Africa's Digital Economies and Digital Divide

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2023 Snapshot
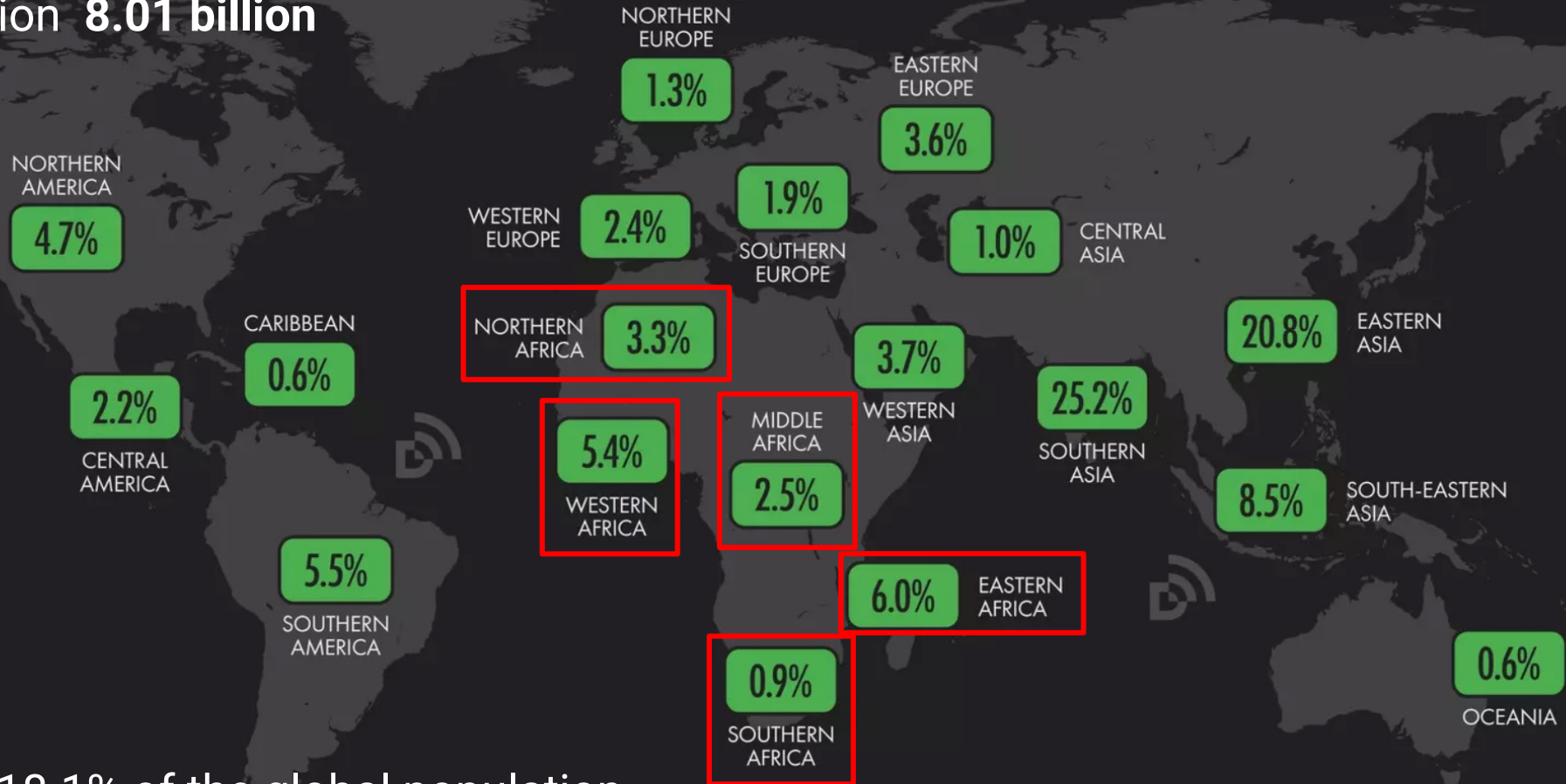
SHARE OF THE GLOBAL POPULATION BY REGION

