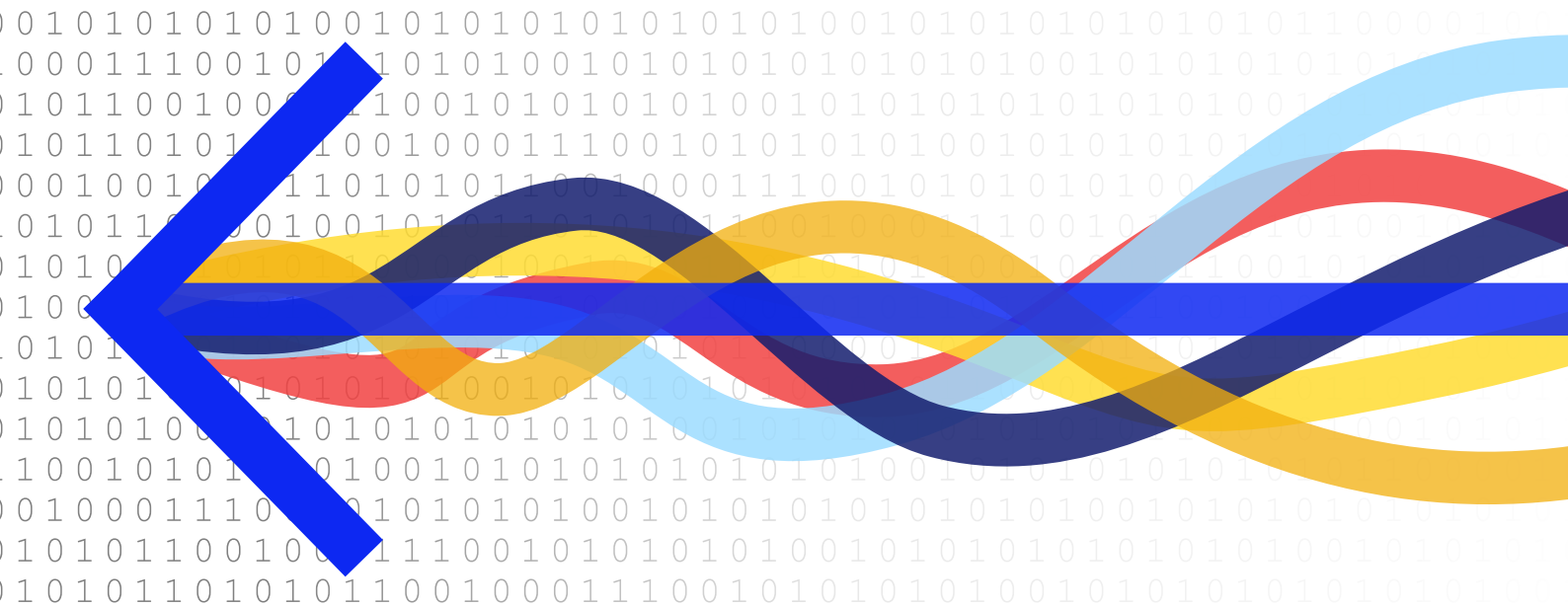


AFRICAN DEVELOPMENT BANK GROUP

EXECUTIVE SUMMARY

Digital Transformation Action Plan 2024 – 2028



AFRICAN DEVELOPMENT BANK GROUP

DTAP AT A GLANCE

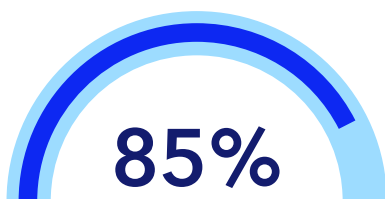
The world we live in today is digital - impacting how we think, work, and communicate.

6 out of the world's 7 largest companies by market capitalisation are in the technology sector. Mirroring global trends, Africa's digital economy, with the mobile sector as a key part, is the fastest growing. In 2023, this sector contributed 8.1% to GDP, created 3.6 million jobs, and generated \$20 billion in public sector taxes.



