

AFRICA INNOVATION IMPACT REPORT

A R E P O R T B Y

 Survey54



**TALKING
DRUM**
COMMUNICATIONS



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INTRODUCTION

Technology is changing the way Africans live and work. From financial services and healthcare to agriculture and commerce, a new wave of innovation is significantly impacting various aspects of everyday life across the continent. Technology innovation from across the continent is also shaping a new narrative that is changing how Africa is viewed across the world. Across local, Pan-African and international media platforms, you are now just as likely to read about African startups securing funding for a technology-enabled product or service as any other story from the continent.

Our aim with this report is to capture the impact of this emerging innovation narrative and contribute to the conversation about how we keep things moving forward. We are taking a data-driven approach to understanding the revolution that we are living through so that we can maximise its potential and catalyse the growth and development we want to see on the continent.

For this report, we have worked with Survey54, an artificial intelligence-powered market research company, to survey the opinions of more than 4,500 Africans (from Nigeria, Ghana and Kenya) so that we can understand the impact of recent technology innovations and developments on various aspects of their lives beyond anecdotes and hearsay. The findings of that survey, as well as other publicly available information, is the basis of this report.

Based on the data we have gathered, the innovation coming out of Africa is not only changing the way people live and work, it is changing the way people think, how they view themselves as Africans and driving a demand for more innovation. Beyond the sectors that have had great publicity, our research also reveals that there are other less celebrated but equally important sectors that are being transformed by technology.

There is so much to be excited about African innovation but the best part is that we are just getting started and the potential for exponential growth is huge. As we look forward to the future, we want to take a moment to gather our thoughts, effectively analyse what has happened so far and position ourselves for more success. That is what this report is all about.

Olugbeminiyi Idowu

FOUNDER AND MANAGING DIRECTOR, TALKING DRUM COMMUNICATIONS

REPORT METHODOLOGY

This section describes the research methods and design adopted for this study. It also seeks to justify the methods used in correlation to the aim of the study. A detailed description of the population sample size, sampling method used as well as the data collection instruments is not left out.

Research Design

This report utilized the descriptive research method with the use of a researcher made survey-questionnaire. The study aimed to examine Africa's emerging innovation narrative, the impact of recent innovation and what is next for Africans. Hence, the adoption of descriptive research methods as the most appropriate in this case.

Population and Sample

The target population for this study is technology literate Africans within Nigeria, Kenya and Ghana. In total, a subset or sample size of 4500 respondents completed the questionnaire. The population subset surveyed is represented through sampling.

Data Instruments and Collection

Data collection adopted in this report is a mix of primary and secondary sources. The 20 question survey was distributed to primary sources through Survey54's panel of Nigerians, Ghanians and Kenyans surveys were distributed using the web and mobile. Secondary data was also obtained from journals, books and existing materials which are duly referenced.

A REVIEW OF AFRICA'S EMERGING INNOVATION NARRATIVE

Africa's innovation narrative is not entirely new. Africans have been innovating in many ways for a very long time. Our innovation stories date back to the early days of human existence and the impact of African innovation can be seen in various civilisations that have existed at various points in time.

Unfortunately, the narrative about Africa does not always reflect this rich and impactful innovation history. However, the story is changing. In recent years, the emergence of a new generation of innovators that are rising to the task of developing solutions for various challenges on the continent is charting the course of a new innovation narrative. Africans are increasingly taking a solutions-based approach to addressing the realities of life on the continent and their growing success is disrupting the narrative that is often associated with the continent at home and abroad.

This new innovation narrative has been dominated by news of funding rounds for startups over the last few years. And understandably so. We've gone from a barren landscape to one of the fastest growing and most exciting technology ecosystems in the world in such a short space of time and increased funding has been a catalyst for this growth. Not only did investments into African startups grow 18x between 2015 and 2021, funding for African startups grew 2x faster than global rates between 2020 and 2021. In 2022, over \$1 billion worth of funding came into Africa in just seven weeks. But this is not the entire story.

