Entreprenuerial trees, watered by philanthropy, begin to bear fruit across Africa

By Andrew Evans

Nigerian-American Ugwem Eneyo is a former Stanford Ph.D. student intent on solving a vexing problem: frequent power outages in Nigeria. Though the country is energy rich, with vast oil deposits, that doesn’t translate into consistent power to homes and businesses. According to one research article, firms have problems with their electrical supply about ten times per week. The challenge that inconsistent electricity poses to economic progress is obvious.

Conventional approaches to fixing a dilemma like this would center on government action, or foreign aid, or private charitable assistance. But Eneyo, who is an engineer trained to identify and surmount obstacles, is trying another tack: entrepreneurship. “Government never seemed like a path to me, because I hadn’t seen it work,” she says. “For some reason—I don’t know what it is—things fall apart” in Africa when politicians take on complex problems. Starting a business offers a chance to enact change without being at the whim of capricious political systems and sluggish bureaucracies.

So Eneyo began working on a technical, for-profit solution. She and her team created a technology that allows a distributed network of power generators to coordinate and smooth the delivery of electricity. Her commercial startup, Shyft, will roll out this technology in Nigeria, where her parents still live.

Eneyo is not alone. She is part of a voluntary association that connects highly educated Africans and helps them address thorny problems on the continent via entrepreneurship. As these risktakers step into the business ring, they are supported by a parallel cadre of charitable donors. This growing alliance of commercial and philanthropic actors is betting that African businesses can make a difference in areas where philanthropy alone, not to mention government, has failed.

Around two dozen people stand in a grand room at an historic location in New England, chanting a creed in unison. Many of them are used to rarefied society, so the room does not awe them, but the cold does. These individuals are used to the blistering heat of Africa. Bretton Woods, New Hampshire, in February is not tropical.

In this same room 50 years ago, signatories created the World Bank and International Monetary Fund. Today, these business-minded Africans are pledging themselves to a project nearly as ambitious. “Yearning for a peaceful and prosperous Africa,” they will “work together as one to unleash the potential of Africa’s

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people.” They declare that “the Africa our generation desires can be won, it exists, it is real, it is possible, it is ours.”

This 501c3 group—the Harambe Entrepreneur Alliance—is hastening the development of Africa by stepping away from the established playbook of big macro changes managed by large public institutions. Instead, it is promoting smaller and more daring actions. It encourages Africa’s top students to return to the continent with a concrete business idea for improving lives. Harambe has over the last 12 years grown into a thriving network of more than 300 entrepreneurs from over 30 African nations.

Harambe sprang from the personality of its founder, Okendo Lewis-Gayle. “Okendo is a charismatic, outgoing master networker,” says Eneyo, who was a member of Harambe’s 2016 training class. The founder began by building social relationships and professional linkages among the African diaspora. The focus on businesses followed, as new friends connected sought ways to make their visions for change practical and powerful.

Lewis-Gayle understands diaspora. He was born in Costa Rica and raised in Italy, studying classics in Milan and Rome before attending college in New Hampshire. His father’s side of the family all live in the United States, so he speaks with a clear American accent and has the easy laugh of an optimist. The one place he had not lived before starting the Harambe alliance was anywhere in Africa.

His interest in the land of his ancestors was sparked by a Zimbabwean friend from college. “Through him I came to learn about both the opportunities and challenges of the continent,” Lewis-Gayle says. Zimbabwe had quickly tumbled from “breadbasket” to “basket case” thanks to misgovernment. With wiser leadership, his friend believed, Africa could change quickly.

The year Lewis-Gayle graduated from college, Ghana celebrated the fiftieth anniversary of its independence. He noted that this first African colony to become independent, like most of its neighbors, was not realizing its promise. And it wasn’t because of a lack of resources, talent, or opportunity. “A lot of people were talking and complaining about what other people should do,” he says. “And so we said ‘Enough, we’re going to bring together people who are willing to commit to something.’”

The naïve idealism of college–age people was evident at the start of Lewis-Gayle’s project. He took on the entire continent of Africa, not just part of it, and the focus, to the extent there was one at all, was simply “leadership.” His name for the group—harambe means “together” in Swahili—illustrated the fuzzy and aspirational nature of the endeavor. The “Entrepreneur Alliance” follow-on, and emphasis on expandable, tech-focused, for-profit business, was not yet in view.

