

CLOSE THE GAP BUILDS A START-UP HUB IN MOMBASA

A harbour for Kenyan tech talent

Olivier Vanden Eynde, CEO of Close the Gap, starts a new activity. His company refurbishes 120,000 decommissioned computers and other IT material every year to give them a second life in developing and emerging countries. He now also wants to set up an ecosystem for start-ups in the Kenyan port city of Mombasa. *Original article in Dutch by Benny Debruyne, fotografie Dieter Telemans in Trends 09/05/2019.*

Fifteen years ago, Olivier Vanden Eynde created Close the Gap as a student at the VUB (Vrije Universiteit Brussel), as a spin-off of his thesis about the digital divide between the rich North and the economically undeveloped South. Since then, this non-profit organization (which has never been dependent on subsidies) has given a second life to more than a million PCs, computer screens, tablets, servers, printers, and other decommissioned IT material of companies. Close the Gap refurbishes the computers in Mechelen (Belgium) and Utrecht (The Netherlands) and then ships them to more than fifty countries, predominantly in Africa, but also to Asia and South-America. The organization, that still has its offices at the VUB, counts ten employees and did a turnover of almost 1.5 million euros in 2017.

In September, Vanden Eynde and his family will move to the Kenyan port city of Mombasa. Together with his spouse, he will transform an old shopping mall into a hub for local tech entrepreneurs. In Nairobi, capital city of Kenya, he will establish a refurbishing workplace housed in containers. Digitalization kicks off profound changes in Africa: local entrepreneurs see valuable opportunities and create start-ups. Western NGOs, spurred by savings on subsidies, put more effort in technology and grow towards startups. "Technology for poverty alleviation is the new way of doing development cooperation," says the entrepreneur.

Will Close the Gap continue shipping refurbished computer material to developing and emerging countries?

OLIVIER VANDEN EYNDE. "Absolutely. Because of the implementation of GDPR (the General Data Protection Regulation of the European Union to protect online data of European citizens, red.) companies are more than ever in need of a recycling solution of their data carrying hardware. Close the Gap is therefore doing very well. We are completely certified according to the highest norms. Next to NATO, the International Criminal Court in The Hague, and the European Commission, we have many other (international) companies that donate their equipment to us. We are obliged to guarantee that our logistical chain is completely smooth and error-free."



Why could technology generate such an important change in Africa?

OLIVIER VANDEN EYNDE. "A great number of opportunities have come about in Africa thanks to the creation of information and crowdfunding platforms and the access to tools. In Belgium, Proton wasn't very successful, because we have a thorough financial infrastructure and bank accounts. In Sub-Saharan Africa, the majority of the people doesn't have a bank account, but thanks to for example M-Pesa, everyone has an account to make mobile payments (M-Pesa was launched in 2007 in Kenya to do payments via mobile phone). This way, entrepreneurs can offer a lot of solutions via a saas-model (software as a service) without the need of heavy infrastructure. Since Kenya's, Tanzania's and other countries' independence in the sixties, the challenges for infrastructure, poverty, youth unemployment and pollution have still not been solved. I believe that technology will enable the creation of solutions for these issues in the coming ten years."

Amongst others, money funding infrastructure disappeared due to corruption. Could technology circumvent corruption?

OLIVIER VANDEN EYNDE. "Yes, absolutely. A good example is the police, who is not paid well in Africa. Officers stop cars if they think rich people are driving and try to look for a reason to make them pay a fine. In Tanzania, which is very corrupt, you now have the possibility to pay fines through M-Pesa. Moreover, you receive a reduction on the amount due, if you pay digitally. That money then automatically goes to the public treasury. This way, the government can hopefully better pay the officers."

To deploy technology, you would like to stimulate entrepreneurship with your new project in Mombasa. What are you going to do there exactly?

OLIVIER VANDEN EYNDE. "We keep doing what we have been doing for the past 15 years, as the largest in our sector. Yearly, over 100,000 computers are sent to low-income countries to make IT more affordable. Due to GDPR, we have to maintain certain elements inside the European Union, such as the clearance, the registration and the irreversible removal of data. However, the second and third step of these refurbishments are light repairs, upgrades and the addition of new software. This we want to do in Nairobi, where we are establishing a production facility in a circular warehouse of 1000 square meters. There, we will employ almost 40 people. By doing this, we tie in with the 20-30 vision of the Kenyan president Jomo Kenyatta. One of his four priorities is the stimulation of local production."

