

Research Application Summary

Tapping youth innovativeness through education, entrepreneurship and financial inclusion for accelerated development in Africa

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Abstract

Discourse on the development context in Africa has gradually shifted to focus on youth as central to escalating prosperity and delivering sustainable socio-economic transformation and development on the continent. Investing in youth in Africa is critical and offers a best-bet option as the demographic bulge is more visible now than ever before. Harnessing benefits from the demographic bulge in Africa is dependent on how Africa makes strategic investments that will increase the throughput quality of youth coming out of secondary, university and tertiary education as well as those who drop-out of school and/or with barely any education. Enhancing youth innovativeness, youth mentorship, supporting youth entrepreneurship and greater financial inclusion are critical pre-conditions for increasing the contribution potential of African youth to the development process in the continent. However, delivering on those preconditions requires that universities, governments and other development actors are willing to undertake radical yet strategic and focused actions as well as a paradigm shift to have a positive appreciation of the immense potential youth confer. Universities for example need to implement transformative and innovative processes and programmes that can spur youth potential and increase youth connectivity with the private sector. At the same time, development actors including philanthropists that provide financing ought to focus on investing on youth using innovative and context appropriate models and opportunities that seek to eliminate bottlenecks preventing youth from achieving their full potential. All these efforts and actions need to be coordinated at local, national and regional level and as such, platforms that bring all the development actors focused on youth in development become critical particularly in helping to ameliorate duplication of actions so as to achieve value for money investment. Available evidence suggests investing in youth offers commendable economic and social returns to society as whole and to individuals and their families. This paper discusses the issue of youth employability and present some case examples of initiatives to enhance youth employability and entrepreneurship.

Key words: Africa, demographic bulge, entrepreneurship, The MasterCard Foundation, RUFORUM, UniBRAIN, youth skill enhancement and employment

Résumé

Discourse on the development context in Africa has gradually shifted to focus on youth as central to escalating prosperity and delivering sustainable socio-economic transformation and development on the continent. Investing in youth in Africa is critical and offers a best-

bet option as the demographic bulge is more visible now than ever before. Harnessing benefits from the demographic bulge in Africa is dependent on how Africa makes strategic investments that will increase the throughput quality of youth coming out of secondary, university and tertiary education as well as those who drop-out of school and/or with barely any education. Enhancing youth innovativeness, youth mentorship, supporting youth entrepreneurship and greater financial inclusion are critical pre-conditions for increasing the contribution potential of African youth to the development process in the continent. However, delivering on those preconditions requires that universities, governments and other development actors are willing to undertake radical yet strategic and focused actions as well as a paradigm shift to have a positive appreciation of the immense potential youth confer. Universities for example need to implement transformative and innovative processes and programmes that can spur youth potential and increase youth connectivity with the private sector. At the same time, development actors including philanthropists that provide financing ought to focus on investing on youth using innovative and context appropriate models and opportunities that seek to eliminate bottlenecks preventing youth from achieving their full potential. All these efforts and actions need to be coordinated at local, national and regional level and as such, platforms that bring all the development actors focused on youth in development become critical particularly in helping to ameliorate duplication of actions so as to achieve value for money investment. Available evidence suggests investing in youth offers commendable economic and social returns to society as whole and to individuals and their families. This paper discusses the issue of youth employability and present some case examples of initiatives to enhance youth employability and entrepreneurship.

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Background

The demographic bulge in Africa presents mixed fortunes for the continent and requires strategic action from policy, training institutions, and other actors. Mixed fortunes because youth harbor an immense dividend to society as it has great potential to drive economic growth through participation in labor markets as well as being consumers. The youthful population is also a living resource with immense potential for innovation and can support governance and political reforms (Gichuhi and Nasiyo, 2016). At present, there are some 200 million young people (15-24 years of age) or so in Africa; making up 20% of the population, 40% of the workforce, and 60% of the unemployed in the continent (Raidt, 2013; McClain-McKinney, 2014). This large number of young people if not gainfully employed can be a liability that will further undermine development gains and growth prospects so far made in Africa (Agbor *et al.*, 2012). This forms a formidable challenge that requires careful and urgent interventions. Sub-Saharan Africa (SSA) particularly remains in need of urgent, deliberate and focused actions from an array of actors including

universities, philanthropists, governments and development agencies to address the youth situation. This is because SSA has been viewed by several economists and political commentators as the next stop for political uprisings that are a direct response from the increasing number of educated youth as well as those dropping out of school confronted with rising unemployment and often the absence of political space (Agbor *et al.*, 2012).