Africa's technology ecosystem has also seen its fair share of new products and services, acquisitions stories, expansion stories and so much more. As the ecosystem matures, we can also expect to see more consolidation across the continent with entrepreneurs joining forces to maximise their collective resources to deliver the most effective solutions.

These solutions and the development they are enabling will also be instrumental in restructuring the African economy from its reliance on extractive sectors like oil & gas and agriculture, to more productive service sectors. As more funding goes into developing technology companies across the continent, companies expand, people are employed and the economy grows.

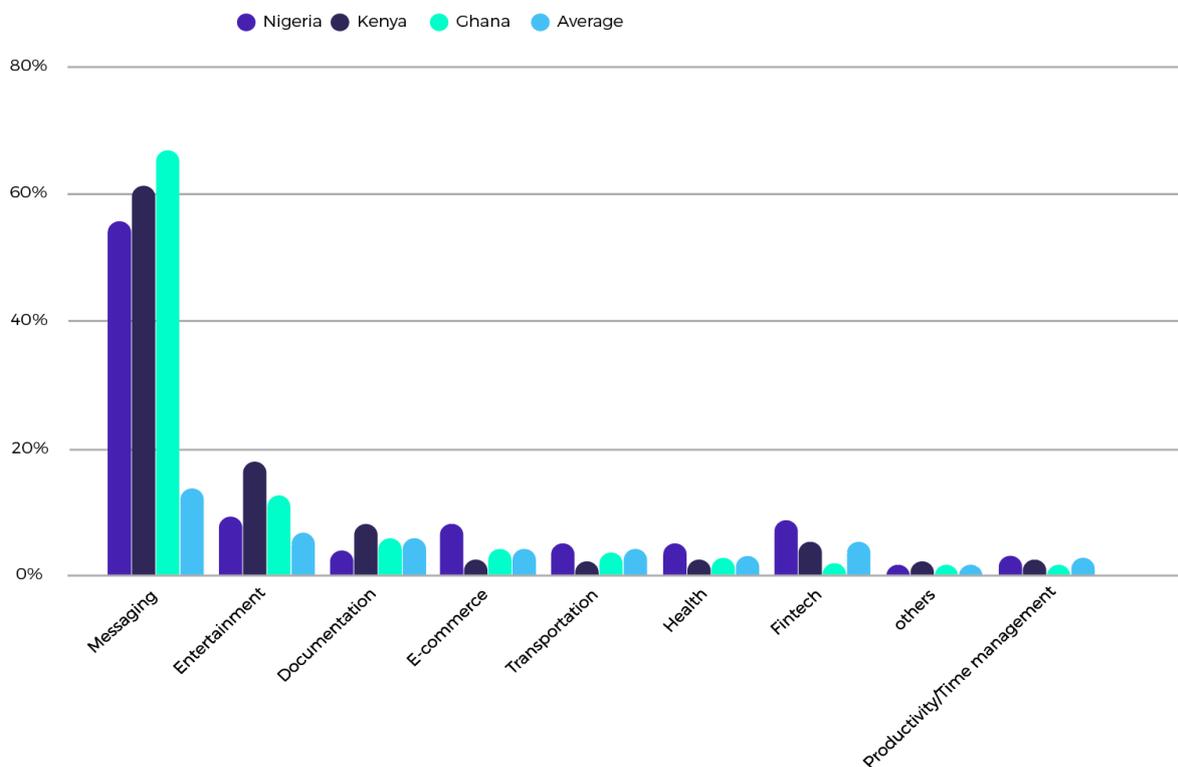
Beyond the stories of multimillion dollar funding rounds and acquisitions, there are also the stories of the people these innovations have been developed to help. The emerging innovation narrative is founded on the need to make the lives of Africans across the continent better and the success of these innovations is the centrepiece of the narrative.

THE IMPACT OF RECENT INNOVATIONS ON AFRICANS

The need for digital technology and innovation is more pronounced now than ever because the internet and connectivity have become a basic need, along with food, clothing, and shelter. There are several uses of technology, like giving people access to banking and financial services that would otherwise have been difficult due to geographical restrictions. Globalisation through technology adoption has also exposed many to new markets beyond their geographical purview.

