



A4AI ALLIANCE FOR
AFFORDABLE INTERNET

Africa's Future in a Connected World

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The Night Lights of Planet Earth (Credit: NASA/GSFC via Flickr user woodleywonderworks | CC BY 2.0)

Dr Omobola Johnson, A4AI's Honorary Chair, today delivered a keynote address to thousands of attendees at the [Tech+](#) conference in Lagos, Nigeria. Her remarks looked at Africa's future in our connected world, examining the current state of connectivity and affordable Internet across the continent, innovative local companies that are leveraging ICT to solve local issues, and what we can do to work toward closing the digital divide and ensuring Africa's place in the digital revolution. Read Dr Johnson's full remarks below.

Our Future in a Connected World

Good morning, ladies and gentlemen. I am delighted to be here today to address you as the Chairperson of the Alliance for Affordable Internet — an initiative of the World Wide Web Foundation, comprising more than 80 members from civil society, and the public and private sectors, with a vision that everyone, everywhere will be able to afford a fast, reliable Internet connection. But I also stand before you as a former policymaker who had a relentless focus on increasing connectivity in Nigeria through collaborative policy design and implementation, and also as a venture capital investor seeking to capture the upside associated with technology related investments in sub-Saharan Africa. The implications of this is that I will be speaking to the areas of policy, connectivity, innovation and commerce as they relate to Nigeria's — and indeed Africa's — future in a connected world. But I assure you that I will keep to the allotted time.

We live today in a world that is more connected than ever before. In the relatively short time since its invention, the Internet has revolutionised our world and has radically altered the way we work, play, and live. With little more than the touch of a button or the swipe of a screen, we can connect with friends, even if they are halfway across the world. We can check the news and the latest football scores, watch videos and play games, search for jobs, engage in political processes, prepare for natural disasters, access financial services, buy and sell goods and services.

In fact, connectivity has become so indispensable to modern life that last year, the United Nations set a new global goal: universal, affordable Internet access for all by the year 2020. This ambitious goal underscores the importance of Internet access to global development and empowerment. But the reality is that we have a long way to go to achieve this goal. Today, over half of the world's population is still offline. That's more than 4 billion people, unable to take advantage of the connectivity and opportunities that come with Internet access.

Nowhere is this problem more acute than in Africa. Across our continent, just 1 in 5 people is online today. What's more, growth is slowing — recent statistics from the NCC have shown that. Over the past year, Internet use in Africa grew by just 1.8%. At this rate, it will take decades for Africa to reach the Internet usage levels currently seen in Europe. This gap becomes all the more real when you consider that it will exclude an entire generation from the benefits and potential of an Internet connection. A recent report by the Alliance for Affordable Internet shows that at current trends, we won't achieve universal Internet access until the year 2042 — over 20 years beyond the target date set by the UN. This means that as half the world lives in homes connected to the Internet, riding around in self-driving cars, and creating opportunity with the information and knowledge they gain from the internet, the other half of the world, our half, will still be struggling to make basic, mobile broadband available and affordable for its people.

As the world's digital revolution steams ahead, our continent is being left behind. This growing digital divide threatens to stunt our economic growth and hold back development. It denies information, opportunities, and voice to nearly one billion Africans. What is worse, the digital divide threatens to exacerbate existing inequalities. Women, rural dwellers and the poor are the groups for whom an Internet connection could make the biggest impact, yet these are the groups least likely to be able to connect to the life-changing potential of the Internet. To accelerate Africa's growth and development, we must seize the opportunities presented by this digital revolution. Letting them pass us by is an opportunity cost we cannot afford.

What, then, is holding us back from achieving widespread access and taking advantage of the myriad opportunities for learning and growth the Internet provides? In a word: Affordability. The inability to afford even a basic broadband connection remains one of the biggest obstacles to wider Internet access and use across Africa. In some African countries, basic broadband costs as much as 58% of average income, whereas in the US or Europe it is a very small fraction.

Expanding connectivity and securing Africa's future in the connected world of today — and tomorrow — requires us to take bold action, now. The good news is that we already have the tools and know-how to tackle this challenge. There are three clear steps that we need to take. (1) Prioritise. (2) Collaborate. (3) Create.

First, we must prioritise. As it stands today, ICT and Internet policy tends to sit toward the bottom of most political agendas, often pushed down by more visible economic, social, political or security challenges. Yet, just because an issue is more visible does not necessarily mean it is more important. Connectivity can have a multiplier effect on efforts to tackle many of these on-going issues — research has shown the power of connectivity to spur economic, political, and social growth and facilitate better security outcomes. Connectivity must become a priority at the highest levels of government.

