

IDIN Summer Research Fellowship Final Report



Mapping of the Entrepreneurial Ecosystem of Conakry, Guinea

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PART 1: Summary of Research Conducted

Research Focus and Objectives:

The objective of my research was to map the entrepreneurial ecosystem of Conakry, Guinea. As a co-founder of Dare to Innovate, a social enterprise headquartered in Guinea, I have witnessed the evolution of the ecosystem from 2011 to today. While focus on entrepreneurship and the availability of resources for entrepreneurs has increased in the last 6 years, the ecosystem is still nascent. For example, while my research uncovered one network of young people *interested* in starting an angel investor's network, no such services exist today. Risk capital and other forms of equity is not available to businesses headquartered and operating in Guinea.

From 2014 to 2016, an unprecedented Ebola epidemic spread throughout Guinea and its neighboring countries of Liberia and Sierra Leone. According to the Center for Disease Control, 11,310 people lost their lives during this outbreak.¹ In addition to the devastating loss of life, the economic implications of the epidemic are long lasting. In 2015, it is estimated that the three effected countries lost \$2.2B in GDP and Guinea's GDP grew at 0% instead of their projected 5%.² In response, the global community has plans to invest behind the economic development of Guinea with particular attention paid to marginalized populations, such as youth. With that in mind, it was particularly important to understand the current situation of the entrepreneurial ecosystem in Guinea so that resources can be most effectively spent building the capabilities of existing structures and creating new structures and services where gaps exists.

At the same time, the goal was to create a tool that was immediately useful for entrepreneurs and small-business owners currently active in Conakry. The Guinean market is characterized by low levels of information availability and high search costs. Before the creation of this ecosystem mapping, there was no centralized place for entrepreneurs to learn about the services available to them in Conakry.

The ecosystem mapping that came out of this research is just a starting point. The tool is designed to continue to collect information, becoming a living map populated by the community and curated by Dare to Innovate to provide the most updated information on the ecosystem.

Research Activities:

I used four primary methods to collect and analyze data. The first was desk research. While this desk research was not terribly helpful in identifying players in the ecosystem, it did help me to organize my research. For example, The Aspen Institute's Entrepreneurial Ecosystem Diagnostic Toolkit, helped me to frame the types of organizations that I was seeking and the information that I wanted to learn from them.

The second research activity was an online survey used to identify players in the ecosystem from the individuals who rely on them most, entrepreneurs and business owners. The survey was also used to understand, from the entrepreneurs' point of view, the biggest obstacles to

¹ "2014 Ebola Outbreak in West Africa - Case Counts | Ebola Hemorrhagic Fever | CDC."

² "Cost of the Ebola Epidemic", CDC.

success. The survey was not the main focus of the research and the number of respondents did not allow for statistical significance³, but the responses made for interesting touchpoints.

The most significant research activity was long-form in-person interviews with organizations and individuals who were identified as being important to the ecosystem. My local partner, Aminata Sidiki Diakite, and I conducted 30 in-person interviews. Additionally, two other individuals responded to the questions via email. The main goal of the interviews were to understand what products and services their organization delivered to entrepreneurs and how entrepreneurs access those services. For example, if an entrepreneur wanted to get a loan from a certain bank, what was the first step to do that? Who could they call with questions? Where could they physically go for more information?

The final research activity was a focus group with entrepreneurs and employees of entrepreneurship support organizations to look at the results and identify gaps. After the focus group, we went back in the field to conduct several additional long-form interviews.

Research Findings:

The entrepreneurship ecosystem map is available on Dare to Innovate's website at <http://daretoinnovate.com/lecosystme-entrepreneurial>. The map is somewhat dynamic; clicking on any player in the map takes the entrepreneur directly to their website if the organization has one.

This was not a typical research project because the aim was to develop a tool, not to answer a research question. Nonetheless, several interesting findings emerged from the research.

First, financial services is the most developed category, but are not serving entrepreneurs. In Conakry, individuals are physically proximate to banks and all banks in the country have a presence in Conakry. In addition to classic banks, microfinance institutions and insurance companies are also providing financial services. In my ecosystem map, 43% of institutions listed are within the financial services category. Despite this, in a small online survey we conducted, "access to loans" scored a 4.33/5 with 5 representing a "very serious obstacle" to the success of entrepreneurs. Only three other elements scored worse: "access to grants" (4.4), "access to international markets" (4.4), and "support from prosperous entrepreneurs in the region" (4.36). This is remarkable when compared to "corruption" which scored 4.18 and the "general regional economic climate" which scored 4.0.

