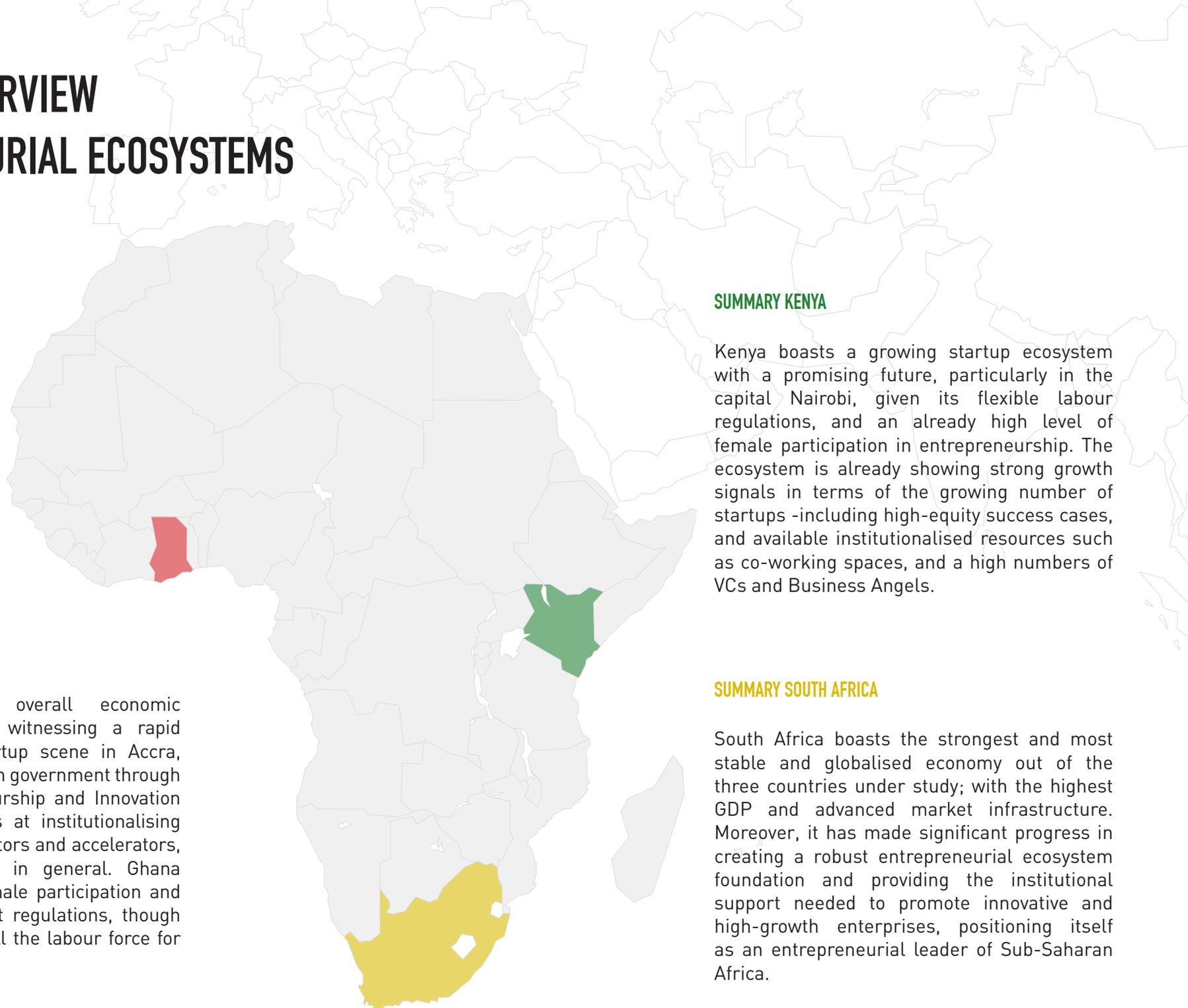


ASSESSMENT OF THE FRAMEWORK CONDITIONS FOR FEMALE TECH BUSINESSES IN GHANA, KENYA AND SOUTH AFRICA

COUNTRY OVERVIEW

ENTREPRENEURIAL ECOSYSTEMS



SUMMARY GHANA

Despite the lagging overall economic performance, Ghana is witnessing a rapid development of the startup scene in Accra, prioritised by the Ghanaian government through the National Entrepreneurship and Innovation Plan (NEIP), which aims at institutionalising resources such as incubators and accelerators, and promoting startups in general. Ghana boasts high levels of female participation and favourable labour market regulations, though there is a need to up-skill the labour force for modern professions.