The global community has underscored the importance of an Internet connection through the UN Sustainable Development Goals target, calling for universal, affordable Internet access by 2020. The World Economic Forum has identified Internet access and adoption as one of the key global challenges of our time and is addressing this challenge through an Internet for All initiative. It is now time for Africa's national and regional governments alike to take action toward this goal, and to place Internet access and use at the top of the agenda.

There are a few examples of national and regional leadership that are critical to success. Nigeria's Broadband Plan, developed by a Presidential Committee in 2013, includes a connectivity target of 30% by 2017. Today, broadband penetration stands at 14% — more than double what it was when the plan was published — but in the light of the UN goal and the slow growth that we are now witnessing, we need a new and more ambitious target and we need to do much, much more to achieve it.

The governments of the Northern Corridor Countries of Rwanda, Kenya, Uganda, South Sudan and Ethiopia have a total of 160 million people (76% of their population) not connected to the Internet; yet, they have committed to work together to bring 40–75 million of these unconnected citizens online by 2020. They are receiving the full support of the [WEF Internet for All](#) initiative. The Transform Africa Summit held in Kigali, Rwanda in 2013 declared the next decade (2016–2025) as the decade of Africa’s development through ICT.

[Smart Africa](#), a continent wide initiative borne out of the Transform Africa Summit is based on five key principles — (1) putting ICT at the centre of Africa’s socio-economic development agenda; (2) improving access to ICTs, especially broadband; (3) improving accountability, efficiency and openness through ICT; (4) putting the private sector first; and (5) leveraging ICT to promote sustainable development. Smart Africa is committed to attracting USD300bn of investment into the African ICT sector. Smart Africa is chaired by the President of Rwanda, HE Paul Kagame and has the Presidents of Angola, Gabon, South Sudan, Senegal, Mali, Chad, Angola, Burkina Faso, and Cote D’Ivoire, as well as the Secretary General of the ITU and the Africa Union Commissioner for Infrastructure and Energy as Board members. I think that Nigeria is now on board. One of the most influential Africans in the ICT policy space, Dr Hamadoun Toure, the immediate past Secretary General of the International Telecoms Union (ITU) is the founding Executive Secretary of the organization. By prioritising these connectivity initiatives at the highest levels of governance and making sound plans for execution, we can accelerate progress toward closing the growing digital divide in Africa.

Second, we must collaborate. Governments must work together with service providers, with civil society, and with other stakeholders to develop and put into place the policies needed to make affordable, universal access across the continent a reality. These policies must take into consideration local barriers to access and affordability. **They must set out and work toward an ambitious new ‘1 for 2’ affordability target** — that is, 1GB of mobile broadband priced at 2% or less of average monthly income. [Research](#) has shown that if countries were to achieve this ‘1 for 2’ target, all segments of society — even the lowest group of income earners — would be able to afford a basic connection. We must work together to end the stubborn trend of digital inequality on women and the poor by investing in public access solutions and digital skills education.

And we **must replace short-sighted measures which jeopardise affordability and ultimately penalise the poor** — such as luxury tariffs on devices and services, excess royalties on technology patents, or multiple sales taxes on airtime — with a more long term approach that encourages the growth of jobs and innovation through a diversified ICT sector. [A vivid and unfortunate example of such a measure can be found here in Nigeria](#), where the National Assembly is currently debating a bill that would introduce a new consumer service tax that could add as much as 9% to the cost of communications services for all Nigerians. Instead, we must work to create environments that encourage

continued growth and investment, and continued commitment to the development of local economies. At the same time, we must ensure that a fair share of the resulting revenues stay in the country where they are generated, and that this money is invested back into our communities.

Third, we must create. Securing our digital future will require us to be not just consumers of content produced in other parts of the world, but to be creators of our own content. In spite of all the developments in ICT infrastructure and hardware, and notwithstanding the penetration of global applications such as Skype, Facebook and WhatsApp, Africans have cited the lack of relevant local content as a main reason for not using the Internet. In my view, our future in a connected world will be determined by our ability to seize the opportunities for growth and empowerment provided by an Internet connection — developing content that is relevant to our needs. We must use technology to provide access to non-tech products and services that Africans really need — financial services, education, healthcare, news, trade/commerce — in an affordable manner, solving some of the grand challenges that face our continent today.

Technology (the Internet) and mobile-enabled (smartphones) innovation provide viable solutions in this context. Why?