STRENGTHS

INTERNET COVERAGE



Eighty-five percent of the region is covered by mobile internet, **up from 3% in 2004.**

MOBILE MONEY TRANSACTIONS

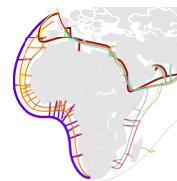
\$2.3 Billion



SSA is the global epicentre of mobile money, with **\$2.3 billion transacted per day.**

SUBMARINE CABLES

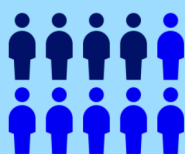
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coastal countries in Africa have **direct access to at least one submarine cable system.**

OPPORTUNITIES

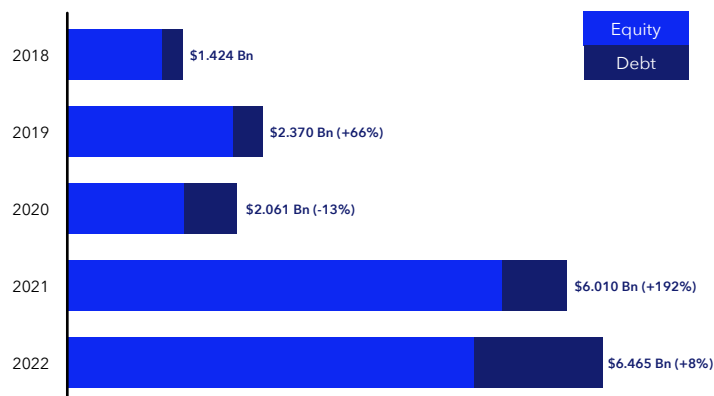
By 2030, Africa's workforce will be among the world's largest. If equipped with the needed infrastructure and skills, the 4IR represents a massive opportunity for new jobs and growth.



By 2030,

4 in 10

young persons between 15 and 24 will be African.



In 2022, African Startups raised US\$ 6.5 billion, with **Fintech accounting for 31%.**

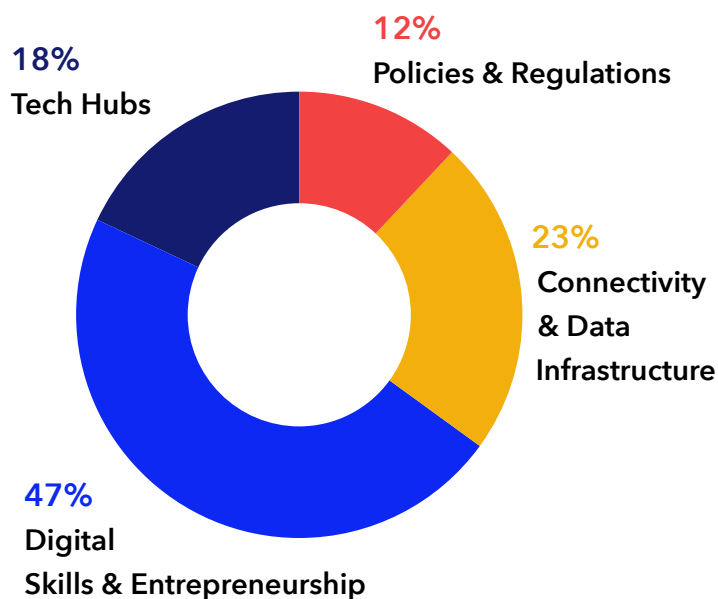
The continent has 11 unicorns.

INVESTMENT TO DATE

BANK'S INVESTMENT

Between 2012 and 2023, the Bank invested and mobilised

\$2.2 Billion
in 40 ICT projects



These investments significantly reduced internet costs, boosted digital skills, and catalysed investments for tech startups and enterprises.

WHAT WE WILL DO

1  **Inclusive Digital Infrastructure**

Invest in affordable, green digital and connectivity infrastructure to bridge the gap.

2  **Digital Entrepreneurship and Skills**

Catalyse investment in tech startups and upskill youth in digital skills, essential in the 4IR.

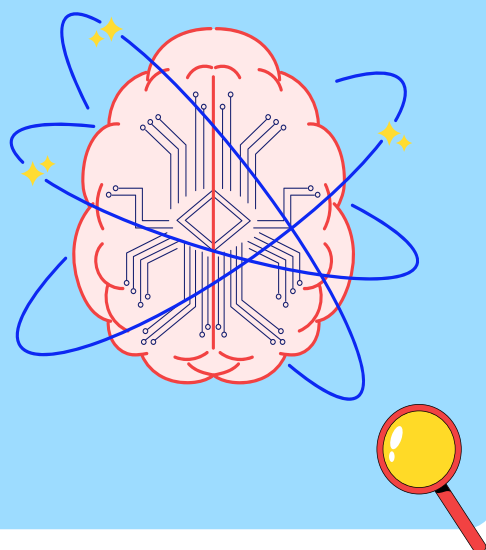
3  **Sectoral Adoption of Digitalization**

Systematically integrate digital and 4IR across sectors (i.e. agriculture, governance, trade, energy, and climate)

FLAGSHIP PROJECTS

4SITE (4IR Solutions and Insight Evidence Lab)

4SITE is a key flagship under DTAP which will serve as a hub for data/evidence of 4IR impacts and use cases on the continent. The lab will track 4IR technology in Africa to guide policies, strategies and innovative project design in sectors like agriculture, health, and additive manufacturing.

