

Keynote Address Presented at the 9th Africa ICT Alliance
(AfICTA) Annual Summit 2021 Holding Virtually from 8th - 9th
December 2021

Theme:

“Accelerated Digitalization for Economic Revolution in Africa: Prospects
and Challenges”

By:

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For:

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PROTOCOLS.....

It is my pleasure being invited to present this keynote at this auspicious 9th Annual Africa ICT Alliance summit holding virtually this day December 8, 2021, Themed 'Accelerated Digitalization for Economic Revolution in Africa: Prospects and Challenges'.

1. INTRODUCTION

Digital Economy is the Worldwide Network of Economic activities, Commercial transactions and Professional interactions enabled by Information and Communications Technologies (ICT). It can be succinctly summed as the Economy based on Digital Technologies.¹ It also refers to the Economic activities that result from billions of everyday life using the emerging technology connections among: People; Businesses; Devices; Data, and Processes.

The Backbone of Digital Economy is hyper connectivity which means growing interconnectedness of People, Organizations, and Machines that results from the Internet, Mobile Technology and the Internet of Things (IoT).

2. PROSPECTS

Digitalization is a driving force for innovative, inclusive and sustainable growth. Innovations and Digitalization are stimulating job creation and contributing to addressing poverty, reducing inequality, facilitating the delivery of goods and services, and contributing to the achievement of the Sustainable Development Goals.

Covid-19 pandemic impacted profoundly, the health and livelihoods of Individuals, Families and Communities not just in Africa but around the globe. Resulting from this, connectivity has assumed a lifeline, driving myriads of social and economic activities, that support new ways for Enterprises to operate safely and facilitating effective

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https://www.google.com/search?q=digitalization+for+economic+revolution&rlz=1C1GCEB_enNG970NG970&oq=digitalization+for+economic+revolution&aqs=chrome..69i57j33i160l2.18481j0j7&sourceid=chrome&ie=UTF-8

response measures from Governments and other Stakeholders. The transformative power of Digital Technologies and Connectivity empowers people, creating environments that nurtures Innovation and triggers positive change in business processes and in the global economy.

We will be looking at the prospects of Digitalization from the standpoint of Smartphone adoption, Internet penetration, Internet connection speed, e-Government, e-Agriculture, e-Commerce and Digital financial inclusion.

i. Smartphone Adoption

272 million Africans are now connected to the Internet on Phones. This is just 26% of the population.² Smartphones are a key tool for accessing the Internet and for transferring data. This is especially the case in most developing countries. These category of countries are also referred to as Low and Middle-Income Countries (LMICs) where fixed broadband connection and computer use are almost nonexistent. Smartphone adoption rates, as measured by the proportion of Smartphones in all Mobile connections, rose in all regions in 2016–2019.

Smartphone adoption rate is low in Sub-Saharan Africa, It, however, is forecast to experience high adoption growth by 2025. The growing trend in Smartphone adoption is parallel to improvements in affordability of Smartphones and Data plan subscriptions. However, Smartphone adoption continues to rise rapidly in the region, reaching 50% of total connections in 2020, with cheaper devices becoming available. Over the next five years, the number of Smartphone connections in Sub-Saharan Africa will almost double to reach 678 million by the end of 2025 – an adoption rate of 65%.

² http://www.connectingafrica.com/author.asp?section_id=761&doc_id=764310



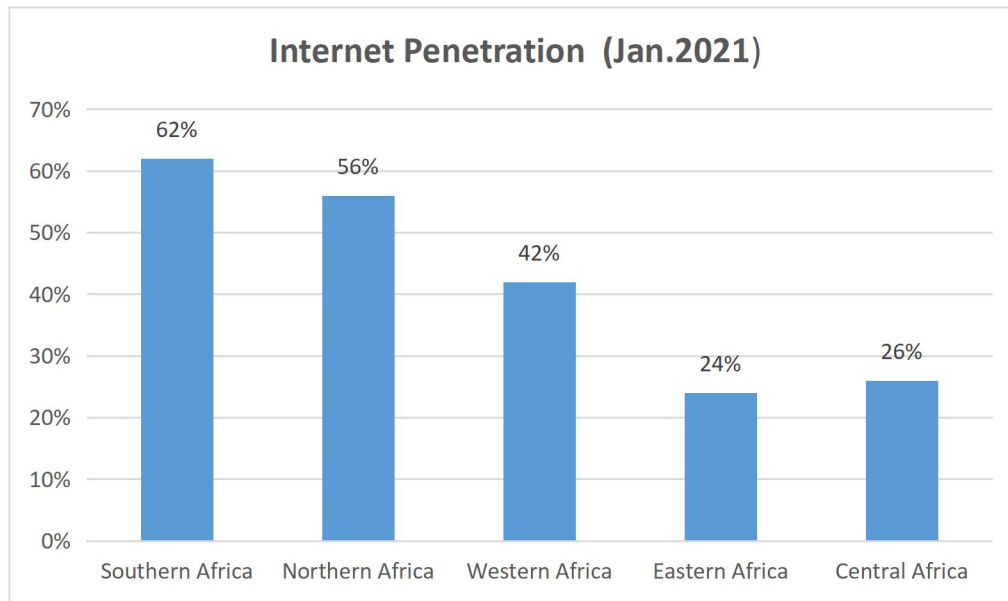
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ii. Internet Penetration

