

Position paper

Digital economy for a connected Africa

Some believe that Africa does not need a transition. The continent would already be able to make the digital step up without worrying about the intermediary steps, due to its specific configuration: a young population - 50% of Africans will be under 25 years of age in 2050 - and a fast-growing urbanisation - 60% of the continent's population will be living in urban areas by 2050, as compared to 39% today - which will lead to an unprecedented acceleration of the digitalisation process.

As with all the innovations of our century, civil societies seem to be ahead of the legislators. However, it is only through major investments in infrastructure, innovative projects and training of the continent's youth- that it will be able to keep up with what is already being called the "4th industrial revolution". Governments and the private sector have a key role to play in this quest.

The Africa Digital Economy Forum aimed to put the digital economy at the heart of Africa's challenges, leading to concrete actions, both in terms of investments and regulation of the digital ecosystem. To this extent, the event - whose innovative nature was praised by President Macky Sall - brought together important figures from different backgrounds: ministers, top executives from the private sector, visionary entrepreneurs and professors who exchanged their perspectives and feedback around numerous round tables and keynotes.

Four main themes emerged from the event: the digital strategy of African States, the development of digital infrastructure in Africa, digital innovation, and the development of talents. As described below many data and structuring axis have emerged:

1- The digital strategy of African States

The discussions at the Africa Digital Economy Forum highlighted one conclusion: the African continent must not accept that the rules of the digital game are decided without it.

Today, digital technology represents between 7% and 10% of the GDP of many African countries, which are developing innovative and promising strategies in this area. In Senegal, for example, the "Senegal Digital 2025" strategy aims to breathe new life into the digital sector, by providing new relays and sources of growth for the digital players, in order to increase the digital sector's share of GDP up to 10% by 2025.

Similarly, at the pan-African level, a real political will has emerged from the Heads of State to catch the digital train. This welcomed dynamic materialise itself through the Smart Africa alliance. This alliance brings together 32 African States and aims to create a political and regulatory environment favourable to the creation of partnerships, businesses, and jobs. Smart Africa aims to support the evolution of African countries towards an ICT-based economy and to increase Africa's competitiveness in the global economy.

We are convinced that ICTs have the potential to level the global playing field, release human capital and realise its full potential. More than ever, African decision-makers must base their strategies on the digital economy and place it at the centre of the continent's development.

2- Digital infrastructure development in Africa

Some striking data were put forward by the experts invited to the conference, highlighting the contours of digital coverage in Africa:

- The Internet penetration rate in Africa is 39.8%;
- Only 60% of Africans have access to electricity;
- According to GSMA, out of a sample of 1,084 million people, 303 million (28%) were connected to the mobile network, 206 million were not covered at all (19%) and 575 million people (53%) lived in areas covered by mobile broadband networks but were not yet using these services.

These figures underline the fact that despite the recent positive developments and changes in Africa, there is still a significant lack of infrastructure. In this sense, mobile broadband is one of the key infrastructures for the development of Africa's digital economy of the future. According to World Bank studies, each 10% increase in broadband penetration can generate up to 1.5% of GDP growth. However, while broadband penetration and average speed in Africa have increased exponentially in recent years, it is still far from the global average.

Yet, mobile broadband is a technology that can help the continent move faster towards achieving the Sustainable Development Goals (SDGs), by offering innovative solutions in all sectors of African economies (agriculture, industry, education, health...).

Finally, underwater cables are also among the most promising infrastructures for the development of connectivity in Africa. They allow for a more secure and wider connection. In this sense, they have a positive impact on costs and thus contribute to reducing the digital divide throughout Africa.

3- Digital innovation

With Africa's demography growing at an exponential rate, entrepreneurship is one of the main drivers of the continent's potential demographic dividend. However, Africa as a whole currently has only 7 start-ups known as "unicorns", in the sense that they have been valued on the stock market at more than one billion dollars.

Entrepreneurship in Africa is therefore a sector to be encouraged by both public authorities and private investors. To date, many countries have adopted so-called "Start-up Acts". These are designed to facilitate the launch and development of start-ups at national level and include measures structured around a merit label, as well as numerous advantages for entrepreneurs and investors. In Africa, Tunisia, Côte d'Ivoire, Senegal, and Rwanda have adopted such schemes.

4- Developing digital talents

With regard to talents, one of the difficulties encountered by African economic players is the scarcity of talents capable of turning their ideas and visions into reality.

Although the continent is aware that a large part of its youth still needs to be trained to meet the growing demands of the increasingly professional labour market, the road ahead is still long.

In order to overcome this difficulty, it is necessary to focus on training policies, giving priority to the teaching of skills related to new technologies. These can be initiated and financed by private actors committed to Africa: the Huawei Group, for example, has been active in investing several hundred million dollars through unprecedented programmes. For example, *Seeds for the Future* and *the ICT Academy* benefit more than 1.5 million people in 150 countries - including many African countries. In addition, the *ICT Academy* initiative has already helped train more than 41,000 people in the 28-country "Northern Africa" region alone.

African States also have a role to play, and some of them even show notable statistics in this area. Tunisia, for example, is the second country in the world with the largest number of graduates in the information sciences and technology sector in relation to its population. A promising singularity: there is a strong international demand for Tunisian graduates in these specialties which are open to the future.

5- Conclusion

The development of digital ecosystems is an excellent leverage for boosting the economies of a continent which, thanks to digital technology, has been undergoing major positive changes for several years. Thus, the Covid-19 pandemic could be an opportunity test: it has planted the seeds of a new imagination of the African economic structure on a large scale. Across Africa, change is under way; the continent must seize the digital opportunity to accelerate the development it has been promised.

The Africa Digital Economy Forum was an opportunity to reach conclusions that will impact both the public and private sectors.