



The **first** trans-continental **Networking Academy** for African and European **Digital Innovation Hubs**.

D2.4 Challenges and Opportunities for Trans-Continental Collaboration



This project has received funding from the European Union's Horizon 2020 research and innovation programme under Grant Agreement No 101016687.

Document Details	
Project Acronym/ Name:	AfriConEU
Project URL:	www.africoneu.eu
Project Type:	Innovation Action (IA)
EU CALL:	H2020-ICT-2018-20 (Information and Communication Technologies)
Grant Agreement No.:	101016687
Project Start Date:	February 2021
Project End Date:	January 2024
Work package:	
	WP 2 Context and state of the art analysis
Deliverable:	D2.4 Challenges and opportunities for trans-continental collaboration
Due date of Deliverable:	31/12/21
Actual Submission Date:	30/12/21
Name of Lead Beneficiary for this deliverable:	Report Author(s): Richard Zulu, Perez Apiyo Masinde (Outbox) Contributors: Bob Oganga (Outbox)
Reviewed by:	Sasa Straus (ITC) Ana Aleixo, Ana Solange Leal, Marta Coto (INOVA+)
Revision:	7.0
Dissemination Level:	Public

Document History			
Version	Date	Comment	Modifications made by
1.0	15.12.2021	First draft of the document	Richard Zulu, Perez Apiyo Masinde (Outbox)
2.0	16.12.2021	Revision of document and inputs to draft	Sasa Straus (ITC)
3.0	24.12.2021	Executive summary and alignment to AfriConEU report format.	Richard Zulu, Perez Apiyo Masinde (Outbox)
4.0	27.12.2021	Final comments and inputs for improvement	Sasa Straus (ITC)
5.0	27.12.2021	Second version of completed report	Richard Zulu, Perez Apiyo Masinde, Bob Oganga (Outbox)
6.0	28.12.2021	Final review and inputs	Ana Aleixo, Ana Solange Leal, Marta Coto (INOVA+)
7.0	30.12.2021	Final version	Richard Zulu, Perez Apiyo Masinde (Outbox)

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Acknowledgements

Thanks to the AfriConEU consortium partners who made the organisation of the initiative and thus this report possible. The German Start-ups Association, Dogpatch Labs, Tunga, Seerbit, Business Lab Uganda and Truvalu, who participated in our initiative by bringing the much-needed experience and expertise.

Glossary and Abbreviations	
AFRICONEU	The first Trans-continental Networking Academy for African and European DIHs
DIH	Digital Innovation Hub
EU	European Union



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Executive Summary

This report shares insights from the engagement conducted with African and European DIHs on the needs, preferences, challenges and opportunities for cross-continental and inter-continental collaborations.

These insights were gathered through a series of virtual roundtable engagements with DIH actors in Africa and Europe. The focus was on further understanding the shape and form that various interventions can take to drive better collaboration between Africa and Europe. We sought to understand the opportunities that exist and can be leveraged while probing for new ideas and avenues for impact.

The engagement focused on key themes identified through the previous AfriConEU State of Play in Africa report (D2.1) that explored the digital innovation ecosystems of Uganda, Nigeria, Tanzania and Ghana. These included improving access to funding for African DIHs and early-stage start-ups, improving knowledge exchange between African and European DIHs to build their capacity and improving access to markets for African and European start-ups.

Key recommendations from stakeholders include the need to: amplify the success stories of African fundraising efforts within Europe to build trust in investment institutions; develop one-stop centres to provide support to the various actors to navigate the regulatory environment of the various ecosystems; improving investor education within Europe on the potential of African DIHs and Start-ups; developing convening platforms for various actors to engage more frequently; developing communities of practice on market needs; and, most importantly, bringing together experts to provide affordable business development services to African and European DIHs and the start-ups they support.

1. Introduction

The AfriConEU consortium conducted an assessment on the state of play in Africa exploring the digital and innovation ecosystems in four African countries namely Ghana, Nigeria, Tanzania, and Uganda, with a goal of identifying the challenges and opportunities for strengthening digital innovation in each one of these countries. This activity was undertaken as part of the initiative to establish the first transcontinental networking academy for African and European DIHs (AfriConEU).

This report builds on the insights from the state of play research where we worked with key stakeholders including start-ups, digital innovation hubs and potential funders to further unpack the needs, preferences, barriers and opportunities in these ecosystems. By doing it, we will reach the goal of co-creating the shape and form of various interventions that the AfriConEU project can implement to address the needs and gaps identified.