JAN 2023

THE NUMBER OF PEOPLE LIVING IN EACH REGION AS A PERCENTAGE OF THE TOTAL GLOBAL POPULATION
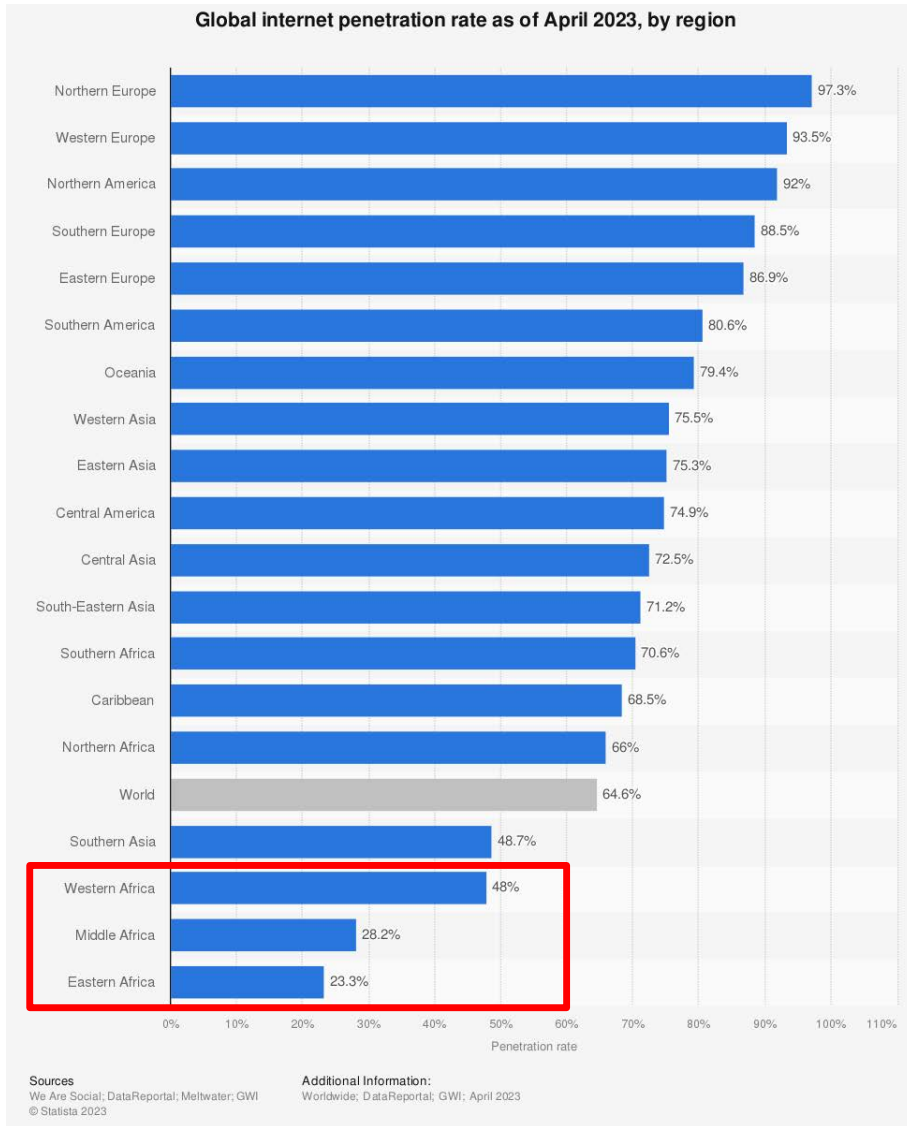
GLOBAL OVERVIEW