This explains why almost 95% of the surveyed participants use technology in their everyday lives and for multiple use cases. When asked what types of tech solutions they use, communication received the highest mention, which emphasises the importance of technology in their everyday lives.

What type of tech solutions do you use most often in your personal life?



To explain the impact of the investments on the African continent, we'll use three pillars in the World Bank's Digital economy diagnostic framework: entrepreneurship, infrastructure, digital skills, financial services and digital platforms.

Digital businesses

It is impossible to talk about the impact of innovation in the tech ecosystem without the rise of digital businesses—companies that have digital solutions at the core of their operations. These businesses are either startups (early-stage, high growth businesses) or established businesses (older companies that have expanded their potential for growth by incorporating digital solutions).

On the continent today, the presence of high performing startups has birthed the opportunity for more players in the ecosystem. Also, the continuous and rapid rise in startup funding reflects investor confidence in the innovations created by Africans. According to the Partech Africa Report, the number of venture capital deals tracked increased 12x from 55 in 2015 to 681 in 2021. The growth in funding value paints an even more impressive picture, from \$277million in 2015 to \$5.2 billion in 2021.

One significant impact of the growth in the technology ecosystem that is often overlooked is how the development of such a nascent sector motivates more people to create new technology and innovation. According to our survey, more than eight out of ten respondents (84.6 percent) said recent developments in Africa's technology ecosystem had impacted their perception of the continent. When people see innovators and entrepreneurs that look like them achieving success and notoriety, it makes it easier to aspire to similar goals and chart a path to success by following the footsteps of their compatriots. This is evidenced in the rise of tech startups in Africa in recent years.

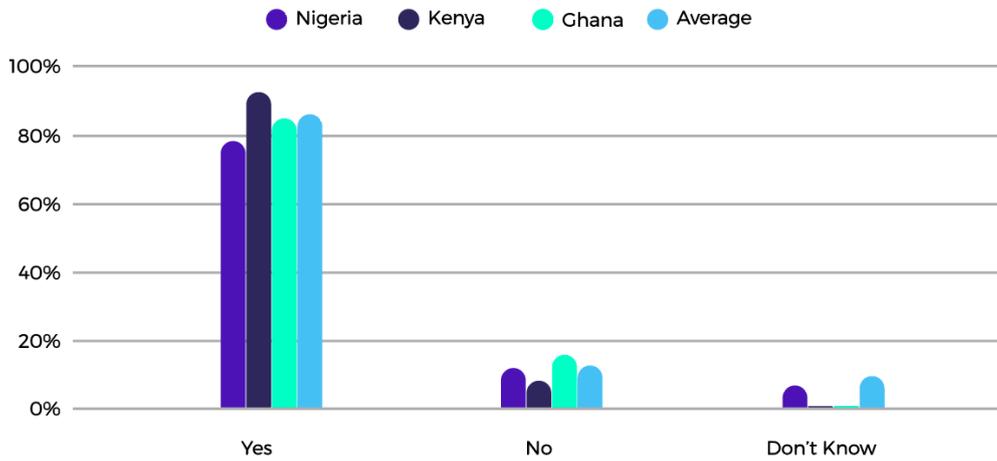
When you combine this with the revelation that more than 9 in 10 (91.7 percent) are likely to use technology solutions made in Africa and more than 9 in 10 (91.8 percent) describe Africans as innovative and entrepreneurial, there is much to be optimistic about Africa's technology ecosystem both in terms of development and adoption.