Identifying business as the most promising path

Among the wide range of ideas and projects that the early Harambeans proposed as ways to serve Africa, nearly all involved business ventures. Many in the group had concluded that “entrepreneurship was one of the few valid avenues for driving large-scale change,” says Adetayo Bamiduro, a member of Harambe’s 2015 class. All other ways of pursuing reform on the continent have serious limitations, he warns. Politics is expensive, slow, corruptible, and potentially futile. Journalism offers opportunities to inform public opinion, but not to change life directly. Entrepreneurs, though, can “control a lot more variables than in almost any other profession or career path.” Bamiduro’s entrepreneurial idea was to found MAX, a low-cost mototaxi service.

Obinna Okwodu first heard about Harambe in 2011, four years after it started. By then the group was

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methodically helping people think through the opportunities of starting businesses in Africa, something few other organizations were focused on. Okwodu zeroed in on the problem he wanted to solve in Nigeria: Making it easier for young people without capital to access urban housing. Because landlords charge multiple months of rent for a security deposit, young people often resort to a sketchy black market for housing. Okwodu and his partners built a platform that reduces risk for landlords while making it easier for tenants to pay. Harambe helped implement his concept by giving him access to people with business experience. “Having direct access to them was helpful,” he says, when it came time to find investors and hire employees.

There is ambivalence among Harambeans about using the term “social venture” to describe their efforts. Bamiduro announces clearly that “I am a social entrepreneur.” He sees himself as “building economic ventures that empower…and take a good number of people out of poverty.” He pooled capital to help drivers buy motorcycles, without any down payment, so they can transport people needing rides. By lowering barriers to entry for good work, he helps individuals become productively self-employed, while providing a public service that even poor people can afford.

Eneyo, on the other hand, shies from the “social venture” label and describes her venture in business terms. The bottom line for her power-smoothing company Shyft is, well, the bottom line: “Money and economics are often the best motivators,” she notes. A business cannot repeatedly do something that is ineffective. To be successful, a businessperson has to identify a problem and then make the economics of her proposed solution work. That generates jobs and useful products and services. “If you start a business that is successful in Africa…is that not impact?” asks Eneyo.

**From club to changemaker**

Until a few years ago, Lewis-Gayle was still leading essentially a glorified student group. Then two things helped Harambe refine its vision and expand its programming. First was the great success of a Harambean’s venture. Andela, an education and talent-placement company for computer programmers in Africa, was co-founded in 2014 by Iyinoluwa Aboyeji, a member of Harambe’s 2010 class. Mark Zuckerberg led a $24 million investment round in Andela in its second year, and the company has since raised millions of dollars more, and is growing rapidly.

Andela became a paragon for Harambeans. The group transitioned toward practical help for burgeoning business leaders. This more specific mission required institutional capacity beyond what the master networker Lewis-Gayle could provide. Three foundations stepped in: the Cisco Foundation out of Silicon Valley, Oppenheimer Generations in South Africa, and the IDP Foundation in Chicago.

First was Cisco. Its head, Mary de Wysocki, learned about Harambe in 2015. One of her colleagues attended Lewis-Gayle’s now-biannual event for Harambeans at the Vatican in partnership with Cardinal Turkson at the Vatican Discastery on Human Development. She met a “really gritty student alliance with amazing aspirations” comprised of high-promise individuals. Most of the Harambeans went to top universities and were on track for comfortable lives, but “chose to redirect their career to return to the continent to bring opportunity to people.”

The organization showed “a phenomenal ability to vet and identify potential leaders,” de Wysocki says. The in-person experience showed Cisco the “magic” of the group, but also the limitations of its modest size and scope. So Cisco made an initial commitment of $1.5 million so HEA could hire staff and begin to market its work.

“Harambe can play a catalytic role on the continent,” de Wysocki believes, not only in helping companies get off the ground, but in rethinking the best ways for Africa to prosper. “It is critical to me that we have job creators underpinned with an ethos and a set of values that will shape how that economy will continue to emerge,” she says.

Chicago’s Irene Pritzker and her IDP Foundation learned of Harambe while seeking African projects with a social mission, according to COO Alison Ehlke. “While traditional aid has its place and can be extremely effective in certain cases, we know that lasting solutions largely come from making investments in social enterprises,” she explains. After looking at a number of startup incubators and business accelerators, IDP settled on Harambe. Their initial grant of $100,000 in 2017, like Cisco’s, aimed to give the group greater structure and institutional strength.

