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## **The Nigerian startup scene – local talent with an international boost**

Among the 141 startups selected by the American accelerator Y Combinator, which served as a stepping stone for AirBnB and Dropbox, two companies stand out: Kobo360, a Uber-style logistics application connecting truckers and retailers, and CowryWise, a digital savings platform. Not only are they the only African entries of the 2018 batch, but both are from Lagos, the economic capital of Nigeria, the most populous and economically powerful country of the continent.

At first glance, the country does not seem to have what it takes to host an active startup scene, what with its deficient infrastructure and cumbersome bureaucracy. But the inefficiencies in Nigerians' day-to-day lives is a strong motivator for startups to come in and address the, with success.

Initially in the shadow of Cape Town and Nairobi, Lagos startups raised \$115 million in 2017, or 20% of the continent's total allocation. Although this amount remains well below the inflows that developed markets attract, it shows a very real interest on the part of venture capital funds. The continent's largest city, a hub of Nigerian entrepreneurial dynamism, provides an ideal testing ground as a huge market, and even has its own network of incubators and startup accelerators: "Yabacon Valley."

Most startups chiefly target the country's growing middle class, and operate according to traditional business models, such as marketplaces, e-finance and e-retail. However, many unconventional initiatives are surfacing, from a farmers' crowdfunding platform (Farmcrowdy) to an application facilitating blood donation logistics (LifeBank).

In a country where cash remains the primary means of payment, fintechs are enjoying increasing success, particularly those operating in the online payment transactions segment, such as Paystack or Flutterwave. They are a boon for small and medium-sized businesses, which can switch from cash to digital payments without having to deal with bank cards. Other initiatives aim to facilitate access to credit, in the absence of a reliable credit bureau in the country, using algorithms that assess the creditworthiness of individuals. This field, however, is still waiting on the emergence of a convincing player.

The entrepreneurial drive of Lagos has not gone unnoticed outside the country's borders, as evidenced by Mark Zuckerberg's visit in 2016, or Sundar Pichai's in 2017. These high-profile events were followed by concrete initiatives: in 2018, Facebook opened its NG\_Hub startup accelerator, and Google followed suit with the upcoming opening of its first accelerator outside the US, Google Launchpad Space in Lagos.

Indeed, the flagships of the Nigerian startup scene have often benefited from international support, both in terms of know-how and financial resources. Many of the founders are "repats," (Nigerians from the diaspora or having studied outside the country) or even foreigners. Jumia, which has become one of the largest e-commerce platforms in Africa, was launched in Lagos by two French people. And among the six founders of Andela (who train high-level Nigerian programmers, then sell their services remotely), two are Nigerian. Both startups benefited from financing mainly provided by Western investment funds.

These examples illustrate successful collaboration between local and international actors; some provide talent, market knowledge, and entrepreneurial dynamism, and others provide the funds that are still lacking locally. As these are not about to run dry, the Nigerian startup scene seems to have a bright future to look forward to, and will go as far as the ingenuity of its participants will take it.