SUMMARY KENYA

Kenya boasts a growing startup ecosystem with a promising future, particularly in the capital Nairobi, given its flexible labour regulations, and an already high level of female participation in entrepreneurship. The ecosystem is already showing strong growth signals in terms of the growing number of startups -including high-equity success cases, and available institutionalised resources such as co-working spaces, and a high numbers of VCs and Business Angels.

SUMMARY SOUTH AFRICA

South Africa boasts the strongest and most stable and globalised economy out of the three countries under study; with the highest GDP and advanced market infrastructure. Moreover, it has made significant progress in creating a robust entrepreneurial ecosystem foundation and providing the institutional support needed to promote innovative and high-growth enterprises, positioning itself as an entrepreneurial leader of Sub-Saharan Africa.

STARTUP FRIENDLINESS INDEX

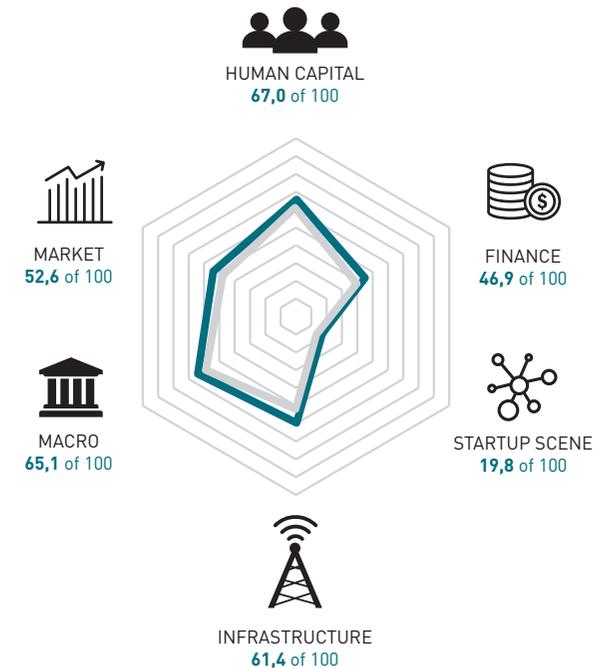
ABOUT THE STARTUP FRIENDLINESS INDEX – SFI

In the field of entrepreneurship, startup ecosystems play an important role. A startup ecosystem is formed by entrepreneurs, startups in their various stages, and numerous other entities such as universities, investors, accelerators, co-working spaces, legal and financial service providers, and government agencies. Through the complex interaction of these players, a startup ecosystem has the capacity to empower entrepreneurs to develop new ideas and bring innovation to the market.

The composition and maturity level of startup ecosystems are essential components of the success rate for entrepreneurs and new enterprises. A good understanding of ecosystem states, strengths, and weaknesses enables specifically-targeted policies, enhances investment decisions, and improves the impact of development cooperation.

The Startup Friendliness Index (SFI) analyses the potential for cities to advance entrepreneurship by measuring six key features (domains) of the startup ecosystem: **Human Capital**, access to **Finance**, the liveliness of the **Startup Scene**, **Infrastructure**, **Macro** framework, and **Market** conditions. Together, these six domains interact to form an urban environment that can champion or hinder entrepreneurship.

STARTUP ECOSYSTEM APPROACH



SFI METHODOLOGY

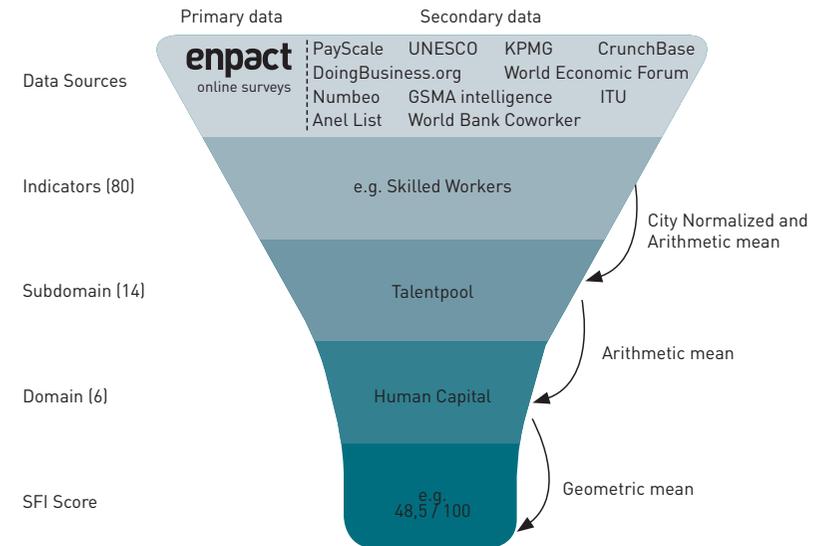
The SFI analyses data on 80 key indicators within the six domains representing core elements of a startup ecosystem, utilising a novel methodology that reflects the importance of interconnectedness between domains.