On the other side of the coin, we surveyed respondents to understand which services entrepreneurship accelerators could provide would be most helpful. Out of 5, with 5 representing extremely useful, "access to investors" scored 4.5 and "receiving a direct financing [from the accelerator]" scored 4.8.

There is an opportunity for financial institutions in Guinea, many of which are multi-national corporations, to create tailored products and services for entrepreneurs in order to increase access to financing.

³ 30 people completed the online survey

Second, there is a general lack of Entrepreneurship Support Organizations (ESOs) that help unify services for entrepreneurs. In the Boston metro area, educational institutions, like MIT or Babson play important roles as integrators bringing together talent, training, inspiration, mentoring and financial and other resources in support of entrepreneurship. Guinea sees a scarcity of integrators who can guide entrepreneurs through the ecosystem to maximize their potential for success. There seem to only be two organizations doing this work, Dare to Innovate and Saboutech.⁴ These two organizations do not have the capacity and/or accessibility to meet demand. Dare to Innovate accelerator programs receive on average more than 200 applications for 25-30 slots. Saboutech charges GNF 1,000,000 (approximately \$115) for pre-Incubation and GNF 700,000 – 1,000,000 (\$77-\$115) per month for co-working space.⁵ This is relatively expensive for youth, the demographic most attracted to entrepreneurship, considering that 2014 per capita gross national income was \$500.⁶

Even though we targeted our online survey to individuals who showed a job title of entrepreneur or expressed an interest in entrepreneurship on Facebook, only 1 respondent of the online survey had actually completed an accelerator program. While developing the ecosystem map is an important step for young entrepreneurs to understand what services are available to them, it is likely that an expansion of ESOs that can help mentor them in using the map would have a much greater impact.

While this research also helped surface several other interesting hypotheses, there was not enough data to explore them in this paper. For example, we interviewed a representative of the Ministry of Youth who did not surface a single current tangible or accessible program for youth entrepreneurs delivered by their agency. We also interviewed the government Agency for the Promotion of Private Investment (APIP). While this agency is relatively active, their role is more focused on increasing investment into existing businesses than helping to develop new ones. They are currently developing a directory of businesses in Conakry to be made available to the public online⁷. These efforts will add another dynamic to the general public's understanding of business and entrepreneurship in Guinea. These interviews created more questions than they answered around the government's stated desire to promote entrepreneurship and their ability to execute on that strategy.

Next Steps:

There are still many questions to be answered and ecosystem players to be added to the map. The tool was designed to be a living document, so one of the critical next steps is to promote the tool so that we can crowdsource more players for the map.

In terms of research, there are three major areas that warrant additional inquiry. First, the goal of this study was to understand who are the service providers to entrepreneurs in Guinea. It did not attempt to assess the quality of the services that they deliver. A follow-on study to do just

⁴ Note: Meghan McCormick, the author of this study, is a co-founder of Dare to Innovate

⁵ Rates published on Saboutech's website, www.saboutech.org

⁶ "Doing Business in Guinea: 2016 Country Commercial Guide for U.S. companies", U.S. & Foreign Commercial Service and U.S. Department of State, 2016.

⁷ Draft version attached

that would be a major asset to our understanding of the gap between the currently reality and best practices for promoting and fostering entrepreneurship. Secondly, in a related pursuit, it would be useful to map and assess the ecosystem of similar neighboring countries such as Senegal, Mali, and Côte d'Ivoire in order to build a benchmarking system of Guinea in relation to its peers.

Thirdly, one major category of ecosystem player was left out of this map, International Development Projects. These were intentionally left out for two reasons; 1) they are non-permanent, 2) access to services tends to be driven by meeting some specific criteria. For example, Dare to Innovate implemented a business accelerator for the United Nations Development Program (UNDP). In order to be eligible for the program, you had to be a young person who volunteered with the Red Cross in certain prefectures during the Ebola crisis. The program is running for 2 cohorts only, over the span of about 12 months. Putting UNDP on the ecosystem map would not help a prospective entrepreneur because UNDP is not implementing and may not be interested in supporting entrepreneurship going forward. Due to this dynamic, the map focused on permanent organizations who consistently implement entrepreneurship programs or deliver products and services directly to entrepreneurs. That being said, development agencies are important players in the ecosystem in Guinea and understanding their influence on entrepreneurship would be an interesting area for further study.