These insights were acquired through a series of four roundtables that were hosted covering three key themes: *Improving access to funding for African DIHs and early-stage start-ups*, *Improving knowledge exchange between African and European DIHs* and *Improving access to markets for African and European start-ups*. They took place between 17th September 2021 – 30th November 2021.

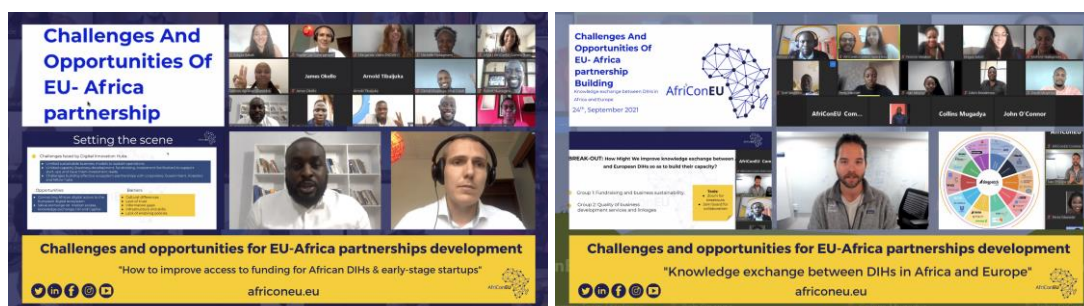


Figure 1 - Snapshots from Roundtables #1 and #2



2. Approach

The approach consisted of hosting roundtable discussions with key stakeholders that the AfriConEU initiative seeks to serve.

The purpose of this activity was to validate the challenges and opportunities for African DIHs while identifying in-depth recommendations on how these could be addressed through inter and cross-continental collaborations

2.1 Goals and objectives of the roundtables

- To undertake a detailed assessment of the needs, preferences and challenges for cross-continental and trans-continental collaboration;
- To identify recommendations from key stakeholders on the opportunities and interventions that could be leveraged to address the challenges identified.

2.2 Audience

For the roundtables, we sought to work with the following key stakeholders:

- Digital Innovation Hubs identified from the four Sub-Saharan African countries (Uganda, Ghana, Nigeria and Tanzania) that participated in the state of play research;
- Digital Innovation Hubs from participating European partners;
- Start-ups from the African and European ecosystems;
- Investors.

2.3 Methodology

To achieve our outcomes, the following methodology was followed:



Review and synthesis of previous research

An analysis of the outcomes from the state of play report was conducted to identify the major areas of focus for the activity. Based on this review, we focused on the following key themes:

- o Access to funding for African DIHs and early-stage start-ups;
- o Capacity building through improved knowledge exchange between African DIHs and European DIHs;
- o Access to markets for African and European DIHs.

Roundtable engagements

Between September – November 2021, four roundtables were hosted by Outbox (Uganda). Support was received by African DIH partners such as Emerging Communities Africa (Nigeria), HapaSpace (Ghana) and Buni Hub (Tanzania). To support the outreach in Europe, the consortium partners ITC (Slovenia) and ATBN (United Kingdom) were supportive in creating linkages within the European Networks. Support was also received from European partners outside the consortium that included DogPatch labs (Ireland - <https://dogpatchlabs.com>) and German start-ups Association (Germany - <https://deusthestartups.org>).

The roundtables were structured as co-creation sessions with the attendees. The general workflow of each roundtable engagement was as follows:

- o Sharing of insights from the state of play research;
- o Lightning talks from invited representatives from key stakeholders;
- o Break-out activities with participants around the key theme for each workshop;
- o Debrief and closing.

The roundtable discussions hosted seven (7) lightning talk speakers and 94 participants. The roundtable focused on *Improving access to funding for African DIHs and Start-ups* was the most attended session with 42 participants.



The most represented gender among roundtable participants was male, reaching an average of 65% participation compared to female and other genders.

77% of the participants at the roundtables were from African countries and only 13% from the European continent.

Start-ups founders, African DIHs and European DIHs were the most represented stakeholders followed by investors.

3. Needs and Opportunities

This section introduces the insights on the needs and opportunities that were identified during the roundtable discussions. Needs were identified as those aspects that are considered critical and must be addressed whereas opportunities are existing or new initiatives, channels that can be leveraged to address the needs identified.

3.1 Improving access to funding for African Digital Innovation Hubs and early-stage start-ups

Through the state of play report, one of the challenges identified was the limit that current funding approaches have on the work of hubs. The funding is focused on short-term programme delivery and does not recognise the longer-term, ecosystem building work that hubs are doing. Furthermore, the capacity of hubs to provide investment facilitation to the start-ups they support is limited.