The SFI relies on data procured from a combination of primary data, collected through surveys and interviews, and secondary data from established sources such as the World Bank and World Economic Forum.

Once gathered, the data is normalised so that the index values can be used to compare the cities in the SFI and evaluate areas of strength and weaknesses within individual cities.

The normalised indicator values range from 0 (for a city that has the lowest performance relative to the others) to 100 (for the city that has the best relative performance).

VISUAL SUMMARY



ENTREPRENEURIAL ECOSYSTEM ASSESSMENT

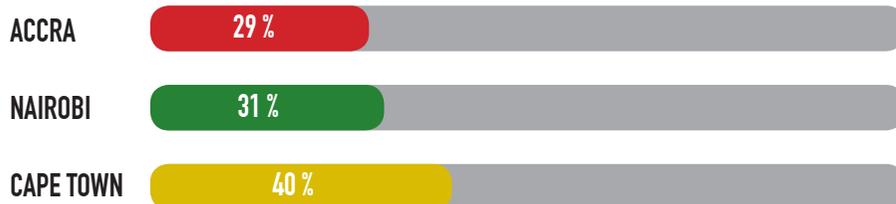
The Startup Friendliness Index is a city-level study. Accra, Nairobi and Cape Town had the highest SFI score of their respective countries, so they were the reference of comparison for entrepreneurship ecosystems.

Cape Town has the highest overall SFI score among the three selected cities. Cape Town performs better in the domains of Finance, Infrastructure and Market than Accra and Nairobi. The Human Capital domain performs slightly worse in comparison, mainly due to a higher level of salaries for qualified human talent and a national unemployment rate as high as 27%.

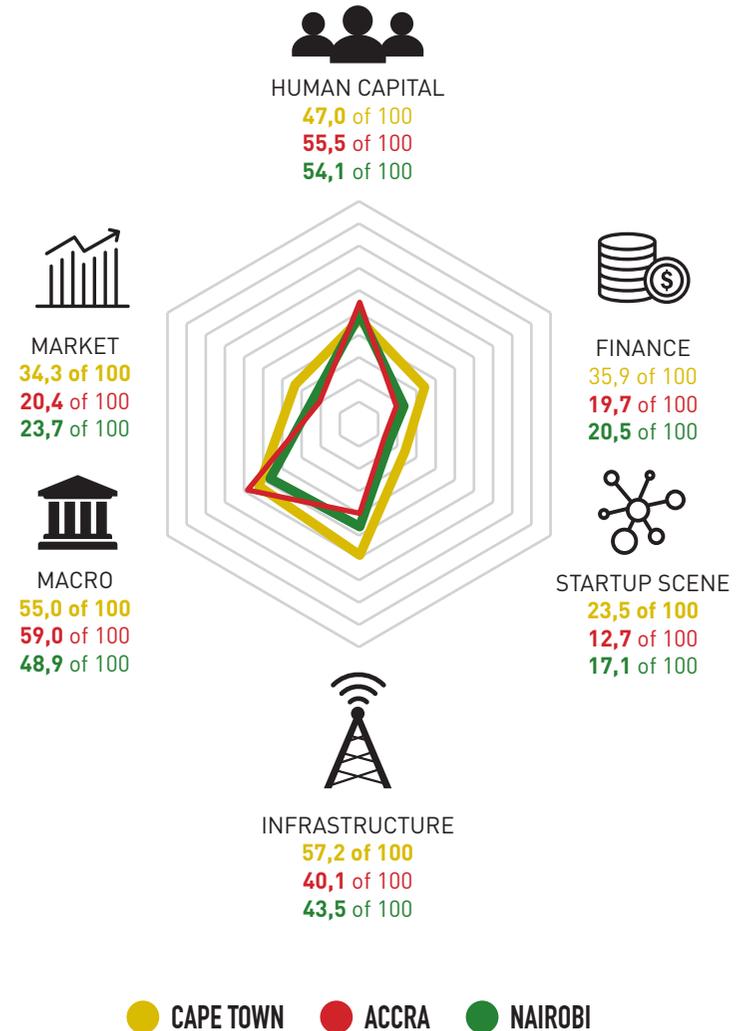
Accra has the best score in the Macro domain. This because Ghana is considered one of the safest and most stable democracies in Africa and has an above-average business legislation quality. The country has one of the fastest and cheapest business registration processes in Africa.