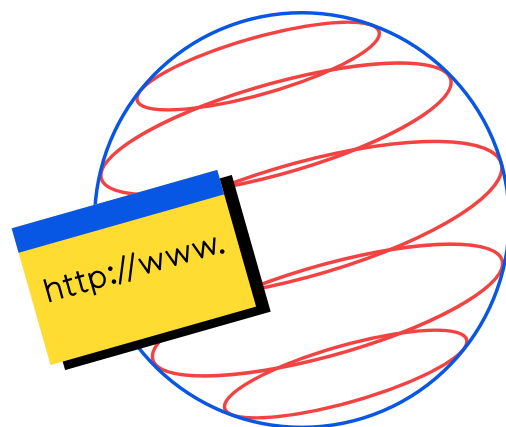


EXECUTIVE SUMMARY

The Global Context

Digital technologies are significantly impacting global economic growth, with six out of the top seven companies by market capitalization rooted in technology. This era, defined by the Fourth Industrial Revolution (4IR), presents Africa with an opportunity to diversify its economies, elevate income levels, and improve the quality of life for its people. At the heart of this potential are Africa's youth, projected to reach 830 million by 2050, who are using technology to solve socio-economic challenges and innovate within traditional markets. In 2022 alone, 640 startups across the continent secured \$6.2 billion in funding, with a notable 31% directed towards fintech ventures.

Sub-Saharan Africa's own journey from minimal mobile broadband access in 2004 (3%) to widespread coverage (85%) by 2022 illustrates the evolution of technology adoption. The region now has 515 million unique mobile subscribers, 51% of whom use smartphones to access the internet.



Investments in submarine cable systems and regional data centres by the African development Bank, other DFIs and private sector have significantly improved connectivity. The mobile sector contributed 8.1% to the region's GDP in 2022, creating 3.6 million jobs and adding \$170 billion in economic value.

And the activities described have been Bank-wide contributions. While the Digital sector is one of the five priority sectors of the Industrialize Africa Strategy of the Bank, it also touches on all other High Fives of the Bank and, in particular, Improve the Quality of Life for the People of Africa (Jobs for Youth in Africa Strategy).

Consequently, this paper, which follows from Bank-wide discussions, pulls together the activities of the Bank in the Digital sector into one place and describes potential areas of further action.

The Bank has been playing a substantial role. From 2012 to 2023, the Bank's \$2.2 billion investment in 40 digital economy projects across Regional Member Countries leveraged an equal amount from external sources.

These investments significantly reduced internet costs enhanced digital literacy for youth and women and created a favourable environment for technology-based startups and enterprises, leading to noteworthy development outcomes in these regions.

The Challenge and Opportunity for Africa

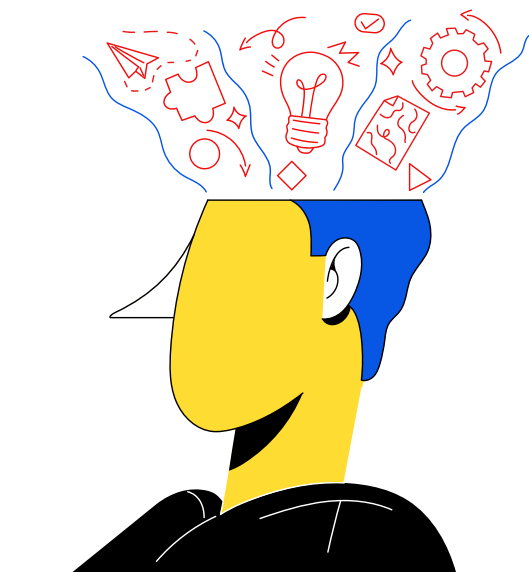
Despite the significant success of the digital sector in Africa since the start of the Millennium, there are still profound weaknesses. While network coverage is vast, actual usage lags at 25%, highlighting a pronounced digital divide. Urban areas show a 64% usage rate, while rural regions are far behind at 23%. Additionally, a gender disparity exists, with women 10% less likely to use the internet than men. Addressing these

disparities is crucial for fostering inclusive economic growth, necessitating targeted strategies to bridge the digital divide.