We further grouped the insights in terms of Africa to Europe and Europe to Africa flow.

Table 1 - Insights on Needs and Opportunities related to Access to Funding

Needs	Opportunities
Africa to Europe	
<ul style="list-style-type: none"> • There is a need to amplify linkages between start-up founders based on the African Continent with the African Diaspora Community in order to identify potential co-founders. • There is a need to know about investors/funds open to funding DIHs and start-ups in Africa. 	<ul style="list-style-type: none"> • Leverage key diaspora events happening within the European Union like the Uganda – UK diaspora event. • Invite or support African DIHs and start-ups to tap into European Industry events like the SLUSH event (https://www.slush.org).

<ul style="list-style-type: none"> • DIHs need to link start-ups to potential mentors, business/corporate partnerships, training and capital. • There is a need to benchmark and contribute to policy formulation that might encourage an incentive-driven environment for funding. 	<ul style="list-style-type: none"> • Invite European actors to participate in local industry events like the Tanzania Innovation Week (https://hdif-tz.org/innovationweek) to contribute to the dialogue based on their experience.
<h3>Europe to Africa</h3>	
<ul style="list-style-type: none"> • DIHs in Europe would like to spend time at African Digital innovation hubs and start-up companies to understand the context. This can be supplemented with exchange internships at European Universities and other entities for African DIHs. 	

3.2 Improving knowledge exchange between African and European DIHs to build their capacity

Hubs on the African continent face capacity and expertise gaps in key areas of business development, fundraising and investment facilitation. This affects their ability to tap into investment opportunities and drive investment into the ecosystem. Without building the capacity of these intermediary organisations, the start-ups in their ecosystems will not be able to unlock funding and financing at scale. Here, we explored the needs, opportunities and approaches to improving knowledge exchange for capacity building.

Table 2 - Insights on Needs and Opportunities related to Knowledge Exchange

Needs	Opportunities
Africa to Europe	
<ul style="list-style-type: none"> • African DIHs need to build know-how on how to support due diligence for African start-ups that seek to enter or raise funding from the European market; • African DIHs would like to identify and grow a critical mass of European consultants and organisations that can offer quality business development services to African start-ups that seek to engage the European market; • African DIHs need linkages to funding geared towards supporting intermediaries or DIHs to provide technical assistance to start-ups looking to access European markets; 	<ul style="list-style-type: none"> • Networks like Afrilabs (https://afrilabs.com/) can be leveraged to build capacity at scale for African DIHs; • African DIHs can be supported to tap into digital learning opportunities hosted by European hubs; • Research from various entities like OECD that provide insights on quality business development services can be tailored to the African context.

<ul style="list-style-type: none"> • African DIHs would need to build market access know-how for start-ups looking to enter the European market; • African DIHs would like to share data on their specific needs and the start-ups they support with European actors. 	
<h3>Europe to Africa</h3>	
<ul style="list-style-type: none"> • European DIHs would like to access more open resources that can help them appreciate African ecosystems. 	<ul style="list-style-type: none"> • European DIHs are open to sharing success stories on what has worked for them; • Networks like Google for Start-ups (https://startup.google.com) provide great learning and networking opportunities; • Enterprise Nation (https://www.enterprisenation.com) is a platform that has a critical mass of knowledge and consultants that can support the work of African DIHs.

3.3 Improving access to markets for African and European start-ups

Hubs face challenges in building effective ecosystem partnerships with corporates, governments, investors and fellow hubs which limits their ability to scale their impact and more effectively influence policy. The inability to build partnerships also affects influences aspects of market access for African and European Start-ups. Furthermore, our state of play in Africa report also identified the need to explore opportunities around market access between African digital actors and European actors. This section will explore the needs and opportunities for African and European Start-ups in terms of market access. We shall explore the opportunities that can be leveraged to improve market access for DIHs within both continents.

Table 3 - Insights on Needs and Opportunities related to Access to Markets

Needs	Opportunities
Africa to Europe	
<ul style="list-style-type: none"> • African DIHs need support on understanding market access compliance and certification requirements for start-ups to inform their support initiatives (for instance tax registration, digital information flow etc); • There is a need to broker linkages with market access institutions like business associations for start-ups; • African DIHs need to understand cultural barriers and drive sustained cultural learning opportunities within the start-ups in their markets; • There is a need for African DIHs and start-ups to build competitive analysis 	<ul style="list-style-type: none"> • Regional and continental African DIH associations provide opportunities for European start-ups to access market entry support; • Some initiatives have been supporting African start-ups to export their products/services to the European market. These include trade support organisations, development partner initiatives like International Trade Centre that can be leveraged for market entry; • There is a lot of un-utilised and affordable land that can be used by European start-ups for infrastructure set-up.