Africa as a continent with the youth bulge would be expected to realise benefits from this resource as the young adults enter the working age, and reduce the continent's dependency ratio, i.e., the ratio of the non-working age population to the working age population would be declining. This is viewed in anticipation that the increase in the number of working age individuals can be fully employed in productive activities such that the level of average income per capita would increase as a result. When the aforementioned is achieved, only then will Africa's youth bulge become a demographic dividend. However, if a large cohort of young people cannot find employment and earn satisfactory income, the youth bulge will certainly become a demographic bomb, because a large mass of frustrated youth is likely to become a potential source of social and political instability (Lin, 2012). Reducing unemployment rates is therefore one feasible option for turning the youth bulge into a demographic dividend for any region and country in the world, Africa in particular. Consequently, SSA ought to focus on this front. The focus on transforming youth into a formidable force for development is not new; one of the conventional approaches that have often been adduced for dealing with youth bulge is to focus on making the youth job ready (Lin, 2012). This attention is built on the premise that the youth skills need to be increased to enhance their productivity in the labor market. Unfortunately, this for far too long has focused at producing a cohort of young people that are simply appendages of 'one big industrial machinery' that is very efficient at increasing industrial production but limited on innovativeness, innovations and capacity to develop and expand enterprises within and outside Africa. Such situations further drive Africa's youth especially in SSA into low paid employment, underemployment, low productivity and earnings (Lin, 2012; Betcherman and Khan, 2015).

The sort of limited focus on building a crop of entrepreneurial youth in Africa coupled with a number of other confounding circumstances may delay Africa from realizing the benefits of its demographic dividends. Totally missing the opportunities that the demographic bulge confers could be a mistake that Africa particularly SSA cannot afford to make in the 21st century. Concerted efforts from various actors including philanthropists, government, universities, civil society and development partners are needed. Commentators have for example noted that if policymakers can urgently place much more emphasis on educating and empowering African girls, who ultimately represent one of the continent's most important sources of economic and social progress, they can expect their countries to reap corollary reward (Madsen, 2012). Taking such actions is paramount, and such actions need to be operationalized within a broader framework that seeks to improve the conditions within which the youth can explore and exploit their full potential. It therefore calls for an understanding among various actors that Africa's youth are the best-bet for realizing the

transformation agenda in Africa including in agriculture, education, energy, ICTs, and the green economy, among other sectors. Realizing this potential can offer a broad based and sustainable prosperity for Africa in the 21st century and would lead to a more stable and prosperous Africa with sustainable livelihoods.

Why African universities need to redefine their role in facilitating youth innovativeness

Universities worldwide have traditionally performed two-three functions; teaching, research and outreach. However, rapid transformations are occurring that call for business ‘unusual’ from within and outside the universities. This is particularly occurring because previously universities with very few exceptions did not carry out the functions that are characteristic of the firm or enterprises; they did not market their capacities, they did not enter into agreements specifying the article-product to be delivered or the delivery date, and they did not compete with either the university or non-university agents to sell their intellectual production. Further, the transfer of the knowledge produced by the universities to the end-users took place through intermediate agents, typically the professionals working in enterprises or government bodies and through high technology enterprises symbiotically related to the university (Sutz, 1997). The transformations now demand that universities become and are part of direct producers of goods and services for end-users. As such, the rules that once applied outside the academia have become the standard in the university faculty as well. This provides universities with opportunity to tap young talent and youth innovativeness through the education processes and nurture them into valuable assets that contribute significantly to the national economic growth as well as regional development. The power and potential of young talent is immense and has been demonstrated by a pool of 17,000 PhD fellows through the Kaggle Network that NASA reaches to from time to time to help it address some of the most complex data problems. In turn, this network has been able to raise up to US\$11 million in financial resources (Kaggle Network, 2011). This network of young PhD fellows has proven that a challenge approach to youth can deliver immense and tremendous contributions to society.

