

# Kyoto – Africa Startup Ecosystem Meetup

# Experience the Forefront of the Startup Ecosystem in Africa

On July 4, we held an expert lecture and a talk session on the latest developments in Africa, mainly Nigeria, the largest tech hub on the continent, based on the perspectives of the recent macroeconomic, political, and startup market trends. The event took place at the Kyoto Chiesangyo Sozonomori, Kyoto City.

The event began with an online message delivered from Nigeria by Mr. Yakubu Musa Yakubu, Head of the Office for Nigerian Digital Innovation (ONDI). “In Nigeria, there are many innovative startups. To facilitate the startup ecosystem, the Nigerian government is taking a wide variety of measures, while gaining active cooperation from the Japan International Cooperation Agency (JICA) as a reliable partner.” Thus stating, he shared the current situation of the development of the startup ecosystem in Nigeria, and expressed his expectations on further investment from Japan.

In addition, Ms. Aya Tsuboi of Sunda Technology Global delivered a report from Uganda as a startup that had made inroads from Kyoto, Japan to Africa. The company is committed to solving Africa’s water problems by

providing an automatic well water charge collection system using mobile money. Ms. Tsuboi spoke enthusiastically about the company’s mission of contributing to solving social issues in Africa through business and its outlook for business expansion.



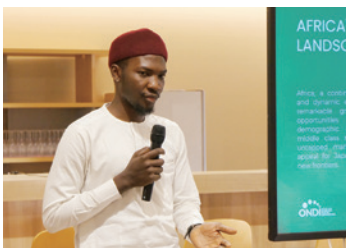
## Lecture

## Current Situation of the Startup Ecosystem in Africa

### Ahmad Bature

The Office for Nigerian Digital Innovation

Africa is currently experiencing remarkable economic growth, making the continent an attractive, untapped market for Japanese companies. The number of startups and the amount of funding that they are raising have been growing exponentially in recent years. Of particular note is the startup ecosystem in Nigeria, whose attractive features include technological innovation, market potential, labor force, policies, and infrastructure development. In terms of technical innovation, there are more than 3,000 startups, 60% of which have successfully raised funds. The growth of promising venture companies is backed by venture capital and angel investors. In addition, the government is complementing such private investment by offering funding programs to invigorate the startup environment. One good example is iHatch, an entrepreneur development program established by the Office for Nigerian Digital Innovation, a Nigerian governmental agency, in cooperation with JICA.



Another factor that makes Nigeria an attractive investment destination is its abundant labor force. Nigeria has a population of over 200 million, the majority comprising young people, and the country’s

mobile economy alone offers employment opportunities for approximately 1.6 million people. Moreover, labor development is under way, as indicated by the NITDA\* striving to provide a digital training program for 1 million citizens.

Furthermore, the Nigerian government is adopting a wide variety of policies to spur the development of startups. The National Digital Economy Policy and Strategy, the National Broadband Plan, and the Nigeria Data Protection Regulations are contributing to the production of many innovative entrepreneurs. In addition, the Nigerian Startup Act 2, established in October 2022, has been brought into effect, raising the expectation that the startup ecosystem will be further reinforced.

Since its inauguration in May 2023, Nigeria’s new administration has been introducing new policies one after another, such as the abolition of fuel subsidies and the devaluation of the Nigerian currency the naira (through the abolition of the dual exchange system), but it is believed that there will be no serious problems in the long term. The government is also providing investment privileges, such as tax exemptions, subsidies, and investment promotion programs. It is expected that foreign investors will contribute greatly to the growth of the startup ecosystem in Nigeria.

\*National Information Technology Development Agency (NITDA)



# Africa's Potential Noted around the World!

## Moderator

**Mr. Naonobu Fuwa** Startup Ecosystem Expert, Japan International Cooperation Agency (JICA)

## Panelists

**Mr. Riki Yamauchi** Riviera Partners, Founder

**Mr. Kota Nakano** Deputy General Manager, Strategy & Planning Office, Utility Retail Division, Power Solution Group, Mitsubishi Corporation

**Ahmad Bature** Innovation Ecosystem Engagement Officer, Office for Nigerian Digital Innovation



**Mr. Yamauchi** Based in Kenya, we offer advice to Japanese companies and the Japanese government on investment in and expansion into Africa. There is growing interest in Africa. This year alone, we have already arranged more than 100 meetings between Japanese companies and African prospective partners, and the number of successful cases is increasing. The risks of investment in Africa includes scarcity of disclosed information, as 95% of the companies there are not listed on the stock exchange. All the more for this reason, it is more valuable to join the local inner circle in Africa than it is anywhere else in the world. It is extremely important to visit the local community, connect with the key persons of



venture capital and private equity and those associated with industrial conglomerates and the government, and establish relationships of trust with them. While Africa has great fundamental growth potential, it faces the challenge of lacking infrastructure and strategic partners. I feel that this will lead to mutually beneficial relationships being formed between Africa and Japanese companies.

**Mr. Nakano** My company is investing in Bboxx, a startup doing business in Africa. The company installs distributed power sources in non-electrified areas, and provides with solar panels, batteries and home appliances, i.e., lights and televisions etc. as packages. This business is distinguished in that it provides "life with electricity" to many people with the system whereby customers can pay their power bills on a daily basis through mobile payment. I believe that this business is not only for business economics on a sustainable basis, but is also worthwhile and significant in both social and environmental terms. Meanwhile, I feel that it is challenging to do business in Africa, mainly because there are many differences in the culture and environment from Japan, and there is a lack of proper understanding among Japanese people about that reality in Africa. All that said, support from the governments around the world is available and also welcomed by the government of Japan. It is important to build trustful relationships with local companies and employees, and realize business expansion. It's hard work, but I feel worth doing.



**Ahmad** Since the new administration took office this May, the country's startup policies have changed in rapid succession especially the Nigerian Startup Act which is currently at the implementation stage. The changes include the devaluation of the naira and the solution of the dual exchange system, which had long remained unchallenged in the country. Behind them lies the government's aim to earn foreign currency. Another change is the abolition of fuel subsidies. Under the new administration, a plan to resume the operation of domestic oil refineries is under way. If this plan is implemented, oil prices are expected to fall. Although these changes entail difficulties, I believe that they will benefit Nigeria in the long run. The government is strongly encouraging collaboration between foreign companies and domestic startups. For example, an unprecedented business alliance between Mitsubishi Corporation and a startup in Nigeria has been realized thanks to support from the Nigerian government and JICA. This is a successful example of new business creation through cooperation between reliable partners.



**Mr. Fuwa** It seems that the remarks from the three speakers have presented us with key phrases for successful inroads into and investment in the business ecosystem in Africa. First of all, there is an information gap. "digital divide." To close it, Japanese companies need to become "strategic partners," and how to establish "relationships of trust" to become such partners will be a challenge to be addressed by Japanese companies. I feel that it is important not merely to form strategic partnerships between companies, but also to ensure that the formation is followed by the establishment of relationships of trust between employees.



## In Conclusion

The African market will continue to grow significantly. If Japanese companies wish to make inroads into this expanding market, they will definitely need to have reliable partners familiar with the local areas. Mr. Yamauchi of Riviera Partners specializes in matchmaking of various Japanese companies with reliable African companies, raising the expectation that many more Japanese companies will expand their presence in Africa in the future.