A year later IDP doubled its grant, with funds focused on accelerating the development of a handful of startups within the network. Harambe’s new “Global Access Program,” or GAP, allows five different entrepreneurs to travel around the world so they can make pitches for capital. The first class raised $8.2 million and hired over 100 people.

Oppenheimer Generations, based in Johannesburg, saw close-to-home value in the Harambe Entrepreneur Alliance. “Growing economic prosperity across the continent” is the goal of Oppenheimer, according to philanthropy head Bridget Fury. The organization invests directly
in companies, in a policy-research think tank that aims to improve the business environment, and in measures to boost entrepreneurship among young people.

“What we find in Africa in particular is an enormous number of talented people who end up in the United States or the global north and never come back,” Fury says. Lewis-Gayle and the Harambe network “took away the fear factor” of returning.

Fury was introduced to Lewis-Gayle and Harambe in 2018, and spent the next year talking to individual Harambeans. That resulted in a three-year, million-dollar grant to the group with three goals: capacity-building within the group itself, providing funding for gatherings held in Africa, and helping Harambeans access other networks.

One of the greatest strengths of Harambe, Fury suggests, is knowledge transfer. Over the first decade of the group they learned to share information. Now “we are trying to help the team formalize that a little bit.” There will be some work done on online toolkits, but the main emphasis will be in-person events. Fury believes the group “shouldn’t move too far from people”—its strength.

As a result of these philanthropic investments, Harambe now has a substantial employed staff. It will start holding an annual event in Africa (near Cape Town in 2020) where larger numbers of entrepreneurs can share in the group’s networking and knowledge-transfer capacities. This donor-funded programming will allow for much more interaction of business-minded Africans across social classes as well as regions. Finally, a $5 million gift from the Cisco Foundation has recently allowed Harambe to launch its own direct co-investment mechanism to support businesses transitioning from bold idea to bubbling enterprise.

**A big upside**

Harambe still faces several challenges. Africa is big and diverse, and the lessons from one place don’t necessarily apply in another. “If you build a product in Nigeria, does it relate in South Africa? Maybe not,” notes Eneyo. Cultural, political, legal, linguistic, and ethnic differences can undercut the value of the knowledge- and experience-sharing that are the group’s core.

At the same time, the pan-Africanism of the group offers founders opportunities to learn about how products can be transferred to different customers. To grow beyond a certain point you have to look outside of your home country, notes Eneyo. Okwodu is looking at expanding his platform for matching tenants and landlords beyond Nigeria, to Ghana and other countries that face similar housing challenges. Harambe offers him opportunities to connect with knowledgeable local allies.

Hard facts and figures catalogue both Harambe’s strong start and its room to grow. The group claims its ventures have already created over 3,000 jobs, raised more than $400 million in capital, and reached a total market value exceeding $1 billion. Those figures are not small. Africa, however, has an overall population of 1.3 billion people, and vast economic needs.

The aggregate numbers obscure some concentrations. Andela alone has raised over $200 million. And there are deeper nodes of activity in particular population centers. In the latest Harambe class 70 percent of the fellows are from Nigeria, South Africa, or Ghana. Those three countries account for almost a quarter of the continent’s population, and substantially more of its economic output.

To project long-term potential, it helps to look at the individual ventures Harambe is aiding. MAX just closed a $7 million funding round, and CEO Bamiduro credits Harambe and its GAP program. “Harambe made that happen,” he says. Shyft has raised north of $1 million thus far, according to Eneyo, who also acknowledges Harambe for connecting her with investors.

Mind you, Eneyo attended Stanford University, and could probably attract Silicon Valley venture capital through that avenue. What is most valuable to her about Harambe is more ineffable. She has been able to consult with other Africans further along in the business-development process to get advice on things like processing payments, or locating business lawyers. The network even provided guinea pigs for her product: “I was doing beta tests on some Harambeans’ offices and homes,” she says.

“Entrepreneurship can be a very lonely journey,” notes Bamiduro. “Harambe has provided that external system of support.” Eneyo says appreciatively that “there’s a lot that you can’t necessarily quantify.”

And from the beginning Harambe has provided its support through an organizational culture that upholds elevated visions of economic prosperity and human potential. “It attracted a certain caliber of members” because of its principled approach, Eneyo believes. Members memorize the Harambe pledge and recite it together at Bretton Woods. They ceremoniously sign their names to its promise to help others flourish. Harambe, from the start, asked its members to think of others, and to think big.