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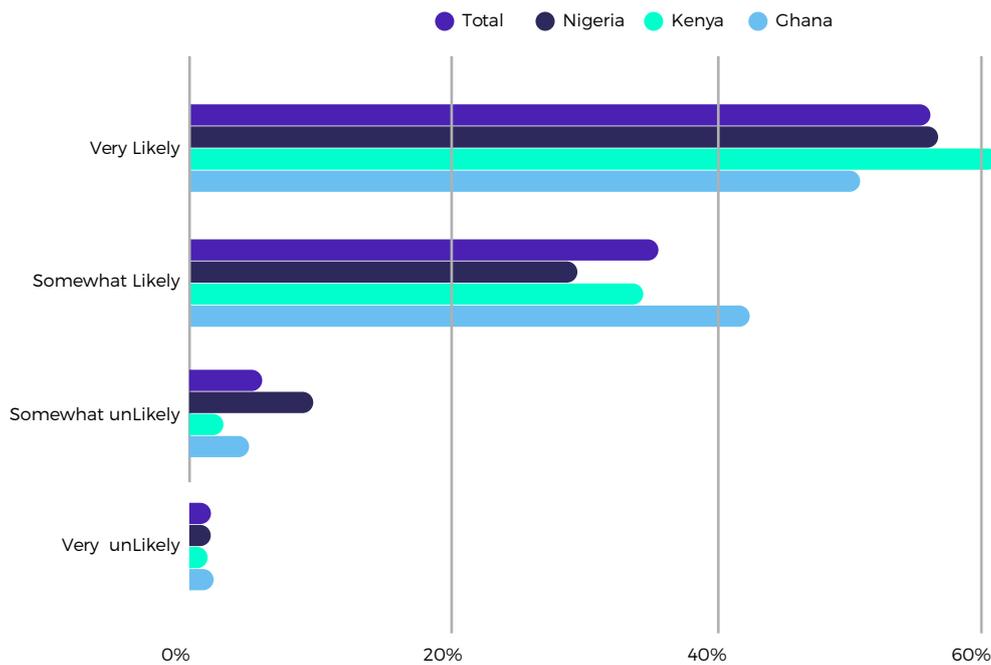


Have the recent developments in African tech impacted your perception of the continent?



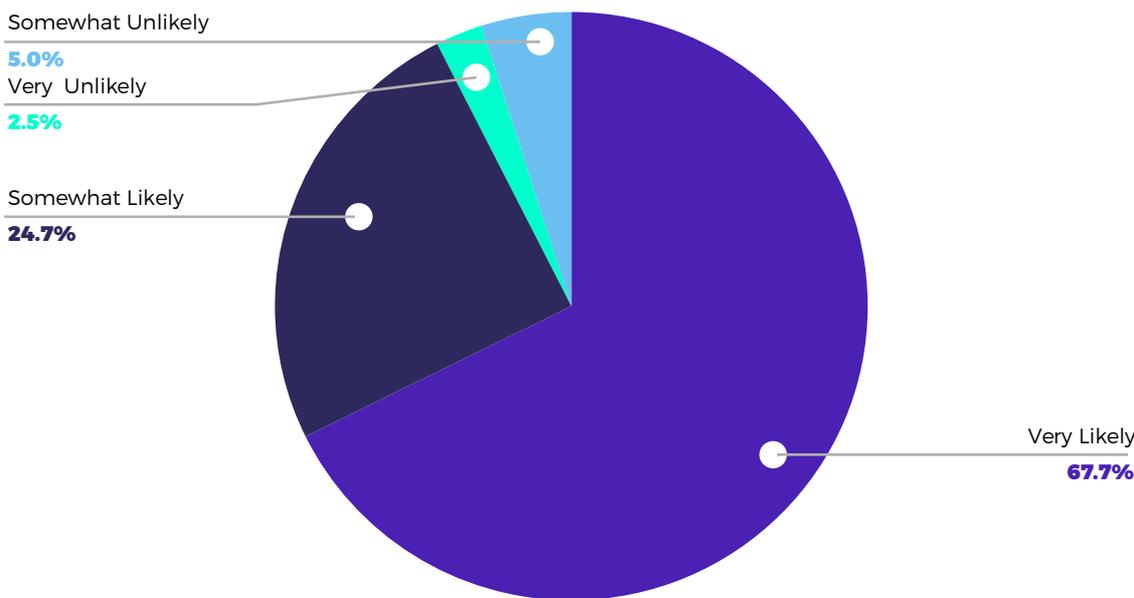
Likewise, the financial backing by investors is validation that Africans are indeed innovative and entrepreneurial.

How likely are you to describe Africans as innovative and entrepreneurial?