The focus of your project lies in the Kenyan port city of Mombasa. What will you build over there?

OLIVIER VANDEN EYNDE. "The oldest shopping mall in the historic center of Mombasa is almost completely empty, after the construction of two new shopping malls in the suburbs ten years ago. We want to rent this shopping mall for ten years and completely transform it into a digital hub. We will create an ecosystem that hosts 300 people every day. There will be a co-working space, an event hall, a makerspace (a room with appliances and machines such as 3D printers to make prototypes and items in small batches), and acceleration and other programmes. We will also build a small restaurant for the visitors. The third pillar is education. We want to offer, together with different partners, a range of courses."

Why Mombasa?

OLIVIER VANDEN EYNDE. "Mombasa is the largest port of East-Africa. The East-African Union consists of Kenya, Tanzania, Uganda, Rwanda, Burundi, and South Sudan. Together, these six countries have about 175 million inhabitants. The potential of Mombasa is still not fully utilized today. In the city and the surrounding area, one and a half million people live, but the materials that come in through the harbor go directly to Nairobi via a badly managed logistic way to be sold or processed over there. Afterwards, these products often return to Mombasa to be shipped on the same boat to Durban or elsewhere. There aren't many jobs in Mombasa, and the brain drain is significant.

"We want to introduce an incubator, an accelerator (growth drivers, and in an accelerator start-ups often receive starting capital), and an investment fund in Mombasa. These don't exist yet in the city. In Nairobi they do. Another unique aspect is that we want to set up a makerspace. A young woman or man that wants to, for example, make a set of backpacks with discarded plastics will find the necessary tools there to produce a prototype. Or someone who wants to measure humidity in inhospitable areas with

drones (something that now often still happens via an NGO's 4x4s) could also find tools here. We want a makerspace for high-tech stuff, but equally for prototypes without technology. Kenya remains an economy with a large number of people who lack a proper education."



How will you finance this project?

OLIVIER VANDEN EYNDE. "To finance this project on a five-year basis, we need 5,4 million euros, including the starting costs for the fund we have in mind. The money will come from a matching fund of a European country – which has to be confirmed in June – (for every euro that will be collected in the private sector, the government will add one euro), a bank loan, an investment from Close the Gap and myself, and from a number of impact investors, among whom a West-Flemish, and a Canadian entrepreneur.

"We want to reach 3500 tech entrepreneurs in the first five years, where we assume that 10 per cent will develop into a successful company. In those companies, we will invest via subordinated debts or venture capital for amounts between 50.000 and 500.000 euros from the fund. We have already established a pilot fund, which has invested in a couple of start-ups to experience how the business of investing works exactly. After four years, we want to be profitable. We aim to create 50 direct and 300 indirect jobs from 2020 onward and increase that number with 20 per cent every year."

"Mombasa still has a large number of challenges considering the flow of women in the field of technology. That's why we want 60 per cent female NEETs in our programmes (youth who doesn't work, doesn't go to school and doesn't follow an internship programme). We receive a premium from the Kenyan version of the VDAB, our Flanders public employment service, to help these young people get a job."

You also see a connection with migration to Europe. How exactly?

OLIVIER VANDEN EYNDE. "The UNDP (United Nations Development Program) speaks of a radicalization belt. This belt runs under the Sahara desert from Kenya in East-Africa to Nigeria in West-Africa. The youth in this region is strongly radicalized, especially in the coastal areas. Think for example of terrorist organisations such as Boko Haram in Nigeria and Al Shabaab in East-Africa. I hope, with Close the Gap, to create a model that creates opportunities for these young people (who are now radicalizing, using drugs and crossing the belt to become refugees in Europe), through innovation. In that way, we can show the European Union that what we are doing is not charity, but actually the creation of jobs, through which we also keep Europe safe."

Bio

- Born in Leuven, Belgium, on 25 December 1979
- 2003 Degree Business Engineer Solvay Business School (VUB)
- 2012 Launch of spin-off WorldLoop, that sustainably recycles e-waste in Africa
- 2014 Launch of the Close the Gap Foundation to support initiatives that reduce the digital divide between North and South.
- 2015 First Digitruck arrives in Tanzania to increase IT literacy
- 2015 Close The Gap refurbishes its 500.000th computer in Mechelen
- 2017 Pursues an Executive Master Corporate Finance at Vlerick Business School
- 2018 First investment in start-ups and the beginning of the new strategy to support tech entrepreneurship in East-Africa.
- September 2019 moves to Mombasa