- 70% of Africans are covered by a mobile signal
- 40-50% are not covered by the energy grid
- Mobile broadband connections are growing — we're expected to have 500m unique broadband users by 2020
- Mobile penetration is 3 times the level of bank penetration
- More people have access to a mobile phone than to basic health and education services

Private capital and business-building expertise that venture capital firms such as TLCom Capital bring can fuel and accelerate the creation of profitable and sustainable ventures at scale. Companies such as Jumia, Konga, Jobberman, and Ushahidi have demonstrated what can happen when some of our continents brightest minds connect with the power of the Internet. **Over the last two or so years, TLCom has encountered over 700 companies all across Africa that are striving to create a better future for Africans through connectivity and innovation. Let me give you a few examples.**

Kenya is home to the most advanced mobile money market in the world, due to a high mobile penetration rate and a low formally banked population. In 2013, Safaricom's M-PESA service accounted for approximately 34% of global transactions by value and just over 48% of the adult population used M-PESA on a monthly basis. However, despite its growing popularity for money transfer and mobile phone airtime purchase, fewer than 0.01% of businesses in Kenya had an M-PESA merchant account. This meant there was a

latent opportunity to enable enterprises to capitalise on the increasing familiarity customers had with mobile money when doing business with them.

Enter **Kopo Kopo**, a company that provides tools to facilitate mobile payments through existing platforms, focusing on merchant payments that enable small and medium businesses to accept mobile money payments from their customers. Having now reached over 20,000 merchants in East Africa, Kopo Kopo is expanding to Ghana, Uganda, Tanzania, and Rwanda, and is working with mobile money providers interested in rolling out merchant payments. In addition, Kopo Kopo has launched a cash advance business leveraging on their payments platform. Kopo Kopo is offering East African small businesses financing, allowing them to grow, and filling a capital gap that exists in the market.

Nigeria currently meets only 10% of her energy needs, but the pace to close this energy gap is slow and requires significant amounts of capital. In the meantime, the demand gap in the medium to large industrial and commercial sector is filled by expensive alternatives such as diesel generators. Between 30-50% of the operating expenditure of a commercial/industrial company in Nigeria is diesel cost — making the reduction of these costs a very attractive and compelling proposition. **Beacon Power Services** is positioned to capture the upside opportunity in energy deficient markets in Africa through cloud-based energy efficiency and energy management technologies and distributed solar power plants as an alternative to diesel generators.

In many African countries, diaspora remittances have surpassed foreign aid and have, in a sense, become the social safety nets that successive governments have failed to provide for their most vulnerable citizens. Unfortunately, Africans in the diaspora pay between 10%-12% in fees to send money to Africa, making it the most expensive remittance corridor globally. **Simbapay** is a mobile-first money transfer service from Europe to Nigeria and Kenya. The platform allows anyone living in Europe to: (1) send money to any bank account or mobile phone within seconds; (2) undertake bill payment to African service providers; and (3) open bank accounts in Kenya and Nigeria. Simbapay, being a technology platform, is more convenient (there is no need for the sender or receiver to travel to find an agent), faster, and costs significantly less (by the removal of the 'brick and mortar' business model) than traditional remittance firms. The vision of Simbapay is to be the go-to remitter for Europe to Africa remittances.

The opportunities are clearly there, and there is no shortage of African tech entrepreneurs ready to take advantage of these opportunities. But there are still some constraints to creating local and relevant content on the Internet for Africans. In 2015, just over USD200m was invested in African start-ups — this is a Series A round for a start-up in Silicon Valley! When TLCom completes its USD100m fund raise solely for tech companies in Africa it will be the largest VC tech fund in Africa. For a continent of over 1 billion people with real needs that can be solved with technology, this is clearly unacceptable. What do we need to do?

- Support innovation ecosystems that allow the best ideas to ‘rise to the top’, which means more incubators and accelerators to nurture these business and build a bigger pool of ‘investment ready’ entrepreneurs — there are currently about 200 in the whole of Africa and very few are properly funded.
- Ensure that marketplaces are open and competitive for these businesses to thrive.
- Develop a stronger and more compelling narrative to attract local and foreign investors into VC funds, especially those that will invest beyond the start-up phase. When growth capital is lacking, good scalable businesses will die. We need to raise billions of dollars to fund the growth of the tech companies in Africa that will scale and give great returns.
- Develop a local skill base for the digital economy. This includes creators (software developers, data scientists/analysts, etc.) and consumers (digital awareness and digital skills development). Andela, a company that recruits talented African developers, works with them to develop their technical leadership skills, and places them (virtually) as members of tech teams in companies all over the world, recently raised USD24m from Mark Zuckerberg to fund their phenomenal growth in Nigeria and expansion to other African countries. A quote from their website says:

‘The digital revolution may have begun in Silicon Valley but its future will be written in cities across Africa.’

I agree.

As Africans, we know the true potential of our continent — and we know there is much work to be done before we can truly realise this potential. Each of you in this room here today has a role to play in the critical effort to close the digital divide and enable everyone, everywhere to take advantage of all the opportunities that connectivity brings. The Internet has brought us closer together as a continent. **Now, we must work together to join the digital revolution, ensure no African is left out, and take our rightful place in a connected world.**

Thank you.

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