The result is an entity that encourages the best and brightest from the continent to build businesses that solve the genuine problems of African people. “There’s huge value in this network that they have yet to tap into,” suggests Cisco’s de Wysocki. That’s good news for Africa.
Where Business Beats Benevolence

By Clayton Christensen

I spent two years in the early 1970s serving as a Mormon missionary in South Korea, one of the poorest nations in Asia at the time. In South Korea, I witnessed first-hand the devastating effects of poverty. I lost friends to preventable illnesses and saw families routinely having to make impossible choices among putting food on the table, educating their children, or supporting the older generation. Suffering was part of daily life for South Koreans.

I am happy to say that when I visit South Korea today, it bears no resemblance to the place I remember. In the decades since I lived there, South Korea has become one of the world’s richest countries. The country’s transformation in just a few decades is nothing short of miraculous. Why do some countries find their way to prosperity, while others languish in profound poverty?

Since 1960, we have spent more than $4.3 trillion in official development assistance trying to help low-income countries. Unfortunately, many of the world’s poorest countries in 1960 are still poor today. At least 20 countries, after receiving billions of dollars’ worth of aid, were actually poorer in 2015 than they were in 1960.

Efosa Ojomo, my co-author on the new book *The Prosperity Paradox*, knows firsthand the pain of failing despite well-intentioned efforts. Though he has spent the bulk of his adult life living and working in the United States, Efosa is originally from Nigeria. Together with some of his friends, he set up a nonprofit organization, Poverty Stops Here, to raise money to build wells in various parts of his native Nigeria.

Efosa managed to raise more than $300,000 and identified five communities in which to help build wells. The day Efosa and his supporters visited those communities to turn on the wells for the first time was one of unmitigated joy, both for Efosa and the local residents.

But as it turned out, wells break down. About six months after building a new well, Efosa would get a call in his Wisconsin home that the water wasn’t coming out any more and he would have to figure out from thousands of miles away how to get someone in Nigeria to fix it. Since all the wells his organization built were in rural areas, as are many wells built by various development organizations, finding a skilled technician to source parts and go to the village was always challenging. One problem would be fixed and another would spring up. Today, only one of the five wells that Poverty Stops Here installed is still functional. Efosa and his friends, who had so earnestly set out to help these villages, reluctantly gave up on building additional wells.

Poverty Stops Here, however, is not a unique story. There are more than 50,000 broken wells across Africa alone. In some areas, as many as 80 percent of the wells are broken.

This experience was profoundly disheartening for Efosa, and raised some difficult questions. If vexing problems can’t be solved by goodwill gifts, then what would help instead? He and I and our other co-author Karen Dillon went looking for answers.

Our broadest discovery was that investors, innovators, and entrepreneurs who build successful enterprises in low-income countries play the crucial role in creating prosperity.

In the late 1990s, when Mo Ibrahim first conceived of setting up a mobile phone company in Africa, people said he was nuts. “Everybody said Africa is a basket case,” he recalls now. “It’s a dangerous place, it’s full of dictators, it’s full of crazy people… all corrupt.” People laughed when he shared his idea.

But Ibrahim, to his credit, saw things differently. Instead of seeing just poverty, he saw would-be consumers desperate to make progress in a particular aspect of their lives, but with no affordable and accessible solution to their problem. So they simply go without, or develop workarounds, while their suffering and struggling continues. So with very little financial backing and just five employees, Ibrahim founded Celtel with the goal of creating a pan-African mobile telecommunications company.

Creating the necessary cellular network infrastructure was a mind-boggling undertaking—done without relying on support from local governments or from major banks. Raising capital was so difficult that even after he’d proved out his business model and reached predictable cash flow in the millions of dollars, banks still refused to lend him money. So Ibrahim had to fund Celtel entirely with equity financing. Where there was no power he provided his own; where there were no roads he either built makeshift roads or used helicopters to move equipment around.

In just six years Celtel built operations in 13 African countries, and gained 5.2 million customers. By 2004, Celtel’s revenue had reached $614 million and net profits were $147 million. Ibrahim unlocked billions of dollars’ worth of value from some of the poorest countries in the world, and today Africa has more than 965 million mobile phone connections and 4.5 million telecom jobs, adding $214 billion of value to African economies.

This and other examples illustrate that lasting prosperity is not reliably generated through the flood of aid poured into poor countries to improve poverty indicators. Our research suggests that true prosperity will come from investing in innovations that create new markets within these countries. As Rwanda president Paul Kagame has concluded, “entrepreneurship is the most sure way of development.”

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