Africa's digital policy and regulatory framework lag behind, limiting the digital economy's growth. Only 28 countries have comprehensive data protection laws, and just 11 have meaningful cybercrime legislation. The absence of robust digital economy policies and the misalignment of existing laws with industry needs hinder private sector investment and policy enforcement. To leverage fully the advantages of the digital age, it is crucial for Africa that the Bank continues to support governments in strengthening regulation.

Gains in productivity from digital adoption still need to be fully realised. Government should take a leading role to enhance access to digital services and the private sector properly should recognise and grasp the productivity improvements, in both market reach and operational efficiency, that digital can bring. This will need investment which the Bank is ready to provide through its sectoral departments.

But if these are challenges, there is also a major opportunity for Africa: it is embodied in its youth. Africa's youth population has grown up with technology and is expected to reach 830 million by 2050. If Africa can improve workforce skills needed for the digital era, it can not only speed up its own digital transformation, but it can also become a major creator and supplier of digital solutions to the world, creating wealth and quality jobs for its entrepreneurs - who may be locally funded - and workers.



DTAP Plan Goal and Strategic Pillars

DTAP's main goal is to harness digital technologies, along with the burgeoning pool of talent and startups, to spur GDP growth and support the transformation of African economic structures. To achieve this, the strategy is built on three strategic pillars, as follows:

Pillar 1: Scaling inclusive digital infrastructure to bridge the digital divide

Enhancing access to affordable, climate-friendly digital infrastructure in underserved and rural areas is a necessity in a modern economy. The Bank can use its tools to mitigate investment risk to draw in private sector investment and scale public-private partnerships for the deployment of green ICT infrastructure.

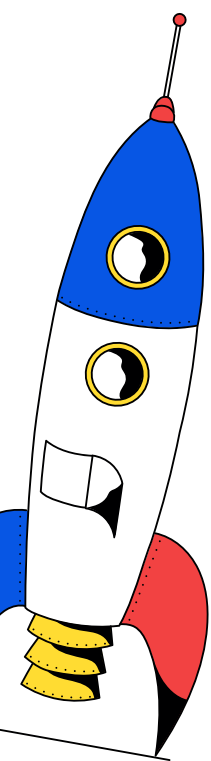
Pillar 2: Investing in digital entrepreneurship and skills

Support to Regional Member Countries (RMCs) to develop enabling policies and incentives to create a tech ecosystem. This approach also involves scaling investments in homegrown digital enterprises, thus catalysing the digital entrepreneurship and innovation ecosystem. Furthermore, it extends to scaling digital skills beyond academia through innovative life-long learning programs.

Pillar 3: Sectoral adoption of digitalization

The pillar will focus on systematically integrating Digital and 4iR technologies into operations across various sectors to improve productivity and market reach. This will include governance through e-government projects, trade via digital platforms, agriculture with digital transformation projects, healthcare optimization, and sustainable energy sector transformations.

Integral to these efforts is the development and implementation of the 4iR Solutions and Insight Evidence Lab (4SITE). This initiative will compile evidence of the 4iR's impact and utilize these insights to inform evidence-driven policy dialogue. It will monitor the progression of 4iR technologies



across the continent, collaborating with the private sector to guide RMCs in formulating 4iR strategies and driving impactful project designs.

The Action Plan will also focus on advocating for the development of enabling and harmonized digital policies and regulations in Africa, with a particular focus on areas such as data protection, cybersecurity, start-ups acts, online trade, and digital identity.

When executing these pillars, the Bank will focus on mainstreaming cross-cutting themes of gender, climate change, fragility, and job creation. It will also adhere to principles of complementarity, private sector partnerships, inclusion, and build on the Bank's existing advantages.

In conclusion, the Bank is committed to transforming Africa into a socially integrated and economically vibrant continent through the strategic use of digital technologies and innovation. Our approach is focused on more than just building a solid infrastructure base; but it's also about empowering individuals and businesses to effectively leverage these technologies for job creation, problem-solving, and wealth generation.