<p>capabilities on what European start-ups are undertaking.</p> <ul style="list-style-type: none"> • There is a need to collaborate with European DIHs and Governments to achieve the harmonisation of digital tax policies for start-ups; • A curation of market opportunities in Europe targeted towards Africa will be relevant; • Collaborations with European foreign missions to educate African politicians on digital innovations and the market opportunities presented by European markets; • There is a lot of fragmentation and no apex body that can be relied on to drive or bring together African or European DIHs. 	
<h3>Europe to Africa</h3>	
<ul style="list-style-type: none"> • European DIHs and other supporting actors need to be supported to understand the African ecosystem. 	<ul style="list-style-type: none"> • Leveraging predominantly European Startup networks like Stripe Atlas (https://stripe.com/atlas), Google for Start-ups network and others to support African Start-ups and DIHs; • Tapping into initiatives that subsidise the cost or lower non-tariff barriers to European market entry like trade associations, Stripe Atlas, Federation for Economic Development and Cooperation (BMZ - https://www.bmz.de).



4. Recommendations Identified

The recommendations capture potential ideas on the preferences identified by participating African and European actors on how the needs can be addressed and opportunities leveraged to achieve better trans-continental and inter-continental collaboration between African and European DIHs.

4.1 Improving access to funding for African Digital Innovation Hubs and early-stage start-ups

The following action areas and approaches were proposed for adoption to build interventions that address the needs identified and take advantage of the opportunities:

- **“Seeing is believing”:** AfriConEU should amplify the stories of successful investments and exits of African DIHs and start-ups on the European continent;
- **Regulatory guides:** Investment playbooks should be created and documented to enable potential European investors to understand how to manoeuvre the regulatory hurdles and the incentives that exist to investing;
- **Convening platform:** We need to create convening platforms for investors/funds in Europe and African DIHs and start-ups. This could take the format of both an online and in-person platform. Furthermore, this could be a platform with a database of potential businesses that require and are ready for funding;
- **Work with Embassies:** European embassies in African countries have platforms that seek to introduce European actors to local markets. AfriConEU should seek to build connections with European embassies in African markets for purposes of supporting market entry, driving information awareness and hosting exchange activities for capacity building;
- **Business development service collaborations:** African DIHs should be supported to build strong collaborations with European business



development service providers to develop the know-how to support start-ups seeking to increase investment from European markets;

- **Investor education:** AfriConEU should support its network to undertake awareness roadshows in Europe geared towards helping European funders and financing institutions to understand the African context and its successes.

4.2 Improving knowledge exchange between African and European DIHs to build their capacity

The following action areas and approaches were recommended to improve the capacity of the DIHs:

- **Embedded technical assistance:** AfriConEU should work on building know-how and case studies on the importance of business development services to businesses in the African market. These success stories should enhance the ability of funding institutions locally and in Europe to plan for and budget for technical assistance support for start-ups;
- **Use a scorecard to build credibility:** AfriConEU should work with DIHs to build a ranking system for experts providing business development support services from Europe and Africa. This would help build the credibility of such an offering for start-ups in the ecosystem.

4.3 Improving access to markets for African and European start-ups

The following actions and approaches were recommended to help African and European start-ups and DIHs to improve access to markets:

- **Communities of practice:** AfriConEU should establish communities of practice focused on market access for start-ups with European and African actor engagement. Some of the potential engagements will include seminars,



workshops, match-making between actors, which is already foreseen in the aim of the project;

- **Portal to address information asymmetry:** A one-stop portal between the EU and AU on market access should be developed. It can leverage various interventions receiving support in the AU and EU. It can include soft landing initiatives, digital tax guidelines, compliance, etc.;
- **Market access needs assessment:** AfriConEU should further dig deeper into the market access needs from African and European start-ups and DIHs.



5. Conclusion

As a result of these engagements, we have developed an appreciation of the potential opportunities and approaches that can be leveraged to address the challenges faced by African DIHs. Moving forward there is a need to engage more European DIHs and actors to further understand the opportunities they seek and build meaningful synergies with African DIHs.

The insights from this report will be leveraged to support the co-creation process of the AfriConEU trans-continental network academy. The opportunities have provided insights on the structures to leverage and captured proposals on preferences of the form and function any intervention can take to address the challenges.

The recommendations proposed should further be explored to inform the design of the AfriConEU flagship programmes.