Internet Penetration Rate in Africa as at January 2021, by Sub Region:

African Regions	Internet Penetration (Jan. 2021)
Southern Africa	62%
Northern Africa	56%
Western Africa	42%
Eastern Africa	24%
Central Africa	26%

As at January 2021, Southern Africa was the Sub-Region with the highest Internet Penetration rate in Africa, at 62 %. The share of people using the Internet in this area of Africa was even above the World average (59.5 %). In contrast, Eastern and Middle Africa recorded the lowest rates, 24 % and 26 %, respectively.



iii. Speed of Internet Connection

The speed of Internet connections is a key determinant for the capacity to generate and use Data traffic. As the Technology and use of the Internet have been evolving very rapidly in the last 20 years, the quality of connection matters. Different average speeds of connection may be good enough for basic activities, such as Internet browsing or emailing, but not for others, such as Video calls.

In 2020, the speed of the Fixed Broadband Internet connection was on average higher than the speed of the Mobile Broadband Internet connection within all groups of Economies, except in Low income and Developing Countries.

iv. E-Government

Electronic Government (e-Government) is the application of Information and Communication Technologies (ICTs) to Government functions and procedures with the purpose of increasing efficiency, transparency and citizen participation. The activities of Government in the 21st Century will be impossible without the ICT, which is needed in the communication between Government Agencies to fast tract discussions and Policy processes.

v. E-Agriculture

Agriculture plays major role in the economy of developing countries. The need to uplift the development of Agriculture is therefore very important. E-Agriculture is one of

such concept that play very important part in the enhancement of Agricultural processes. The major role of ICT in Agriculture is its capability to aid wide access to Information that support knowledge sharing and decision making.

The usage of ICT in Agriculture is growing by the day. In recent past, within the last decade, farmers' behavior towards accessing Agricultural Information has changed due to the emergence and rapid growth in ICT. With this emergence, ICT use in Agriculture also increases by the day.

Modern Information Technologies is able to increase the Agricultural productivity, transferring Knowledge and Information to Agricultural Practitioners from the Rural Communities. Application of ICT in Agriculture ranges from the need of each of these Stakeholders who are directly or indirectly involve in Agriculture.

vi. E-commerce

E-Commerce market includes online sales of physical goods to private end user(s). Included in this definition are purchases via Computer as well as Mobile purchases via Smartphones and Tablets.

Nigeria is the 35th largest market for e-Commerce, with revenue of US\$5 billion in 2020, placing it ahead of Czech Republic and behind Israel. With an increase of 42%, the Nigerian e-Commerce market contributed to the worldwide growth rate of 26% in 2020. Revenues from e-Commerce continue to increase. New markets are emerging, and existing markets also have the potential for further development³.

vii. Digital financial inclusion

Digital financial inclusion involves the deployment of cost-saving digital means to reach currently financially excluded and underserved populations with a range of formal Financial Services suited to their needs that are responsibly delivered at costs affordable to Customers and sustainable for Providers.

Digital Financial Services — including those involving the use of Mobile Phones, have been launched in more than 80 countries, with some reaching significant scale. As a result, millions of formerly excluded and underserved poor Customers are moving

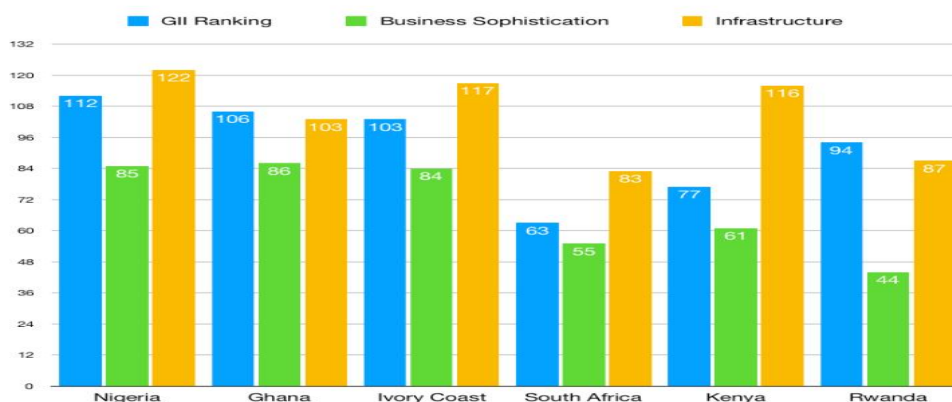
³ <https://ecommercedb.com/en/markets/ng/all>

from exclusively Cash-based transactions to formal Financial Services: Payments, Transfers; Savings; Credit; Insurance; and Securities — using a mobile phone or other digital technology to access these services. And the picture is continuing to shift rapidly with the emergence of ever more new technologies⁴.

