't seem to take interest, same thing applies with Western Union. The transaction fees really should be made less expensive. It is usually very hard to get credit when you don't have a steady job.

### **Question**

This is a comment on ICT and the electricity. In Africa, more homes are being connected to solar power than to the electric network. The labour intensiveness of many things (food, handcrafted items, etc.) prevails. The tools being used are old-fashioned and outmoded and little development is seen at least when contrasting this reality with Holland where we have so many different gadgets. The Labour intensiveness is becoming an issue also in Africa.

How do you do you integrate women? Otherwise all stimulation will die out. ‘

### **Question**

I know a bit more about Asia where development sees many state-based efforts, where does this state play a role in African development?

### **Question**

The Postbank find high risks when working in finance in Africa. My concern is how is Postbank and the postal system going to handle with the working deficiencies of the state.

### **Question**

What is necessary to stimulate small entrepreneurs in Africa? Is it credit?

### **Question**

How many members does Ecowas have and what are your thoughts on the currency question in West Africa?

## **Speaker 2 (Anver Versi)**

Take Ivory Coast and Thailand as an example. Until 1985 their paths were similar but then suddenly there was a split. Thailand went up and the Ivory Coast down. Maybe what you need is a benign dictatorship, but of course that this is a debatable point.

How do u formalize informal sector? Well, through an act of empowerment or other mechanisms – a possible mechanism can be the guild, as it happened in Britain, where these entities assumed themselves as a protective membership/group with rules, regulations and standards. In some places in West Africa these are growing, for example in Nigeria you've always had guilds. These guilds did exist in pre-colonial times and were deliberately smashed by colonialists. Colonization represented a vacuum of entrepreneurial action.

### **Speaker 3 (Hans Boon)**

We share this concern regarding Western Union services. We should tackle these problems by defending measures such as a remittance currency at a fixed fee regardless of the amount sent and other ways to send the money more quickly.

Money laundering also contributes to unattractiveness. In this sense, stronger regulations are being discussed in IMF and the World Bank on how to send worldwide principles for remittances. These remittances are to be underpinned by fairer costing, transparency, anti-laundering schemes, etc. We try to do this through international and national financial institutions. Having the infrastructure to deliver the last mile is very important.

I would also like to highlight the role of women and their use remittances in connection to credit. Money sent home to create accounts to help family are important but one should aim at going a little but further and establish enterprises, this kind of microfinance will expand in Africa (as it has already happened in Latin America).

Linkage banking is also important. Having banks working together with micro finance institutions to provide loans and reduce impact on interest rates. Why is finance so obsessed with collateral and the need to have land in order to get credit? Finance and credit should go about according to income and no just collateral.

### **Speaker 4 – Felix Awunou**

The best way to develop is to help Africa and to do so is no to subsidize Africa as many people want to. Why? Governments do not have good will to really help Africa. If you do not have money you cannot make money. The way in which to help Africa is to do business with Africa, producing items and the business with the weaker partners.

### **Speaker 1 (Lucia Akosua Quachey)**

In regards to the currency question, the prospect of a single currency seems to me better than having 16 different ones. It is just a new direction.

Other questions are also important such as how to stimulate SME's. Build human resources and bring about potential, make them understand the business they are doing and give them a plan. It is very important that this sector grows and that the

governments are sincere and honest in order to empower people and borrow money to different sectors as you borrow money to build roads.

African governments need to go through entrepreneurial programmes. Integration is brought by business, GDP growth rate, and increase balance of payments. You need to export more than what you import. Produce higher value things, for example, instead of exporting cocoa, sell transformed chocolates. Add value to what you have locally and there will be more opportunities for the small sector to grow. Another important example can be Ghana. This country used to have very high interest rates (60%). Money had to go to treasury bonds/bills resulting on the situation whereby they were not doing banking anymore. Government had taken over. New government treasury bills programmes meant that there were no longer major gains there. Nowadays, interest rates are being reduced (highest is 22%) inflation has come down and central bank lending has also come down. Banks are now telling people and micro businesses that if you have clearly identified business objectives and located your activity in a given place they will give you a loan. The tone must be on encouraging exports.