Global Population **8.01 billion**

NORTHERN EUROPE
1.3%

EASTERN EUROPE
3.6%

NORTHERN AMERICA
4.7%

WESTERN EUROPE
2.4%

1.9%
SOUTHERN EUROPE

1.0%
CENTRAL ASIA

CARIBBEAN
0.6%

NORTHERN AFRICA
3.3%

3.7%
WESTERN ASIA

20.8%
EASTERN ASIA

2.2%
CENTRAL AMERICA

5.4%
WESTERN AFRICA

MIDDLE AFRICA
2.5%

25.2%
SOUTHERN ASIA

8.5%
SOUTH-EASTERN ASIA

5.5%
SOUTHERN AMERICA

6.0%
EASTERN AFRICA

0.9%
SOUTHERN AFRICA

0.6%
OCEANIA

Africa is home to 18.1% of the global population

Source: Meltwater - we are social Digital 2023 Global Overview Report

15 SOURCES: UNITED NATIONS; KEPIOS ANALYSIS. NOTE: REGIONS BASED ON THE UNITED NATIONS GEOSCHEME.

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Global Internet penetration in April 2023

Global internet penetration rate as of April 2023, by region

Region	Penetration rate
Northern Europe	97.3%
Western Europe	93.5%
Northern America	92%
Southern Europe	88.5%
Eastern Europe	86.9%
Southern America	80.6%
Oceania	79.4%
Western Asia	75.5%
Eastern Asia	75.3%
Central America	74.9%
Central Asia	72.5%
South-Eastern Asia	71.2%
Southern Africa	70.6%
Caribbean	68.5%
Northern Africa	66%
World	64.6%
Southern Asia	48.7%
Western Africa	48%
Middle Africa	28.2%
Eastern Africa	23.3%

Source: Statista Penetration rate of the internet by region

Global Statistics January 2023:

Global Population **8.01 billion**

57%+ live in urban areas.

5.16 billion internet users

~64% of global population

Internet users grew worldwide by **1.9%** since January 22

5.44 billion people use mobile phones

~68% of global population

New mobile phone users globally CAGR **3%**.