Changing the manner within which young people are trained at higher and tertiary education institutions in Africa has potential to escalate their participation in the development process. African universities need to shell-out the training processes that make youth more fit for the industrial processes thus making them part of the big conveyer machines-belts for efficient production processes to producing graduates that can ‘jam’ start new processes and explore with and without limitations new areas of business within their economies (MacGregor, 2015a; Dell, 2016; Latham, 2016; Nakkazi, 2016). This calls for universities to take radical yet deliberate steps towards re-organizing curricular including teaching and learning approaches and delivery and investing in ‘new’ and rewarding processes and actions such as business incubation centres and facilities that allow learners to explore and test their business and entrepreneurial acumen-universities thus need to become innovation centres rather than teaching centres. Universities need to give greater focus at ensuring that they deliver entrepreneurial graduates and ‘bankable-ideas’; in this way universities would be helping to address a number of structural issues in their respective countries and

regions through helping to diversify enterprises developed within and outside and thereby providing opportunity for the youth to establish functional and profitable businesses (MacGregor, 2015b; Muganda, 2016). Further, a stronger focus on youth entrepreneurship can play a greater role in connecting young people with the local community, including social enterprises and businesses and further enhance their opportunities to find jobs, start their own enterprise and/or influence social transformation (EU, 2012). These efforts need to be galvanized so that universities of today are better aligned to champion this process.

University associated initiatives to bolster youth innovation, entrepreneurship and financial inclusion in Africa. Various programs and projects have been initiated in the region to support the transformation of universities towards greater impact on African communities and taken cognizance of current challenges. The underpinning of all these initiatives is that universities need to adapt to the wide array of intersecting challenges they face, they need to move to the innovation process and need to transition into centres of entrepreneurship and begin to strategically play in the innovation and enterprise market place whilst maintaining high quality and delivery in training, research and outreach. Select initiatives that are addressing some of the issues highlighted above are described below:

- The Regional Universities Forum for Capacity Building (RUFORUM, see www.ruforum.org for details) is an association of 66 African universities with mission to ‘strengthen the capacities of Universities to foster innovations responsive to the demands of smallholder farmers and value chains through the training of high quality researchers, the output of impact-oriented research, and the maintenance of collaborative working relations among researchers, farmers, market actors, national agricultural research and advocacy institutions, and governments’. RUFORUM has financed pilot agribusiness programmes at Egerton University and Gulu University that have led to the development of innovative approach to developing youth entrepreneurship and enterprise development among graduate students. The pilot model has been tested with commendable success as beneficiaries have had opportunity to create their own businesses, run them during the course of academic period, and pay back the ‘loan’ with interest advanced to them as part of operationalizing their business ideas. Further, RUFORUM launched the ‘Young African Entrepreneurs’ Competition in 2016 as a drive to encourage youth to showcase their innovations, bankable business ideas, enterprises and initiatives. A total of 756 entries from 38 African countries (Figure 1) were received within a period of two months. This competitive and entrepreneurial spirit of African youth has hitherto been observed to be apparent but limited by barriers that can be easily overcome.

The 15 winners of the competition went through mentorship and exposure interactions with business personalities as well as policy and decision makers on a global arena. This initiative drew enthusiasm from the business and private sector community, graduate students, African Union Commission and the 66 RUFORUM member universities. The compulsion to challenge universities and graduates to do things differently garnered significant pace with some university Vice Chancellors making commitments to accelerate institutional transformation especially in curriculum design, development and implementation as well

as institutional structures to facilitate youth entrepreneurship and innovation.

- The MasterCard Foundation has taken strategic investment in Africa with a view of creating an inclusive, more equitable Africa. The MasterCard Foundation has over the years undertake strategic focus on exploring innovations that support financial services for young people in Africa and across the world with orientation to testing approaches and models for reaching and empowering low-income young people with financial services and education. This focus has largely been driven by the understanding that 70% of people in SSA live on less than \$2 a day and Africa has approximately 600 million people under 25 years and by 2035, Africa will have the largest labour force in the world. With a strategic investment focus on Africa, The Foundation has set to create an inclusive and a more equitable society by supporting the implementation of proven development models and scalable approaches that facilitate the tackling of a number of challenges that the African people are faced with including, among others, access to financial services and quality education. The Foundation working together with a range of partners has implemented a range of projects; including ‘The Youth Forward Initiative’ focused at the transition of 200,000 young people into sustainable jobs in the construction and agricultural sectors in Uganda and Ghana with an investment of US\$74 million investment and further close to 800,000 young people in 14 sub-African countries have received financial education and life skills (The MasterCard Foundation, 2015). Further, through the Fund for Rural Prosperity, the Foundation is encouraging the ingenuity of African businesses in the financial sector. This fund is competitively awarded to innovative ideas for bringing affordable and appropriate financial products and services to rural Africa. The Symposium on Financial Inclusion, is yet another innovation that The MasterCard Foundation is using to encourage banks and other financial service providers in developing countries to focus on the needs and expectations of people living in poverty. Through a partnership with RUFORUM,