Nairobi has Human Capital as a major strength. This advantage can be explained by Kenya's low unemployment rate, flexible labour regulations and relatively low salaries costs (both for recent graduates and software developers).

SFI SCORE



STARTUP ECOSYSTEM



MARKET & INFRASTRUCTURE

Startup ecosystems are part of -and depend on- the conditions of a country's macroeconomic context, which ensure the necessary conditions for the development of entrepreneurship so they can reach their full potential.

Quality infrastructure provides the necessary conditions to develop and consolidate an ecosystem, which includes transport, utilities and ICT conditions.

KEY INDICATORS

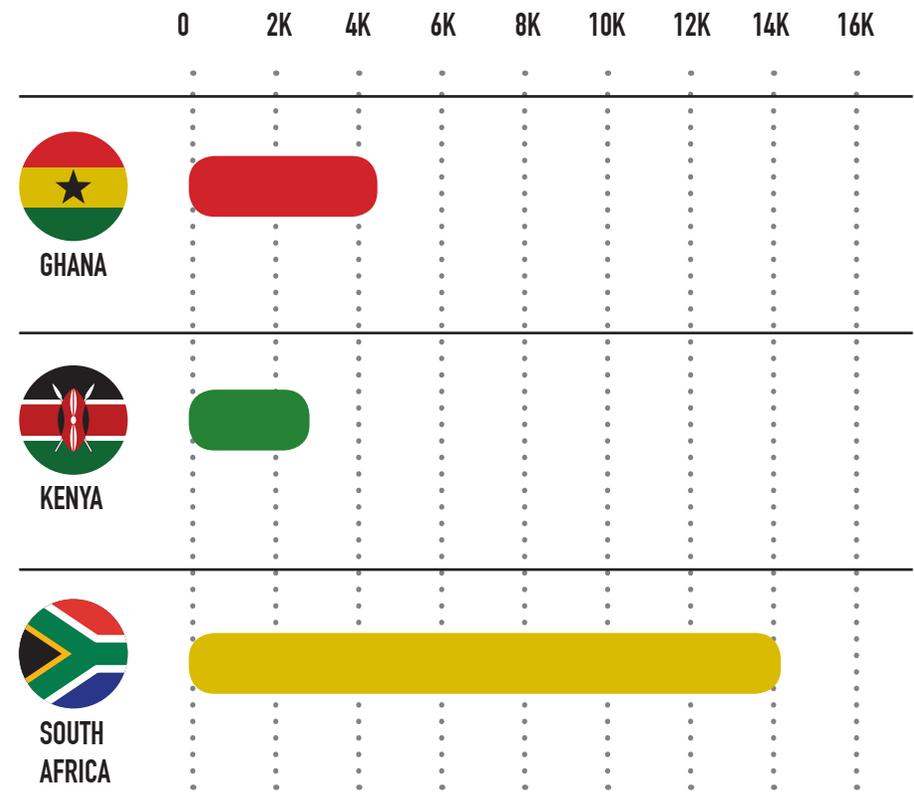
One key indicator is the GDP per capita of one nation. GDP per capita indicates the level of wealth, on average, of each citizen. South Africa demarks from Ghana and Nairobi in this domain, and the difference and the associated advantages reflect other key indicators.

The direct advantages are related to the Market Domain. South Africans, on average, have a higher purchasing capacity.

This makes the South African market more attractive to investors and companies than Ghana and Kenya.

The indirect advantages are multiple. Wealthier countries can create better infrastructure conditions, educational services, more efficient transportation services and more financial support to entrepreneurship.

GDP PER CAPITA, PPP IN USD



HUMAN CAPITAL

This domain accounts for the availability and access to talent with the necessary skills to work in entrepreneurship.

