

# How technology can create new pathways for inclusive growth

The “Africa Rising” narrative is increasingly giving way to that of “Aspiring Africa”, as the Base of the Pyramid (BoP) shrinks and the new middle class burgeons. Central to this new narrative is inclusive growth: the idea that economic growth must come with equitable opportunities for all participants, with benefits enjoyed by every section of society.

By [Wim van der Beek](#) 31 Jan 2017



Wim van der Beek

As Africa develops, it is pivotal to ensure that the currently underserved majority feels the benefits. This is not only about poverty reduction, but about creating opportunities for lower-income segments to generate wealth. It is a virtuous cycle; inclusive growth equals faster and better economic growth.

If we can ensure that Africa’s economic development happens in a more equitable and sustainable way, the macroeconomic positives are myriad. Offering young, aspiring Africans the opportunity to create wealth, has the effect of turning this demographic into producers and consumers of additional products and services.

## The role of technology in inclusive growth

Africa’s mobile revolution has offered entrepreneurs an opportunity unlike any other to disseminate products and services that can contribute to inclusive growth on the continent. It enables digital innovation that allows African entrepreneurs and developers to leapfrog technologies, creating access to previously unavailable services for the majority.

Finance is a key enabler of growth, which is why the provision of accessible and affordable financial services

to the majority of Africans is a prerequisite for faster and more sustainable development. Access to financial services increases access to other opportunities, hence fintech becoming central to Africa's inclusive growth story.

For example, South Africa's [Nomanini](#), is allowing informal merchants to improve their income generation capacity by selling airtime and other digital services through their point of sale (PoS) devices. This creates ripple effect. By increasing the wealth-generation capability of the majority, it allows them to access additional products and services and contribute to economic growth.

The trend goes beyond financial services, however. In healthcare, diagnostic apps such as [Vula Mobile](#) are making world-class diagnostics available to lower-income segments in a more affordable way.

Companies in the education space are making digital content available to young Africans, while in agriculture mobile is being used by companies like Kenya's [WeFarm](#) to disseminate crucial information for farmers, having a direct impact on their productivity and wealth-generation abilities.

Africa is seeing the same technology innovations that are emerging in developed countries, however, they are used in a unique manner. In Africa, technology is not replacing or assisting existing infrastructure; it is creating the infrastructure where there is none. Brick-and-mortar clinics, schools and grid-powered electricity are not in place across vast swathes of the continent. And they will not reach every rural village or urban slum in the future. Instead, these services will be provided more and more through innovative mobile technologies, reducing the need for expensive physical infrastructure.

In its ability to democratise and increase access to more affordable services that have, until now, remained inaccessible to the majority of Africans, technology has the potential to play a huge role in ensuring inclusive growth on the continent, opening up new opportunities for aspiring Africans.

## **Laying the groundwork for inclusive growth through technology**

It is evident that from financial services to education, healthcare to transport, technology can be a key enabler in ensuring the benefits of Africa's economic development are felt by all. There are four factors that are critical in enabling the growth in of the inclusive digital economy:

The first is improved access to the internet. Without access to mobile internet connectivity, the digital innovation that makes products and services more affordable to the majority remains out of reach. Approximately only one-third of Africans currently have access to the internet.

This issue is, fortunately, being addressed. Internet penetration in Africa has grown to almost 30 per cent from just 11 per cent five years ago. Internet bandwidth on the continent increased by 41 per cent between 2014 and 2015, according to research from TeleGeography, with the growth being driven by the increasing prevalence of 3G and 4G connectivity.

The second prerequisite for enabling inclusive growth through digital innovation is increasing access to smart devices. Getting the right devices into the hands of Africans is crucial to ensuring access to opportunities. Here too we are seeing significant progress. The number of smartphones across Africa has [almost doubled to 226 million over the last two years](#), according to the GSMA, as entry level prices are falling rapidly.

Another key factor for inclusive growth is reducing the cost of communication. The majority of Africans will remain unable to access digital services if they cannot afford data bundles or voice calls. But with data prices falling across the board and OTT services such as WeChat and WhatsApp enabling cheaper communication, this issue too is being addressed.

The fourth factor is reducing the cost of creating technology solutions. Whereas in the past the development costs of a mobile or web application would have been unaffordable to many digital entrepreneurs in major markets, thanks to lean methodologies and open source platforms like [GitHub](#) the process is now simpler and cheaper. This drop in the cost of technology has created opportunities for the development of more innovative applications to meet African needs.

## **Africa's inclusive digital future**

There are many reasons to be positive about 'Aspiring Africa' and the impact of the digital economy.

The continent is brimming with the energy and passion of a young generation of ambitious innovators and entrepreneurs. And Africa is the youngest continent populated by digitally savvy and creative Africans that are keen to grab the opportunities that the digital economy creates for them as economically included citizens. The widespread emergence of tech ecosystems across the continent is supporting a rapidly growing number of increasingly impressive startups and innovative solutions. The increased accessibility and falling cost of relevant services through internet-enabled smart devices, is putting these innovations in the hands of the young and aspiring African mass markets.

These innovations are changing the lives of the average African byte by byte, day by day. As the majority of Africans enter the digital economy, technology innovations are playing a pivotal role in creating the inclusive growth story that is changing the face of the continent. Our firm invests in many technology innovators. Working with these passionate young entrepreneurs on the ground on a daily basis, it is hard not to be optimistic about the inclusive digital economy that is taking shape in Africa as we speak.

*[\\*\\*First published via CNBC Africa](#)*

### **ABOUT THE AUTHOR**

Wim van der Beek is founder and managing partner of Goodwell Investments, a pioneering impact investment firm focused on financial inclusion and inclusive growth in other sectors providing basic goods and services and income generation opportunities to the underserved.

For more, visit: <https://www.bizcommunity.com>