Source: Digital 2023 Global Overview Report: We are social <O> Meltwater

INTERNET ADOPTION

JAN 2023

INTERNET USERS AS A PERCENTAGE OF TOTAL POPULATION
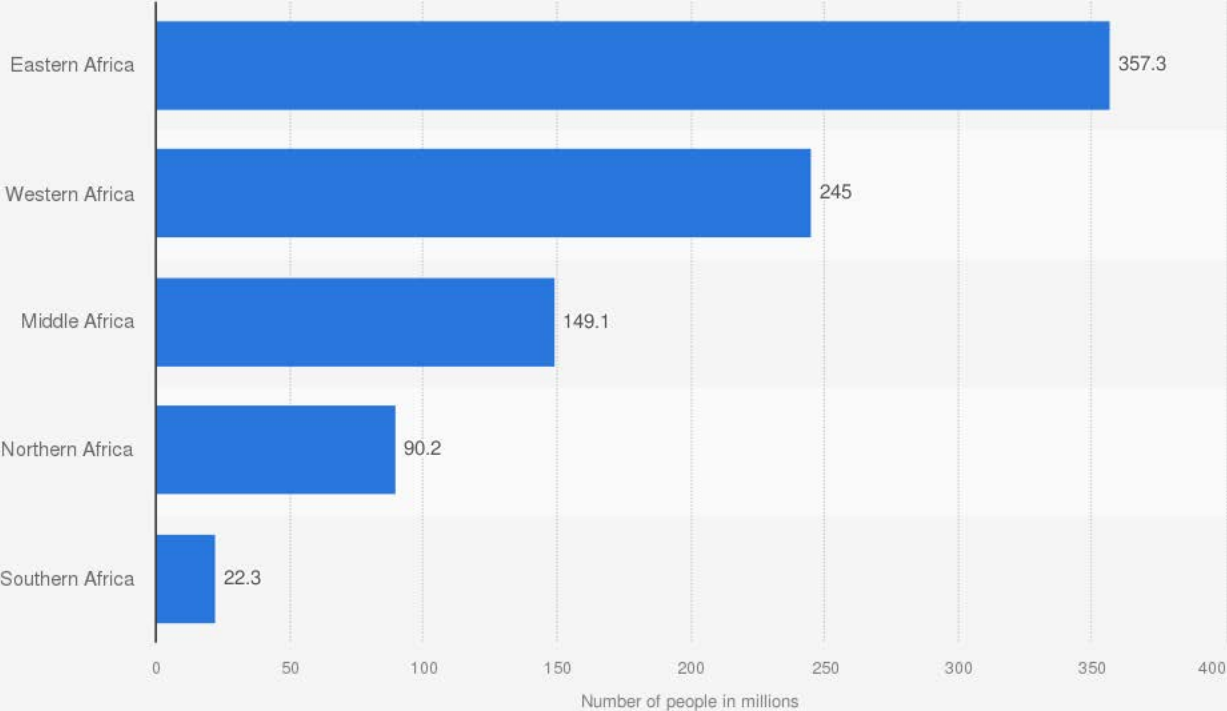
GLOBAL OVERVIEW

5.16 billion internet users

- NORTHERN EUROPE **97.4%**
- EASTERN EUROPE **86.9%**
- NORTHERN AMERICA **92.0%**
- WESTERN EUROPE **93.5%**
- SOUTHERN EUROPE **88.4%**
- CENTRAL ASIA **72.5%**
- CARIBBEAN **68.4%**
- NORTHERN AFRICA **65.9%**
- EASTERN ASIA **74.3%**
- CENTRAL AMERICA **74.9%**
- WESTERN ASIA **75.3%**
- SOUTHERN ASIA **47.4%**
- WESTERN AFRICA **48.0%**
- MIDDLE AFRICA **27.9%**
- SOUTH-EASTERN ASIA **75.6%**
- SOUTHERN AMERICA **80.6%**
- EASTERN AFRICA **23.1%**
- GLOBAL AVERAGE **64.4%**
- SOUTHERN AFRICA **70.6%**
- OCEANIA **79.4%**

Source: Meltwater - we are social Digital 2023 Global Overview Report

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Africa's Digital Divide – The "Unconnected"

Number of people who do not use the internet in Africa as of October 2022, by region (in millions)

Region	Value
Eastern Africa	357.3
Western Africa	245
Middle Africa	149.1
Northern Africa	90.2
Southern Africa	22.3

Number of people in millions

Africa Statistics 2023

Africa's Population **1.43 billion**

44%+ live in urban areas.

602 million internet users

~43% of African population

Internet users growing in Africa **13%** YOY

650 million people in Africa use mobile phones

~45% of Africa's population have mobile phones

New mobile phone users in Africa CAGR **4.6%**.