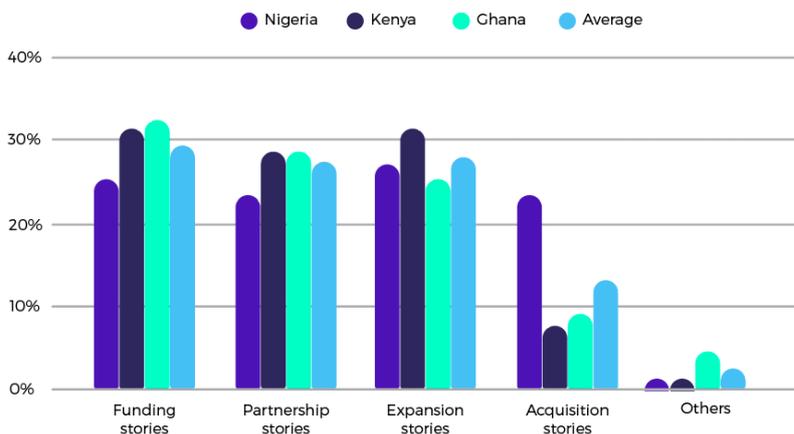
Innovation in Africa by Africans is imperative for the continent's growth because the startups that introduce these solutions have more context about the challenges and the solutions that are likely to work. Hence, it's no surprise that most consumers are very likely to adopt these solutions.

How likely are you to use tech solutions that are made in Africa?



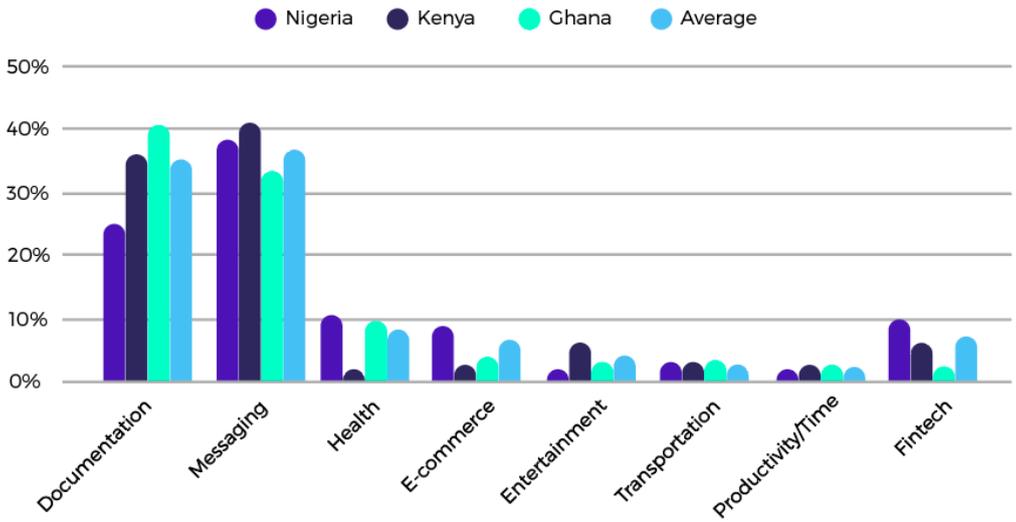
As Africa's technology ecosystem matures, we see a broader range of stories, from fundraising to expansion and partnerships. There has been some conversation recently about the dominance of funding stories. Still, our research suggests that they remain popular and that Africans across the continent remain excited to read these stories.

Which African tech stories are you most excited to read about?



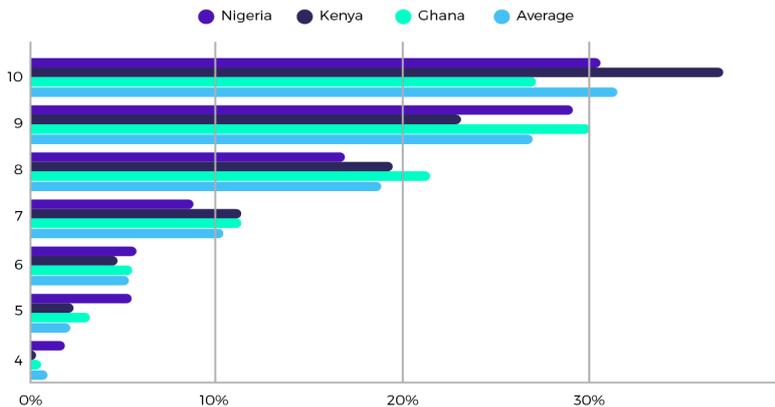
Apart from the impact of tech on digital businesses across the continent, technology has also formed the core of some traditional companies (although only on the surface level), where many incorporate technology for basic work activities like communication, trade and documentation.

