

Idris Bello talks raising capital in Africa

 By [Evan-Lee Courie](#)

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An Afropreneur and founding partner at Loftyinc Capital Management, Idris Bello owns the early stage-Afropreneurs Fund and is the co-founder of The Wennovation Hub, an innovative platform based in Nigeria, that has successfully accelerated the launch of several technology startups in social impact sectors.



Bello spent the greater part of a decade working at Chevron Corporation and ExxonMobil USA, where he led several large upstream technology projects across the USA and Sub-Saharan Africa. As a leader, he has mentored and catalysed scores of contributors and entrepreneurs across the growing African landscape and is an angel investor and advisor to several African startups including Andela, Flutterwave, RelianceHMO, Trella, Chefaa, among others.

He shared some valuable insights at the recent 'Knowledge Transfer Session: Harambeans Contribution to the Evolution of the African Entrepreneurial Ecosystem'

■ *In your opinion, what is the current state of entrepreneurship in Africa?*

I know people do not like to use the term Africa rising, but I think something is on the rise here. And I say that as someone who has been part of the ecosystem for the past ten years. About ten years ago when I joined the Harambe Entrepreneur Alliance, one of the early books we were reading was *Africa Rising*, and when we went out to talk to people about the term, people could not see it as it was not obvious. But it is really about the people that are entrepreneurs.

Ten years ago we saw people who were willing to take a bet on Africa and who were willing to leave their nice lives back in the US and the UK to move back to their continent and to take a gamble on things and take a bet on the continent. So as Harambeans, we declared back then that Africa would rise. We are therefore very happy that 10 years later, the signs are now becoming more obvious, and I think there are more believers today.

“ We are not there yet, but we are climbing as a continent ”

. There are so many problems to solve and thankfully even more entrepreneurs willing to provide solutions to the challenges we face as a continent.

■ *More specifically, where does Nigeria sit in the entrepreneurial ecosystem?*

I have seen a couple of reports recently where they talk about a big four or the big two right, and Nigeria always manages to find itself included. What is more interesting, is that as I am in Nigeria and I have also spent a lot of time in other African countries, particularly North Africa.

“ I therefore see the immense opportunity that lies within Nigeria. I see the immense potential, but I also see the huge gaps - whether it is infrastructure or whether its regulatory support. ”

The young people of the country are very entrepreneurial - they focus on solving problems, despite the lack of support.

So, overall I think Nigeria is doing quite well - we have also received a lot of funding over the past couple of years, which has added a couple of good entrepreneurial success stories. So, while I think there is still a lot to improve in Nigeria, I believe it's done well in the last couple of years. And I can also see this from the calibre of entrepreneurs a part of the Harambe Entrepreneur Alliance who have come from Nigeria. So as someone who has been privileged to back several Nigerian entrepreneurs within the Alliance, for me, it has been a good story.

📊 Do you mind mentioning some of these entrepreneurs?

The most prominent ones that we've backed financially are Andela, and Flutterwave. We have also bought into Shyft Power Solutions that was started by Ugwem Eneyo, who is also a Harambean. And of course, there are several others ventures who we have provided advisory support to such as Releaf, started by Ikenna Nzewi.

One thing you can be sure of, if you back an entrepreneur from the Harambe Entrepreneur Alliance, they will give you their best. Its does not mean they will succeed, but they will certainly give their best.

I think as a founder and investor from a very early stage that's really all you can ask for. You ask yourself, are these entrepreneurs really connected to this problem they are trying to solve and are they going to give you it all it takes.



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If you take someone like Andrew Airelobhegbe, CEO of Lenco, who is also a part of the Alliance, due to the impact of Covid-19 instead of giving up on his venture, his company went from being an events company to a SME bank. That is what the Harambeans do - they never give up knowing that the shape of their journey might change.

📊 As an angel investor and advisor to several African startups, what advice can you share?

Firstly, my advice to an entrepreneur would be to understand the problem. Most times you see people hyped up about what is going on in the ecosystem and they just jump over to the solution and then start looking for problems. It should be the other way around. The bigger the problem, the bigger the solution, and the bigger the opportunity for you and everyone else.

So, entrepreneurs need to take on bigger problems. And this is particularly for people within our networks. We are privileged and we need to use our privilege for something bigger. Not every entrepreneur has the opportunity to become a Harambean and have access to investors and advisors within a network. That puts additional pressure and a high expectation on us, as part of the alliance.

Then for investors, there is a lot of increased interest from foreign investors on the continent, and that's good. But I think at the end of the day, we have to build this ourselves. Because, when there are any geopolitical issues in the country, foreign investors will go back to where they came from. So, I think there is a need for local investors to also get very busy and involved. And for the foreign investors, I think that it is key for them to be willing to partner with local investors to help these companies grow.

▣ **What are the challenges when it comes to raising capital in Africa?**

It has gotten easier, but it is still tough. Again, the first thing is this - the problem is the entrepreneurs usually have to deal with problems from external sources that are not related to their business.

Take a startup in Nigeria, you have to deal with the government, you have to deal with the infrastructure etc.

“ *It's tough to raise money, because you are dealing with all these other issues.* ”

There is also the concern about the regulatory impact.

For example, if I am going to raise money in finTech, I am naturally going to be concerned about what the central bank of Nigeria is going to say. We have seen this with startups before, just one regulatory issue can kick them off the market if they are not resilient.

So therefore, investors are being careful about where they put their money. Also, investment firms from other continents are also a challenge as they do not understand the local market. What happens is that at a very early stage, the local players really understand the markets, so if the money was coming from them, it would be easier as they understand the space. But if the money comes from other continents, they don't understand the space very well, so they are comparing you to startups in Silicon Valley for example.

Another big challenge is that we don't yet have enough early-stage investors on the continent that are willing to support startups. If we see more of that happen, we will see more startups survive. The reason we have companies like Andela and Flutterwave, is because of people like us, that took an early bet on African startups. If there were not players like us taking bets on early startups years ago, you won't see them where they are at in the ecosystem today. I therefore really want to see more African investors play early in the game, giving that validation to the startups.

▣ **What can be done to overcome these challenges?**

More Africans need to invest in startups. Luckily, we have a lot of senior executives in the banking industry in Africa, investing in early-stage startups and they already have experience dealing with the government and the regulators and all these other issues. If investors bring that kind of experience with their money, we will have more success early on.

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