South Africa has the highest internet penetration in Africa

East Africa has the lowest

Source: Statista Offline population in Africa by region

Sources: Worldometers, We are social, Internetworldstats, ITU, Connecting Africa

~850 Million are without internet in Africa
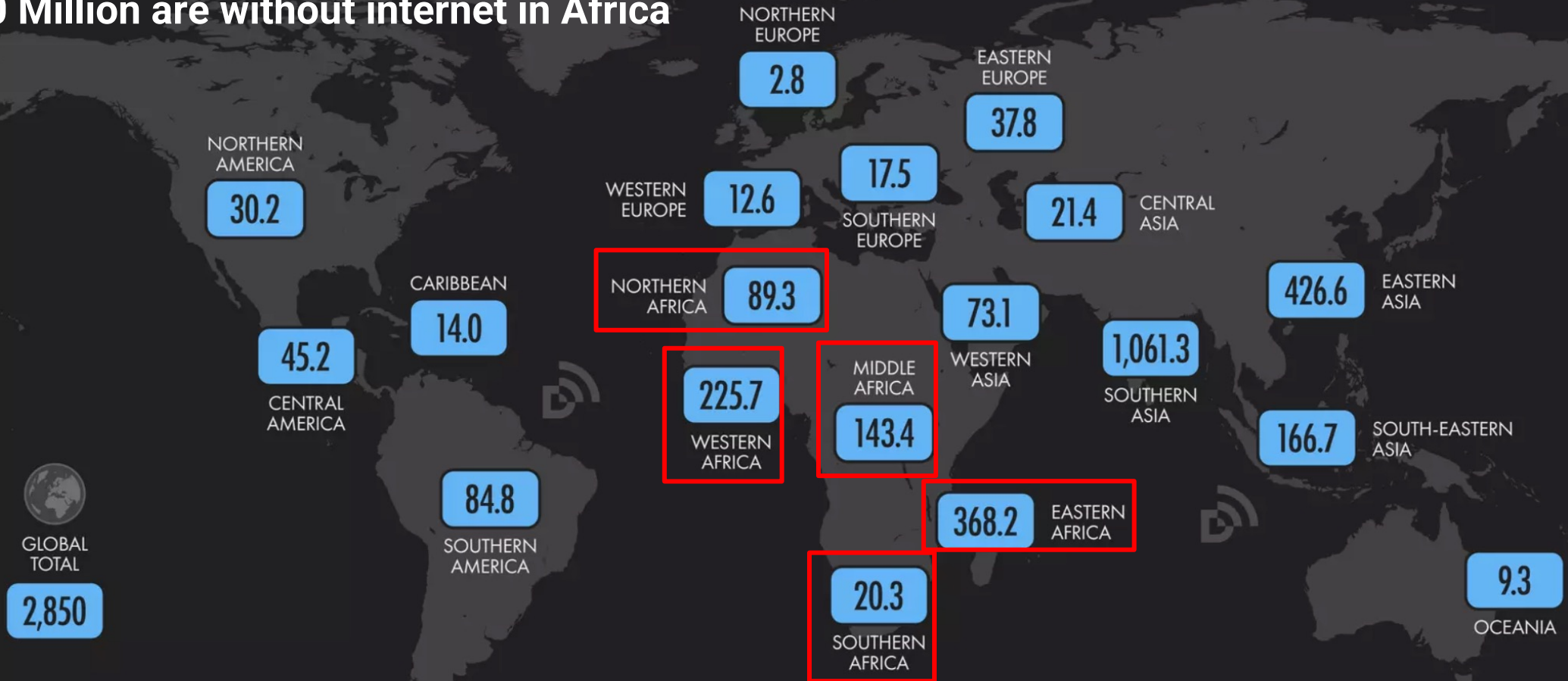
Source: Meltwater - we are social Digital 2023 Global Overview Report

The Vision

e-Conomy Africa 2020

$180bn Internet economy future

By 2025, the **internet** has the potential to contribute **nearly $180 billion to Africa's economy,** depending on the usage level of digital technologies by businesses and **the right mix of policy actions**...More generally, **increasing Internet access to 75% of the population could create 44 million jobs** "

Source: e-Conomy Africa Report

AU Digital Transformation Strategy for Africa (2020-2030)

Vision

" … **inclusive digital society and economy** …**improves quality of life** …..**strengthens the existing economic sector** ….**harness digital technologies and innovation** ….**transform African societies and economies**…**generate inclusive economic growth** …..**stimulate job creation**…. **break the digital divide**…**eradicate poverty**

Source: The African Union Digital Strategy for Africa (2020-2030)

AU Digital Transformation Strategy for Africa (2020-2030)

Objective

By **2030 all** our people should be **digitally empowered** and able to access safely and securely to **at least (6 mb/s) all the time wherever they live ... at an affordable price of no more than (1cts usd per mb)** through a **smart device manufactured in the continent** at the price of **no more than (100 usd)** to benefit from all basic e-services and content of which **at least 30% is developed and hosted in Africa**

Source: The African Union Digital Strategy for Africa (2020-2030)

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#DE4A
Digital Economy
for Africa Initiative

Aim

….every individual, business, and government in Africa will be digitally enabled by 2030

Digital Economy for Africa initiative's indicators – a "Digital Economy Scorecard" - across **the five foundational pillars of the digital economy**."