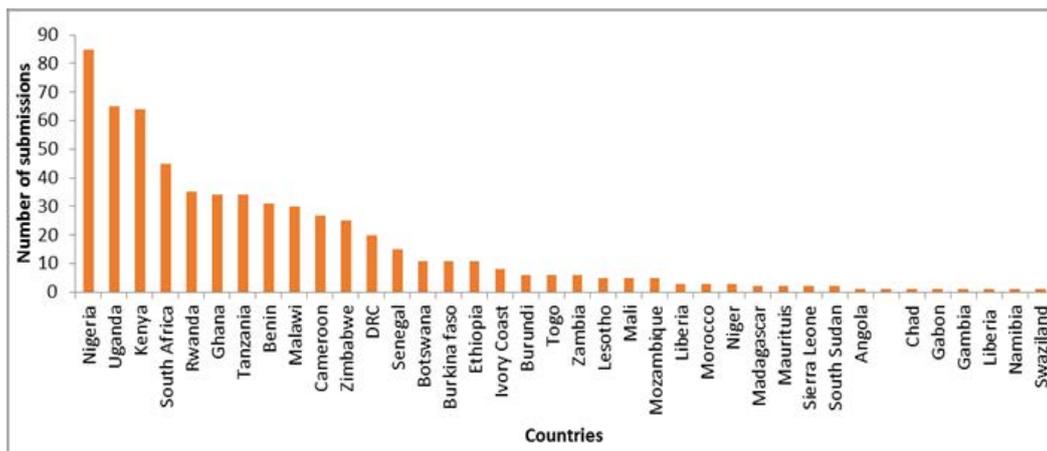


Figure 1: Submissions to the 2016 RUFORUM Young African Entrepreneurs competition by country

The MasterCard Foundation is investing US\$27.2 million over a period of eight years with the aim to transform African agricultural universities and their graduates to better respond to developmental challenges through enhanced application of science, technology, business and innovation for rural agricultural transformation.

- Universities, Business and Research in Agricultural Innovation (UniBRAIN) is an initiative of the Forum for Agricultural Research in Africa (FARA) that is working to enhance agribusiness orientation in six African Universities and is financed by the Government of Denmark (DANIDA). UniBRAIN's aims is to create jobs and increase incomes through sustainable agribusiness development. This to be achieved through partnerships between universities, research organizations and the private agribusiness sector in order to create profitable agribusinesses. The action has been implemented with commendable success stories in six consortia universities, businesses and agricultural research institutions in five African countries including Kenya, Ghana, Mali, Uganda and Zambia. These consortia have focused on harnessing the benefits from diverse agricultural value chains with competitive advantage at national level including among others; coffee, banana, sorghum, non-timber forest products, cereals, fruits and vegetables. Through UniBRAIN effort, the Africa Agribusiness Incubation Network (AAIN) is now operational and actively and collaboratively working to accelerate youth participation in agribusiness and enterprise development. The AAIN currently provides a range of services including: agribusiness incubation financing, graduate entrepreneurship, capacity building in in agribusiness incubation, and technology development and commercialization among others.

- There also a number of similar initiatives that aim at strengthening skill development and youth employability among the youth. These efforts are aimed at developing employable skills for self-employment, entrepreneurship and facilitating change processes. As examples, a) several governments, notably in Ethiopia and Kenya, are giving greater attention to strengthen Technical and Vocational Education Training (TVET), b) the Equity Foundation based in Kenya has an elaborate programme to strengthen youth innovations, and c) a number of universities such as Jomo Kenyatta University of Agriculture and Technology, Kenyatta University (both in Kenya) and Makerere University in Uganda have set up business incubation centres to incubate business ideas from students and university researchers.

Conclusion

The challenge to tapping youth innovativeness in Africa is apparent. However, while the ingredients to facilitate this process are known deliberate action is needed from various actors including universities, governments, private sector and communities. Universities acting on their own cannot succeed to create entrepreneurs from among their students. As shown in the previous discussion, the process to facilitate youth entrepreneurship requires action from various players including financial institutions that can guarantee the availability of credit and opportunities for linking with the private sector. Universities

though have a fundamental role to encourage innovation by promoting entrepreneurial skill development and fostering mindset of the youth for creativeness and business orientation.

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