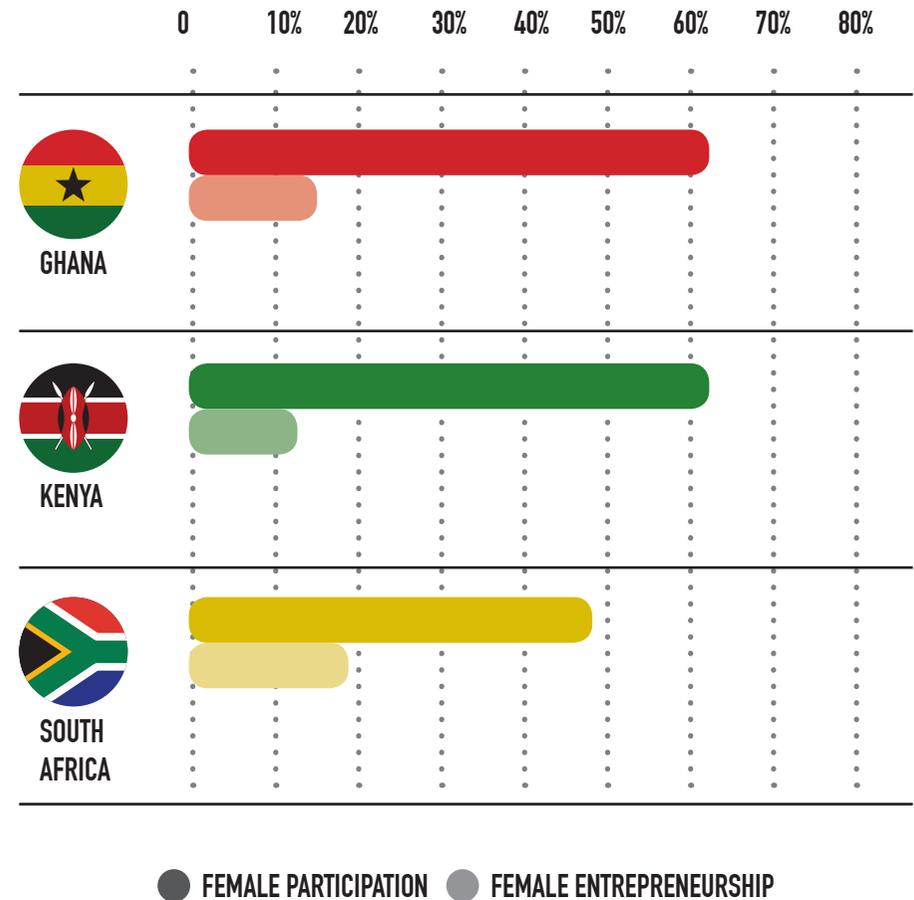
KEY INDICATORS

As entrepreneurs are the drivers of startup ecosystems, it is imperative to understand the structures of supply and demand in the labour markets of the countries under study.

The rate of unemployment in South Africa (27%) is at least three times more than in Accra (7%) and Nairobi (9%), which comes at a surprise considering that Cape Town provides a much higher quality of education, represented in holding the highest university scores. This signals a persistence of deeper structural inequalities in the South African economy with more wealth but less distributed. Moreover, this mismatch between the labour force skills in contrast to the actual required skills by firms in the labour market points to an inadequacy in the technical and practical relevance of education, and a lack of effective policies that can tackle the quality of education at a higher level.

Further examination of the structure of the labour force shows a *generally higher level of female participation in the labor market in both Nairobi and Accra than in Cape Town*. However, Cape Town fosters a higher share of female entrepreneurship, which alludes to the potential of promoting female entrepreneurship to capitalize on innovation to promote economic equality and growth.

VISUAL SUMMARY



Female Participation - percentage of female population over 15 years old who participate in labour force.
Female Entrepreneurship - Percent of firms with majority female ownership

STARTUP SCENE

This domain accounts for the maturity and dynamism of startups in a city. Those that are more lively favour visibility, growth and exchange.

KEY INDICATORS

Through an analysis of the key indicators from the table, it is possible to conclude that South Africa's startup scene is more robust than Ghana's and Kenya's.

A strong Startup Scene is able to support entrepreneurs by their agents. Entrepreneurs are fed by new products, services, business models, new partnerships, investors, so the existence of an active Startup Scene stimulates new businesses. That is, why startups and other ecosystem agents tend to agglomerate. South Africa stands out by the total number of startups, coworking spaces, incubators and accelerators.

Hubs like incubators, accelerators, coworking spaces and technology parks are crucial for the success of startups and further developing of an ecosystem, as they facilitate the connections between founders, investors, corporations, talented human capital and even policymakers. Those hubs are especially important on countries with younger ecosystems like Ghana and Kenya. MEST and iSpace in Ghana, just like Nailab in Kenya, are perfect examples.

VISUAL SUMMARY



GHANA



KENYA



SOUTH AFRICA

NUMBER OF STARTUPS (REGISTERED)	291	819	2705
COWORKING SPACES	15	33	78
INCUBATORS	4	1	10
ACCELERATORS	3	4	8

FEMALE ENTREPRENEURSHIP CONDITIONS

FEBA-PROJECT DESCRIPTION

Female Tech Businesses in Africa (FEBA) fosters capacity-building, network development, and the internationalisation of women networks, multipliers, and stakeholders in Ghana, Kenya, and South Africa.