Source: The World Bank Digital Economy for Africa Initiative

DE4A: The Five Foundational Pillars

education
eLearning
job creation
digital skills
gender gap
Youth bulge
digital literacy
e-government
education
digital public platforms
cybersecurity
accessible
healthcare
data privacy and protection
affordable
reliable
corruption
digital infrastructure
broadband internet
cooperation
digital services
enable access
digital businesses
cross-border integration
growth and innovation
iGDP
entrepreneurship
rapid economic growth
digital financial services
policy reforms and investments
e-commerce
global economy
payment systems
African Single Digital Market (SDM)

Five Foundational Pillars – Digital Services and essential Assets

digital businesses

digital financial services

digital public platforms

Consumers of Digital Services

digital skills

digital infrastructure

availability

accessibility

affordability

are essential assets underpinning the Digital Economy

Enablers of Digital Services

The Enablers

Digital Skills – bridging the gap

Digital Skills

Literacy & Digital Skills are the top barrier to mobile internet usage

Lack of literacy and digital skills ranked as the top barrier to mobile internet adoption among mobile users who are aware of mobile internet. Those most affected by this barrier tend to be poorer, women, those living in rural areas and people over the age of 35 years old.

Lack of digital skills is reported as an important barrier more often than illiteracy.

GSMA reports **illiteracy is cited more than a lack of digital skills as a top barrier by people in Pakistan and Nigeria.**

Top reported barriers to mobile internet use in surveyed countries among mobile users who are aware of mobile internet but do not use it

Ranking	All countries
1	Literacy and digital skills
2	Affordability
3	Safety and security

Source: GSMA The State of Mobile Internet Connectivity 2022

Demand for Digital Skills in Sub-Saharan Africa

Top sectors requiring digital literacy & skills:

- Agriculture
- Industry
- Services

By 2030

Cote d'Ivoire will require about **5 million** workers with various levels of digital skills

Kenya will require about **17 million** workers with various levels of digital skills
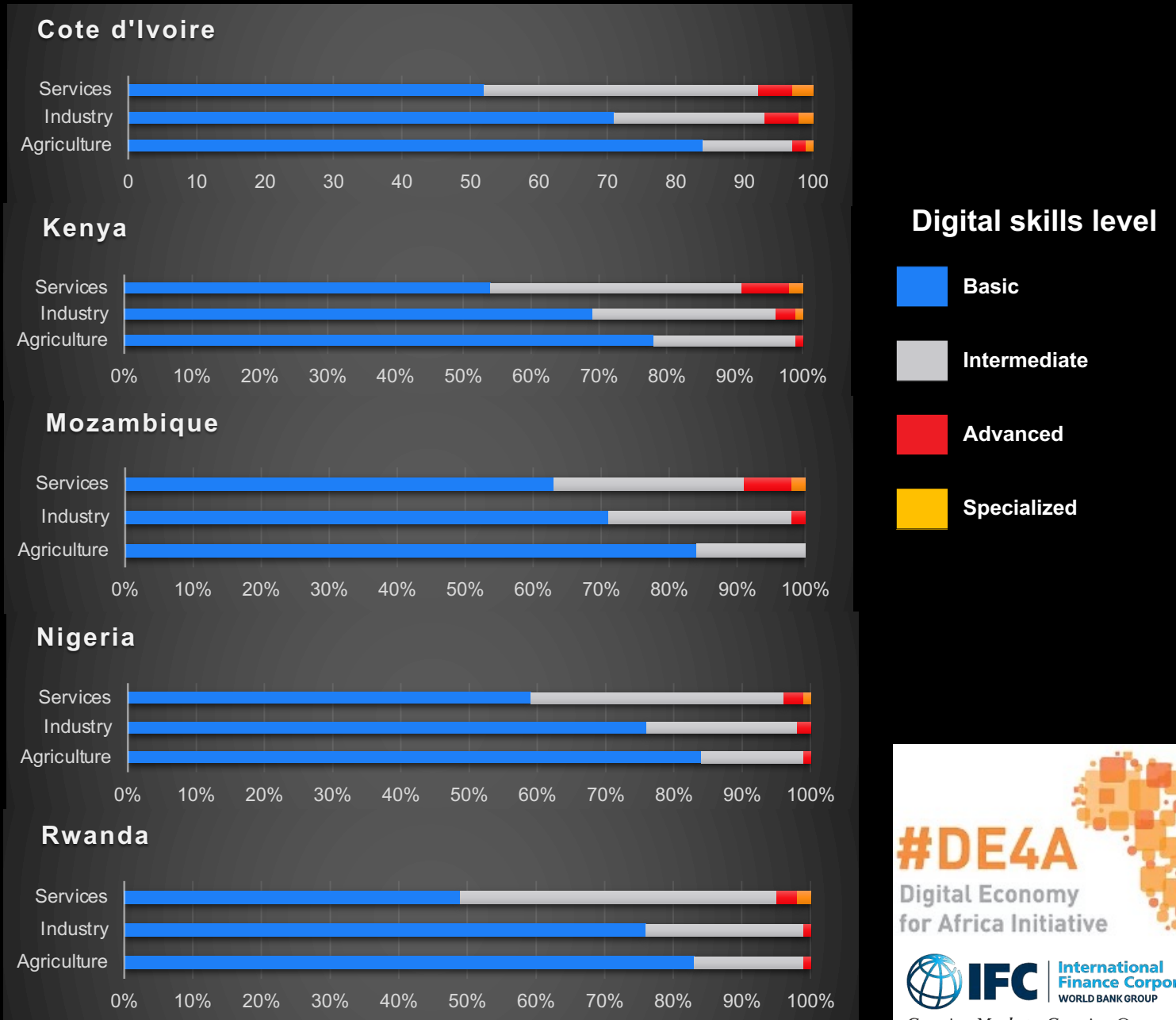
Mozambique will require about **3.7 million** workers with various levels of digital skills