What type of tech solutions do you use most often at your job/profession?



Beyond incorporating technology solutions in their work, they also attest to these solutions improving their work tremendously. When asked how the tech solutions had impacted their efficiency, most of their responses fell between 8 and 10 (1 being “very negative” and 10 being “very positive”).

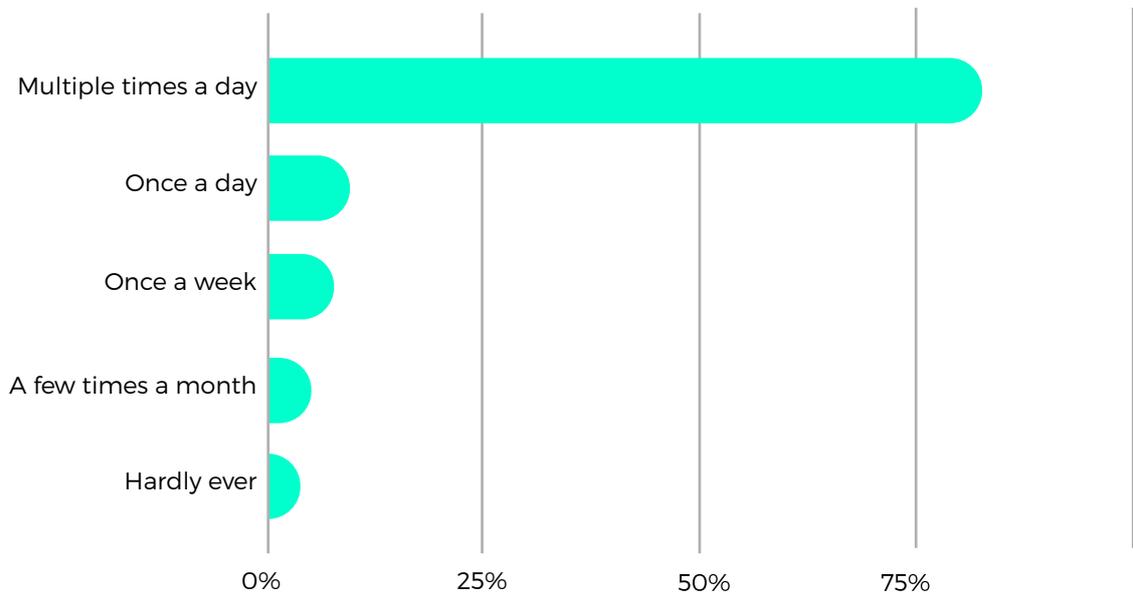
On a scale of 1-10 (1 being very NEGATIVE and 10 being very POSITIVE), how have these tech solutions impacted the efficiency of your job?