783 female leaders of organisations applied to the programme called Programme Designers' Lab (PDL). Out of all applicants, only **nine participants** who submitted program proposals were invited to the PDL, which started with a **five-day boot camp** in Berlin, Germany, between August 19th and 23rd, 2019. The participants received support in shaping and improving their own programmes for female tech businesses and women networks in their countries.

After the boot camp, the participants had another week to implement their learnings into a final **programme proposal** and to compete for the application for funding support.

Four projects were selected for mentoring and financial support of up to 15.000 EUR for a period of four months.

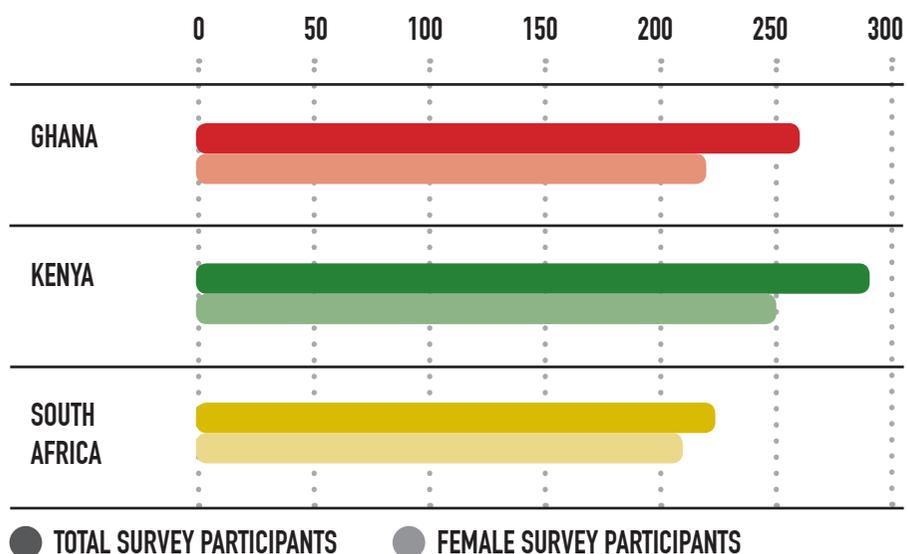


SURVEY DESCRIPTION

This report analyses the information gathered during the application process for the Programme Designers' Lab.

To apply, the 783 applicants had to fill the programme admission survey.

- Applicant organisations represented various productive sectors, mainly Education, AgriTech, Health and Fashion.
- Most of the applicants were female, as expected, and that allowed to have a significant sample size regarding gender specific questions and indicators.
- The majority of the applicant's organisations were dependent on donations or revenues that range between 0-50K USD per year.



FEBA – APPLICANTS SURVEY RESPONSES

RESPECT FOR FOUNDER/ENTREPRENEUR ACTIVITY

The cultural perception towards entrepreneurship plays a role in the success of entrepreneurs. How well entrepreneurs are regarded has an impact on access to resources like credits from financial institutions, family and friends, as well as human resources and suppliers. Anticipation of these barriers can also result in not choosing entrepreneurship as a career path. The three countries display very similar results with an **average of 6.94/10** (not taking gender into consideration), is a fairly good rate.

AVAILABILITY OF MENTORSHIP SUPPORT

Mentorship provides the opportunity to learn from experienced entrepreneurs, have access to insights and a broader network. This is especially important for women, given that this is a male dominated sector, so they get more support, guidance and encouragement. The countries have very similar results with an average of 5.12, which shows a lack of access to mentorship support.

STARTUP EVENTS

Spaces like conferences and workshops are important for learning but especially for networking. The number of events reported in these three countries is rather average compared to other ecosystems assessed by the SFI.

	GHANA	KENYA	SOUTH AFRICA
RESPECT FOR FOUNDER/ ENTREPRENEUR ACTIVITY (1-10)	7.23	6.93	6.68
MENTORSHIP SUPPORT AVAILABILITY (1-10)	5.27	5.08	5.52
NUMBER OF STARTUP EVENTS (P. WEEK)	4.47	5.01	5.03

FEBA – SURVEY RESPONSES ON GENDER ISSUES

FEMALE DOMESTIC WORK COMMITMENT

Social norms and gender stereotypes translate into unpaid care work for women. In the case of these countries, that represents roughly between 18-20 hours per week, an average of 2.6 hours per day. This situation constitutes a disadvantage for female entrepreneurs and women in the labour market in general, because that makes them less competitive than men by having more work and less availability.

