

## New study highlights opportunities to optimise digital evolution in Africa

A recent research collaboration between the Mastercard Center for Inclusive Growth and The Fletcher School at Tufts University highlights the strengths and opportunities of six major countries in Africa for harnessing the true potential of technology to drive inclusive growth.



Raghav Prasad.

With financial support from the Mastercard Impact Fund, the African Leapfrog Index (ALI) – which was launched during the World Economic Forum on Africa – uses Egypt, Ethiopia, Kenya, Nigeria, Rwanda, and South Africa as examples to provide insights on key drivers that could accelerate digital inclusion across the continent. The ultimate aim of the report is to help countries across Africa optimise their burgeoning digital evolutions, in order to accelerate economic development. The countries were selected based on their size, economic growth, the median age of residents, quality of governance, and digital momentum.

### Optimism

There are many reasons to be optimistic about the transformational potential of digitalisation in Africa. According to the ALI, Kenya, for example, has seen the greatest amount of digital change over the past decade of all African countries studied, and currently has over 80% internet penetration. Going forward, the country's potential to leapfrog will benefit from leveraging this digital change to nurture jobs in the digital economy, such as online freelance, ridesharing, and in e-commerce.

With nearly 50 million people added to the labour force in the next few years, most of whom will fall somewhere on a spectrum between digitally sentient and digitally sophisticated, the digital economy is poised to be not just the driver of consumption, but also of livelihoods.

South Africa, in particular, has been highlighted in the research for its ease to create highly skilled digital jobs, primarily driven by strong consumer demand and an institutional environment with friendly regulations. Expanding the integration and use of digital technologies across all segments of society, particularly to those who sit at the lower end of the pyramid, will help the country tap into the full potential of this environment.

Raghav Prasad, Divisional President, Sub-Saharan Africa, Mastercard said “Digitisation has the greatest potential to overcome infrastructure barriers to accelerate inclusive economic growth across multiple sectors of the economy. Independent research like the African Leapfrog Index equips policymakers and community leaders with data-driven insights to inform economic development, and it can help other key stakeholders across all sectors better understand the opportunity for – and pathways to – digital inclusion on the continent.”

The six countries were examined against three primary variables for harnessing digital technologies to facilitate development and inclusive growth. These variables are, *Ease of Creating Digital Jobs*, *Resilience of Governance and Infrastructure* and *Foundational Digital Potential*.

Speaking on the findings of the research, Professor Bhaskar Chakravorti, Dean of Global Business at The Fletcher School at Tufts University said, “The ALI is intended to help countries and stakeholders in Africa recognise where the potential for technology-led leapfrogging is high. This means acknowledging the strengths of each country and which policy areas are prime candidates for intervention to enable stakeholders to prioritise resources appropriately.”

## Highlights

Other highlights include:

- Leveraging its strengths in governance, digital evolution and mobile money, Rwanda has the potential benefit from investments in infrastructure, greater internet penetration and online freedoms.
- With the largest population of all six countries, Nigeria has a major opportunity to leapfrog through improving the reliability of basic infrastructure. Continuing to invest in reducing power outages and other unintentional disruptions to the internet will be key to Nigeria’s growth potential.
- One of Egypt’s primary strengths lies in the ease of creating medium- and high-skilled digital jobs. Continuing to further efforts to drive digital payments and limit the usage of cash will significantly help drive digitalisation.
- Ethiopia has the potential for greatest digital gain from creating strong digital foundations, improving its low momentum and moving away from its near-total reliance on cash payments, towards digital payment rails.

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