3. CHALLENGES

Coverage/Access Gap: Despite the impressive track record of improvement of Africa’s Digital Economy, one must be wary not to rely on Continental generalizations that overlook the uniqueness of: Regional; National and Local Digital developments. First of all, Africa’s digital revolution is not continentally uniform. From 2014 to 2018, 130 million more Sub-Saharan African Mobile Users were connected to Mobile Internet. Yet gaps in coverage and access remain. As the Global Innovation Index (GII) indicates, ICT access, use, Governmental online service, and e-Participation are higher in North Africa than in Sub-Saharan Africa. Mauritius leads the Continent in ICTs (66th, 66.3), followed by South Africa (67th, 66.3), Tunisia (69th, 65.4), Morocco (74th, 62.5) and Ghana (86th, 54.5). There is much regional disparity: Burundi (126th, 22.9), Malawi (127th, 20.4), and Niger (128th, 18.7) are among the lowest-ranked.

Figure 1: Global Innovation Index (GII) 2019 Infrastructure vs. Business Sophistication Rankings

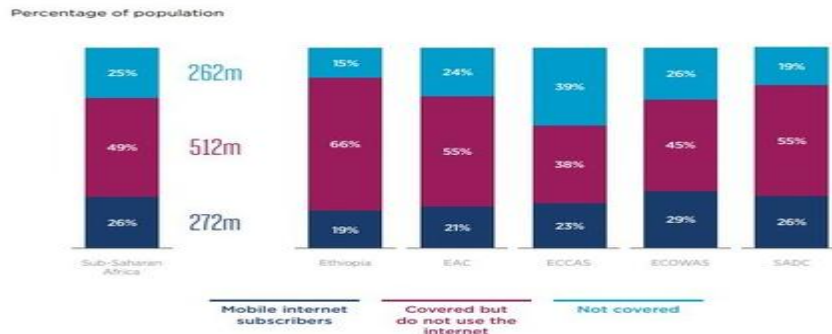


Source: <http://www.connectingafrica.com/author.asp>

⁴ <https://www.worldbank.org/en/topic/financialinclusion/publication/digital-financial-inclusion>

Mobile Usage Gap: Mobile usage gap is also a major issue, with 49% of the Population in the region remaining unconnected to Mobile Internet despite living in areas covered by a Mobile Broadband Networks.

Figure: Percentage of population



Affordability - The high cost of smartphones, relative to average income levels, and limited digital skills among rural and less literate populations are the main barriers to mobile Internet adoption. However it's predicted that nearly half a billion people will be using mobile Internet in sub-Saharan Africa by 2025, and a third of those will come from Nigeria and Ethiopia⁵.

Other challenges include:

- Strengthening the coordination Framework,
- Aligning Policies and Sector Regulation
- Need for massive scaling-up of Investment
- Dedication of resources.
- Inadequate access to latest Technologies,
- Sophisticated Telecommunications Infrastructure,
- Relatively low digital readiness,
- Low Computer Literacy and other Cultural and Socio-Economic factors
- Nearly 300 million Africans live more than 50 kilometers from Fiber or Cable Broadband connection, hence the lack of widespread availability of High-Speed

⁵ http://www.connectingafrica.com/author.asp?section_id=761&doc_id=764310

Internet remains a significant hurdle for Africa to fully harness the potential of digital transformation

- Infrastructural weaknesses and deficiencies in the business landscape. Many Digital Developments and Innovations are stifled by strict Legislative and Political Environments.
- Access to the Internet remains out of reach for most people in the continent, with only 22% having access as reported in 2017. Too few Citizens have Digital IDs or Transaction Accounts – locking them out of access to critical services and e-Commerce⁶.
- Digital Startups struggle to attract funding and ‘Traditional’ Businesses are only slowly adopting Digital Technologies and Platforms to boost productivity and sales.
- Few Governments are investing strategically and systematically in developing Digital Infrastructure; Services; Skills and entrepreneurship. To become tomorrow’s innovators, entrepreneurs and leaders, Africa’s youth need to be empowered with the digital skills and access to technology and markets that are essential to thrive in an increasingly digitized global economy. Governments need to find more nimble and effective means of delivering services and interacting with citizens. Businesses need to utilize digitally-centered business models to connect with the hundreds of millions of customers previously out of reach due to geography or low income.
- In Nigeria, poverty and poor literacy level also have had a degenerative impact in the accelerating economic impact of digitalization as low income earners within the suburban areas usually find it difficult to adopt new and trending technologies;

4. CONCLUSION

⁶ <https://www.worldbank.org/en/programs/all-africa-digital-transformation>

To fully reap the benefits of Digitalized Economy; Governments and relevant Stakeholders as a general rule need to get the following foundations right:

1. Data and Privacy
2. Cybersecurity
3. Internet Access and Governance
4. Policy making for a digital era
5. Skills, capabilities and infrastructure gaps

There is need for periodic review of the Regulatory Instruments within the ICT Industry because as Technology improves and digitalization is enabled, Regulations, Guidelines and other Legislative documents need to be constantly reviewed to reflect on the current trends and support Digital Economy.

Thank you for listening.

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