SUPPORT TO WOMEN IN TECH

Entrepreneurship and technology are still male dominated fields. In that sense, providing support, either directly or indirectly, to women in tech represents positive perspectives for the three countries for closing the gender gap. This enables innovation and scalability. According to the survey, an average of 60.77% applicants reported supporting women in tech through their projects (roughly 450 out of 783 survey participants). Kenya has comparatively better results with 64.19%.

	GHANA	KENYA	SOUTH AFRICA
FEMALE DOMESTIC WORK COMMITMENT (HOURS PER WEEK)	19,97%	20,74%	18,30%
APPLICANT WHO THROUGH THEIR PROJECTS SUPPORT WOMEN IN TECH	59,27%	64,19%	58,86%

PERCEPTION OF FEMALE IN LEADERSHIP POSITIONS

The percentage on the perception is very low for the three countries, that score similar results with an average of 30.88. In the case of Accra and Nairobi, where female participation in the labour market is 64%, is more representative. Even though women are working, they do not reach or are not in positions of power and influence, which signals inequality in access to educational and professional opportunities. The lack of role models perpetuates the existing gender gap. Girls and women do not feel represented or visible influencing their motivation to start their own business among other projects.

GENDER SOCIAL BARRIERS

Cultural values and stereotypes have an impact on the decisions and opportunities of women that impact all aspects of their lives. For female entrepreneurship that translates into more disadvantages compared to men. There are multiple gender social barriers face by women in Ghana, Kenya and South Africa, and 73.32% on average reported it in the survey. This situation is perceived even more by participants from Kenya, 81.34% manifested these challenges.

	GHANA	KENYA	SOUTH AFRICA
FEMALE DOMESTIC WORK COMMITMENT (HOURS PER WEEK)	31,97%	29,29%	33,10%
APPLICANT WHO THROUGH THEIR PROJECTS SUPPORT WOMEN IN TECH	66,53%	81,34%	72,09%

FEMALE ENTREPRENEURSHIP CHALLENGES

FEMALE ENTREPRENEURSHIP CHALLENGES

PERSONAL TESTIMONIES- GHANA

The discrimination suffered by female entrepreneurs has repercussions in various areas. Survey participants reported restrictions on access to funding sources. The lack of opportunities for capital impedes the creation and consolidation of businesses led by women. In the case of Ghana, women are in an even more disadvantaged position because there are no anti-discrimination laws.

FEMALES PARTICIPANTS WHO FOUND SOCIAL BARRIERS FOR BEING FEMALE



65%



**“I HAVE EXPERIENCED
DISCRIMINATION AS A FEMALE
ENTREPRENEUR BECAUSE I OPERATE
IN A MALE-DOMINATED FIELD, ALSO
CULTURALLY EXISTS THE PERCEPTION
THAT WOMEN ARE MEANT TO BE ONLY
HOMEMAKERS AND ARE TO BE SEEN
BUT NOT HEARD.”**

FEBA – SURVEY RESPONSES ON GENDER ISSUES

PERSONAL TESTIMONIES- KENYA

Even though discrimination based on gender became illegal since the 2010 Constitution, survey participants reported the persistence of cases in the workplace. Testimonies included examples of sexual harassment and gaps in the implementation of maternity leave benefits. Like women in the other two countries, they mentioned as well the persistence of social expectations that women's roles should be limited to the household level.

FEMALES PARTICIPANTS WHO FOUND SOCIAL BARRIERS FOR BEING FEMALE



80 %

**“THERE ARE PLACES AND THINGS
I CAN'T ACCESS AS A FEMALE
ENTREPRENEUR. THERE ARE
GOVERNMENT TENDERS I CAN'T BE
GIVEN JUST BECAUSE I'M FEMALE”**

FEBA – SURVEY RESPONSES ON GENDER ISSUES

PERSONAL TESTIMONIES- SOUTH AFRICA

This gender inequality is rooted in a deeper problem. Participants reported barriers in access to education. Primary school is not free, nor compulsory, and tertiary education enrolment rate is low. That translates as well into low female participation in the labour market compared to Ghana and Kenya. In the workplace, discrimination is reported, especially in the tech sector, and as well, as the other countries, women face disadvantages when taking their maternity leave. Gender discrimination is also evident in the existing pay gap. In South Africa, women are paid an average of 20% less than men across different sectors.