Nigeria will require about **28 million** workers with various levels of digital skills

Rwanda will require about **3.4** million workers with various levels of digital skills

Source: IFC 2021:
Demand For Digital Skills in Sub-Saharan Africa by 2030

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Levels of digital skills predicted demand in 5 countries by 2030:

Cote d'Ivoire — Kenya — Mozambique — Nigeria — Rwanda

(Services, Industry, Agriculture)

Digital skills level
- Basic
- Intermediate
- Advanced
- Specialized

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Digital Economy for Africa Initiative

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Creating Markets, Creating Opportunities

Digital Infrastructure
availability
accessibility
affordability

Digital Infrastructure − availability and accessibility
Last-mile challenges continue

In 26 countries, more than half of them in Sub-Saharan Africa, at least 20% of the population are still uncovered (do not live within a mobile network footprint).

These are mostly low-income countries or ones facing geographic barriers (mountains, islands) so the business case for network deployments remains challenging.

Even in countries with better coverage such as Nigeria, **distribution network challenges remain around middle-mile and last-mile network access, bandwidth and costs of access.**

Last-mile access in 2020 was impacted by insufficient terrestrial fibre and mobile 2G use was still prevalent, with low 4G penetration. However 4G adoption is predicted rapid growth over the coming years (Omdia research, uncited).

Sources: GSMA The State of Mobile Internet Connectivity 2022
Equinix Blog: Closing the Digital Divide in Africa
Nigerian National Broadband Plan 2020-2025

