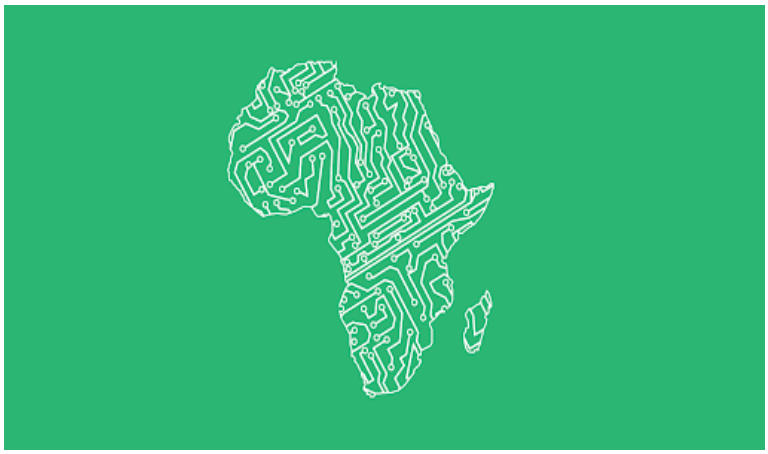
Economic growth and digital technology in Africa.

Africa is the second-largest continent in the world in terms of space and population, consisting of more than 50 countries spreading over 30 million kilometers. Although Africa possesses a huge number of natural resources, such as Ores, Oil, and Gas, it is still the least developed and the poorest area in the world with less than 2000[1] USD GDP per capita in 2018.



Despite the political and fragile economic situation, many African countries such as Ghana, Nigeria have taken steps towards improving the business environment to attract foreign direct investment (FDI). Those decisions involving reforms: trade liberalization, incentives on taxes, adopting agreements of international direct foreign trade, and involving the political figures to give an impression of political stability that many African countries lack.

As a result of these new regulations, during the 10 years, FDI flawed to many sectors especially the telecommunications industry, 11.5%[2] of internet users worldwide were located in Africa in comparison to 2009 where it was only about 4%. The recent internet penetration in Africa is about 40%. While this rate had increased rapidly, it is still under the global average. Investment in Telecoms, media, and technology projects are second in a row after consumer goods industries.

The main reasons for increased investment in Africa especially in information technology can be summarized at:

1- **Population Growth:** Africa is home to 1.2 billion people and is growing at more than 2 percent a year.
2- **Consuming value:** 123 million people are currently considered part of a stable middle class in the region, which is 13 percent of the population[3].
3- **Growth opportunities:** Africa's economy is expected to pick up to 3.9 percent in 2020 and 4.1 percent in 2021, investment accounted for more than half the continent's growth[4].

Africa is closely observed as the next big growth market, (Disrupt Africa) co-founder Tom Jackson stated that "Investment in the African tech space continues to grow and grow, and at the current

[1] United Nations-World Economic Situation and Prospects 2019
[2] https://www.statista.com/
[3] African Development Bank
[4] African Development Bank

rate of development it won't be too long before we are talking about it breaching the US$1 billion mark."

The money and investment focused American magazine (Forbes) reported that African tech startups had the "best year yet" in investments in 2019, as 311 companies received $491.6 million in funding, according to the African Tech Startups Funding Report 2019, this was achievable through increasing the easiness of creating digital jobs, enhancing governance and infrastructure stability and resilience, and last creating digital potential.

South Africa as a role model, it has high digital transparency measures, including a relatively strong Freedom on the Net score; and it was ranked 19th globally as a financial hub by the World Economic Forum**, Kenya for example that hosts** "Silicon Savanah" in Nairobi, over 70% of Kenyans have a mobile money account, there are 200 digitized services offered through comprehensive online eCitizen platform.

Egypt is the second-fastest-growing sector, the country is also producing a large number of skilled graduates, and regional leader in skilled digital jobs creation with online freelancer pools in multimedia, software development and technology. With 50% of its population below the age of 30 and a massive e-commerce market, Egypt is also developing one of the region's fastest-growing entrepreneurial hubs[5].

USA, France, United Kingdom, and China are respectively the biggest contributors to foreign direct investment[6], France and the United Kingdom are continuing their historical presence and influence in Africa as an extension to their colonial past, while the USA Since the end of the Cold War has pursued a strong long-term philanthropic, socio-economic development approach with the Development Fund for Africa program, China is competing for global presence and influence through a flaw of investment into vital infrastructure sectors such as electricity and roads, both countries are establishing bilateral agreements with African countries, with no clear political purpose than having Africa as a proxy arena to move influence battles outside their mainland.

In the African continent where there are many countries torn by violence and civil conflicts along with most countries in non-democratic political systems, political reforms and determination to reform and fight corruption is intensively needed to instill a climate of confidence, money is always described as a coward that escapes when sensing minimal risks or instability. Political instability diminishes economic transformation, a situation creating the vicious cycle where the relationship between political instability and economic growth flows in reverse directions; political instability result in low economic growth, and low economic growth could boost political instability.

Essam Abdely

[5] https://hbr.org/2019/12/research-how-technology-could-promote-growth-in-6-african-countries

[6] EY Attractiveness Program Africa September 2019