For the tool, the next steps are to make it more dynamic. Currently, users can suggest new players to add, but the information is displayed statically. I would like to build in the capability for entrepreneurs to rate the service providers on the map and describe their experiences.

PART 2: Findings Related to Local Innovation

In addition to your overall findings, we are particularly interested in your findings specifically related to certain aspects of local innovation, even if these may not have been the primary focus of your overall research project. Please answer the following questions to the extent that they are applicable to the project you conducted and to the extent you feel that you have relevant data, observations, and findings to share. This section should be 1-3 pages.

Understanding Local Innovation:

I think one of the most important things to understand about the entrepreneurial ecosystem in Guinea is how incredibly nascent it is. Having exposure to other West Africa ecosystems highlights just how underdeveloped it specifically, and Francophone African ecosystems are in general. For example, the Innovation Prize for Africa 2017 featured no Francophone Sub-Saharan African nominees.⁸

Local Innovators:

One of the most surprising findings from the primary interviews was the concentration of answers to the question of “tell me about a prosperous entrepreneur in Guinea”. The goal of the question was to highlight the entrepreneurial role models in the system. All but one respondent named Mr. KPC, Antonio Souare. He founded Guinée Games, a private lottery and betting company and is now the head of the Guinean Football Federation. This is the symptom of an

⁸ <http://innovationprizeforafrica.org/>

under-developed innovation ecosystem. Whereas in robust markets, people can cite innovators within their industry or dome of influence, nearly all responders called upon the same example.

This finding was supported by the survey data. The two elements that received the highest average score, and therefore are the biggest perceived obstacles, were the level of support provided by successful entrepreneurs in the region (4.36/5) and collaboration between entrepreneurs and universities for research and development. (4.27/5). This means that budding entrepreneurs are under-exposed to leaders in both the application and study of entrepreneurship and innovation.

Enabling Ecosystem and Stakeholders:

I think it is important to note that universities are not participating in the ecosystem. While some private universities, such as the University of Nongo, and public universities, such as the University of Kindia, have offered entrepreneurship courses in the past, none of them are offering them now. Informal conversations with several universities in Conakry revealed an interest in an incubator space on campus or in offering entrepreneurship curriculum, but there was also an expectation that these services would be provided by outside sources with outside funding. To date and to my best understanding, no university-hosted incubator exists or has ever existed in Guinea.

Other data related to local innovation:

Attached to this document is a file from APIP, the Association for the Promotion of Private Investors that tracks organizations, national and international, who have reached out to APIP or visited them at their office. It is a good leading indicator for investment in the country and could be interesting for anyone studying economic development in Guinea and the role of government investment agencies in West Africa.

PART 3: Lessons Learned and Recommendations

Please share any challenges you encountered in implementing your research as planned, either from a practical standpoint or a standpoint of research methods. If another student were to conduct a similar project, what would be several key recommendations you would make, based on your experience this summer?

I think it is important to recognize the limitations of digital/online survey methods. While we hoped for 50 respondents to our online survey and promoted the survey heavily on Facebook (the gateway to the internet in Guinea), we only received 30 respondents. It is important to consider the trade-offs of time and money for doing surveys online and in-person. The goal of our survey was just to help us craft the primary research and get a sense of attitudes, and therefore this did not negatively impact our research. If the primary method of data gathering for future studies in Guinea is surveys, I do not recommend using online as the primary channel.

For students implementing this type of research going forward, I would recommend using young, local talent to help whenever possible. I was able to get in touch with Aminata Sidiki Diakite, a member of the IDIN network, who was indispensable in completing my primary research. His deep networks in the country and indefatigable attitude helped us achieve interviews with many banks and other large institutions who did not prioritize participating in our study. At the same time, working with me allowed Sidiki to improve his professional skills in interpersonal communication, survey design, interviewing, and data analysis. It was a true win-win situation.