FEMALES PARTICIPANTS WHO FOUND SOCIAL BARRIERS FOR BEING FEMALE



75%

**“TO GET ATTENTION FROM MY MALE
COUNTERPART, YOU HAVE TO KNOCK
ON THE SAME DOOR A FEW TIMES TO
GET THE RESPONSE YOU NEED”**



FEMALE ENTREPRENEURSHIP RECOMMENDATIONS

CHALLENGES

GHANA

The country faces challenges regarding technical education, infrastructure, and access to finance. Despite the high share of female participation in the labour market, females still face discrimination challenges across different sectors, particularly when it comes to business ownership or leadership positions. It thus comes as no surprise that the share of female entrepreneurship is also quite low.

KENYA

Kenya's economy is the weakest out of the three countries, which negatively reflects on the availability and accessibility to infrastructure and services. Even though Kenya's startup ecosystem surpasses Ghana's, it lacks much needed technical training, mentorship, and networking opportunities to foster even stronger growth.

SOUTH AFRICA

Despite having a stronger economy, ecosystem and better quality of higher education compared to Ghana and Kenya, it has a much higher level of unemployment than both countries, signalling the mismatch between technical and practical education, and job market requirements.

RECOMMENDATIONS

- Promoting the design of **female-targeted support programmes**; enabling them with tools and knowhow necessary to start a business, and improve their professional development opportunities, in order to enable them to overcome cultural challenges.
- Improving the technical entrepreneurial capacity through **entrepreneurial educational and training programmes**; focusing specifically on product and process innovation, in addition to business administration.
- Beyond formal education, improving opportunities for professional development through
 - **mentoring programmes for business founders.** By offering guidance and support it is possible to bridge the latent knowledge gap and to broaden their network.
 - **female empowerment programmes.** Soft skills aimed at boosting their confidence and abilities like decision making and networking.
- In the case of Kenya and Ghana, there is high share of female participation in the labor market, which represents an opportunity for promoting female entrepreneurship as well as economic development.

CHALLENGES

GHANA

Despite the high share of female participation in the labour market, females still face discrimination challenges across different sectors, particularly when it comes to business ownership or leadership positions. It thus comes as no surprise that the share of female entrepreneurship is also quite low.

KENYA

Women experience gender discrimination in the labour market in many forms. Even though constitutional changes were introduced to tackle this situation, legislation and enforcement are not being enough to guarantee equal opportunities, and women still have to face many female-specific barriers.

SOUTH AFRICA

Women still face difficulties at different levels due to embedded cultural prejudice and discrimination based on gender. The lack of access to credit has an impact on the ability to develop business, and discrimination in the workplace translates into the lack of women in leadership positions and a salary gap.

RECOMMENDATIONS

- Providing **female-targeted funding programmes** for entrepreneurs, which can include/combine loans, scholarships and grants.
- Endorsing the **revision and enforcement of non-discriminatory laws and gender equality policies** that guarantee **women's rights and equal access to opportunities**. (i.e. maternity and paternity leaves, gender pay gap)
- Creating strategies to **promote positive female role models**, such as female entrepreneurs, using media campaigns and awards. Female entrepreneurs and women in leadership positions should be more visible.
- Develop strategies to alleviate the burden related to household and care-giving tasks. By doing so, women can participate more actively in the labour market, including starting a business. This approach should be transversal to the different activities aimed at promoting female entrepreneurship. Therefore, it is necessary to include flexible hours and childcare services and facilities in every program.

FUNDING NOTE

The project “Female Tech Businesses in Africa” is funded by the German Federal Ministry for Economic Cooperation and Development (BMZ). The Strategic Partnership Digital Africa (SPDA) has commissioned enpact e. V. with the implementation of the project.

The Strategic Partnership Digital Africa is a network of the German development cooperation and over 180 European companies with the goal to initiate public-private cooperations in the digital sector in African countries. The network was founded in 2015 by the Federal Ministry for Economic Cooperation and Development and is coordinated by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH.



ABOUT ENPACT



enpact is a Berlin-headquartered non-profit organisation empowering entrepreneurs, ecosystems and international cooperation.

enpact is one of the world leaders in the cultivation of startup ecosystems as a means to promote international cooperation and development. Through a variety of products and services, enpact supports founders and startups in Europe, Africa, Asia, Latin America and the Middle East. The goal is to create a global network of startup ecosystems that facilitates the exchange of ideas, solutions and support. At present, enpact's network consists of 1100+ startups, 300+ mentors and 70+ support organisations in 25+ countries. 5000+ jobs have been created as a result of enpact's work with startups.

www.enpact.org

enpact e.V.
Albrechtstr. 10
10117 Berlin

www.enpact.org

enpact