Geographical spread of countries with a mobile coverage gap of 20% or greater
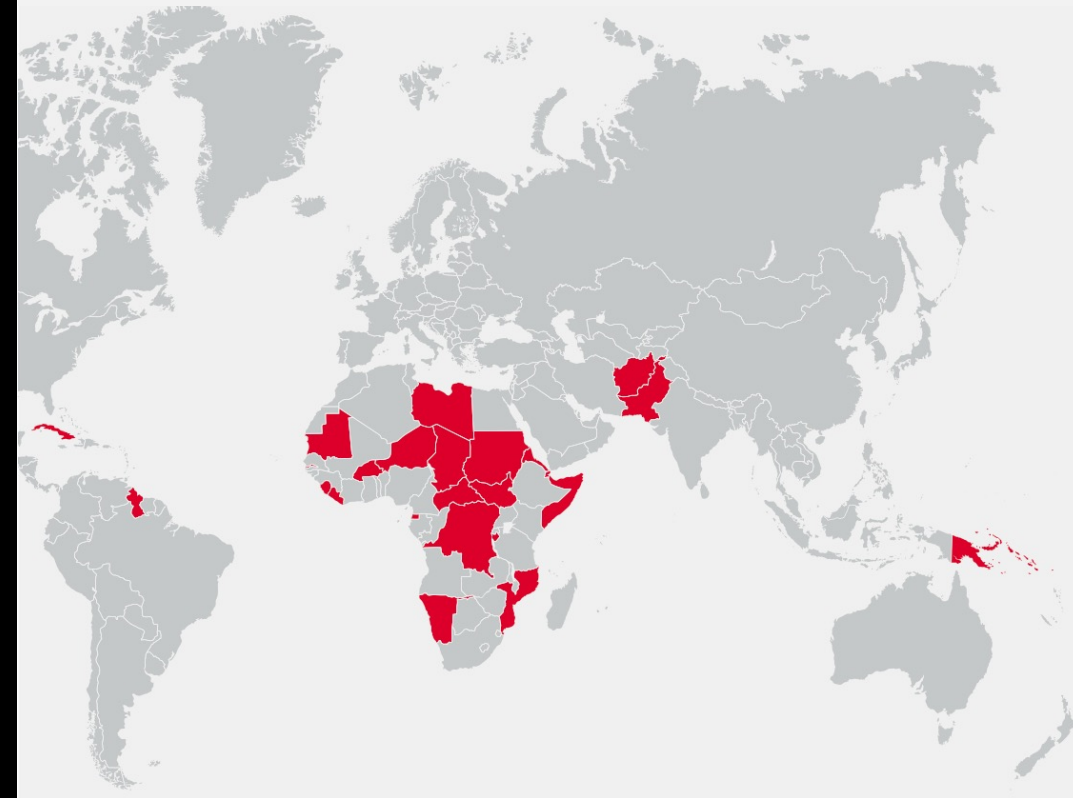
Digital Infrastructure - affordability
is the second largest barrier to mobile Internet access

Devices

"Entry-level and second-hand devices have prices ranging from $35 to $40, which is the equivalent of up to 80% of monthly wages in some African countries. **Affordability levels exceed the global 2% of monthly income target in more than 75% of countries in Sub-Saharan Africa,** largely due to the high import cost of devices. Asian brands account for 70% of the African mobile device market. As local phone manufacturing grows and structured payment plans become more prevalent, smartphones are expected to become more affordable and available. "

Data

Tariffs dropped from 13.2% of average monthly income to 6.8% between 2016 and 2019. As governments continue to implement mandates and the supply of mobile devices continues to grow, Internet access will become more widespread and affordable.

Source: e-Conomy Africa 2020 IFC & Google to 2025

Defining affordability

Affordability refers to both the ability of consumers to pay for a handset and to cover the cost of a suitable data bundle.

The affordability of mobile data and handsets has two parts:
- the cost (in local currency) of purchasing mobile data and an internet-enabled handset
- a consumer's income.[36, 37]

In this context, the lower the cost of a handset and data as a share of monthly GDP per capita, the more affordable a handset and data are. However, it is important to note that cheaper handsets are not the only way to lower the handset cost burden. Making financing more accessible and strengthening the enabling environment, including stimulating demand by increasing awareness and willingness to pay, can also increase affordability.[38]

Source: GSMA The State of Mobile Internet Connectivity 2022

Availability, Accessibility and Affordability

Lack of infrastructure

Insufficient capacity

Suboptimal routing / peering

Unaffordable Bandwidth

One common effect:

They prevent or limit effective internet use which in turn undermines national Digital Economic growth / e-GDP

Availability, Accessibility and Affordability issues explored in:

"Subsea Cables Only Go So Far"

Discussion?

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