

## Seeing beyond the stereotypes

More than half of Africa's one billion population has a mobile phone - and not just for talking. The power of telephony is forging a new enterprise culture, from banking to agriculture to healthcare. Africa has experienced an incredible boom in mobile phone use.

By [Richard Firth](#) 18 Mar 2013

In 1998, there were fewer than four million mobiles on the continent. Today, there are more than 500 million. In Uganda alone, 10 million people, or about 30% of the population, own a mobile phone, and that number is growing rapidly every year.

In the west, we have been adapting mobile phones to be more like our computers: the smartphone could be described as a PC for your pocket. In Africa, where a billion people use only 4% of the world's electricity, many cannot afford to charge a computer, let alone buy one. The most dramatic example of this is mobile banking.

Mobile phones carry huge economic potential in undeveloped parts of Africa. A 2005 London Business School study found that for every additional ten mobile phones per 100 people in a developing country, GDP rises by 0.5%. As well as enabling communication and the movement of money, mobile networks can also be used to spread vital information about farming and healthcare to isolated rural areas vulnerable to the effects of drought and disease. Fewer than four out of 100 Africans currently use the internet, and broadband penetration is below 1%. Texting isn't just for late night conversations and killing boredom - it's used to conduct business all over Africa.

### Underestimating the potential of Africa

People in the West are fundamentally uneducated about Africa. And it's not only the people in the street, even the educated classes know little about the continent. That's why companies and institutions systematically underestimate the potential of Africa. Two stereotypes dominate Europe's image of Africa. The crisis stereotype emphasises hunger, poverty, conflicts, corruption and widespread mismanagement, thus creating an image of helplessness, incompetence and inferiority.

The exotic stereotype accentuates the natural beauty of the landscapes, the colourful cultures expressed in textiles, music and artefacts, the mysticism and the smiles of the poor.

While both stereotypes have more than a grain of truth in them, at least two important aspects are lost in their caricatures: first, Africa's many important assets outside and beyond the stereotypes, such as widespread vibrant entrepreneurship, sophisticated intellectual elites and the ambition to be seen as a respected partner in the global community; and second, the diversity between regions, countries, cultures and socio-economic classes.

Generalising about Africa based solely on the examples of the crises in Congo-Kinshasa, Somalia and Zimbabwe is short-sighted and misleading. The differences between countries like Ghana and Nigeria or Rwanda and Kenya are at least as big as the differences between any two European or Asian countries.

### An entrepreneurial generation on the rise

African economies score some of the highest growth rates in the world, political stability is improving and a young, highly entrepreneurial generation is on the rise. And while many of Africa's problems deserve global attention, the solid business success stories beyond the crisis and the exoticism must be told as well. Not only do they provide surprising insights into the present and future of the continent, they are also the key to continuing the current rise of Africa.

During the last decade, Africa has outgrown the world economy and, despite the recent financial crisis, this trend is projected to continue in the future. For some technologies Africa even exhibits the highest growth rates in the world, mobile communication being the most prominent example.

Despite these developments, the global technological gap is most persistent, poverty is denser than elsewhere and less is known about technology in Africa when compared with other developing regions. The combination of a highly dynamic region with excellent opportunities for development on the one hand, and desperate need to improve the quality of life for a large part of the population on the other, makes Africa an exciting and worthwhile project target.

## **Looking to the future**

According to the IMF's 2010 World Economic Outlook Database, by 2015, sub-Saharan Africa's GDP is expected to near 2.5 trillion international dollars, of which the top ten economies account for almost 2 trillion international dollars. Interestingly, at the projected growth rates, Nigeria will overtake South Africa and become the largest African economy well before 2050. One driver of this economic growth lies in the high resource prices that have favoured African economies for most of the decade. But this is far from the whole story.

Angola and Nigeria have certainly grown on the back of oil and gas. However, a long list of African countries has managed to diversify their economies significantly. In Côte d'Ivoire, Namibia, Zambia, Senegal, Cameroon, Kenya, Ghana, Mozambique, Tanzania and Uganda, the contribution to GDP of the manufacturing and service sectors, such as construction, banking, telecom and retail, surpassed 65% in 2008, and is continuing to rise.

These changes are reflected in the mirror windows of the business districts' office buildings. They can be seen in coffee shops, where young urban professionals work at their laptops; they can be seen on Facebook, where millions of Africans network; they can be seen in the increasing number of African blogs and discussion forums.

Technology supports many of these developments and Africa's 21st century will be a century of technology driven change. This makes one think that Thabo Mbeki's vision of an African Renaissance might well have been a real strategic revelation!

## **ABOUT THE AUTHOR**

Richard Firth is the CEO and chairman at MPH Holdings.