Digital Skills

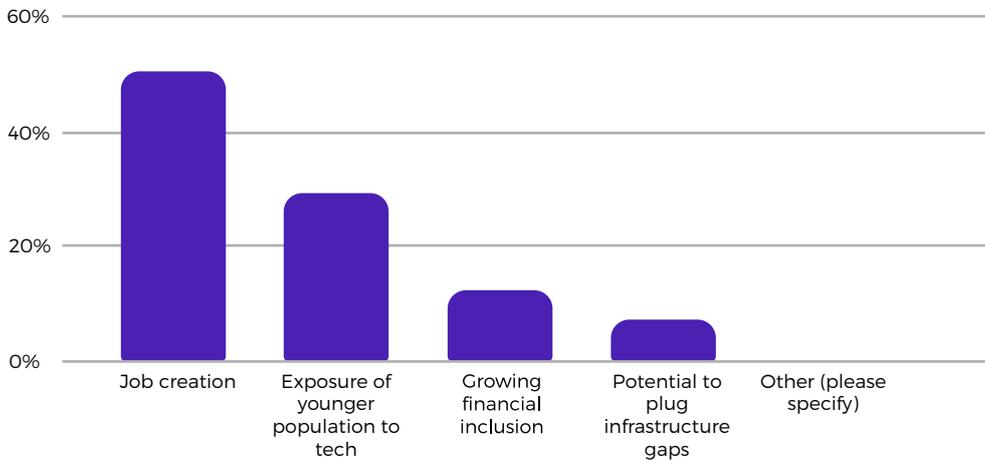
The ability to use the solutions listed above in their personal lives and work stems from the availability of the skills to use these solutions either as digital startups and scale-ups or as traditional tech companies that use technology for better efficiency. The penetration of digital solutions in the workplace across Africa has made the need to have and increase one's competence in digital skills imperative. Our survey results show that three out of four respondents use digital technology multiple times a day as part of their job, proving the availability of such digital skills and the need for even better skills.

How often do you use technology in your job/profession?



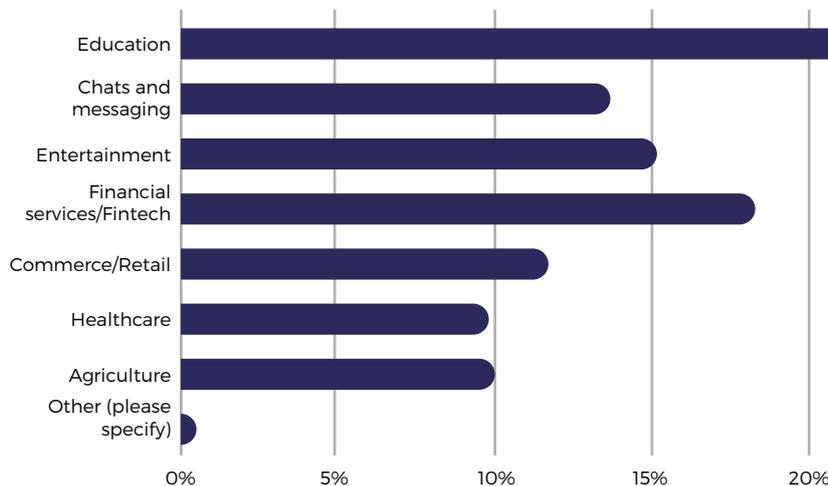
People with advanced digital skills are the creators or contributors to the digital innovation we're observing in the ecosystem; their skills form the basis of specialist ICT roles. There are over 700,000 such professionals across Africa, with more than half concentrated in Nigeria, South Africa, Kenya, Morocco and Egypt. For a continent of a billion people, there is a shortage of advanced digital skills that need to be filled. However, the presence of tech startups in Africa is the reason such skills exist in the first place; job creation remains one of the most significant benefits of the growth of innovation in tech in Africa.

What do you consider to be the biggest advantage of Africa's growing digital economy?



This also explains why our survey reveals that the education sector is the most impacted by recent developments. At first glance, it may seem like an odd choice, given the spotlight and funding fintech has received, but when you consider the impact of education technology (EdTech) platforms and their reach, this perception begins to make more sense. EdTech provides access to life-changing education to millions of people across various age categories who would otherwise have struggled to access the quality of learning materials available on these platforms.

What sector do you think has been most impacted by tech innovation in Africa in the last two years?



Impact of innovation on Financial services

As identified by our respondents, another sector most impacted by tech innovation in fintech. This is not surprising considering the high profile stories we've seen and the amount of funding received by the industry so far. Through fintech, many Africans now have access to financial services they otherwise wouldn't have access to, such as digital payments, savings, credit and insurance. The market potential for fintech in Africa explains why fintechs take the majority of funding in the technology ecosystem.

There has been a widespread acceptance of fintech solutions such as mobile money, with more people having mobile money accounts than traditional bank accounts across Africa—particularly in East Africa.

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WHAT NEXT FOR AFRICAN INNOVATION ?

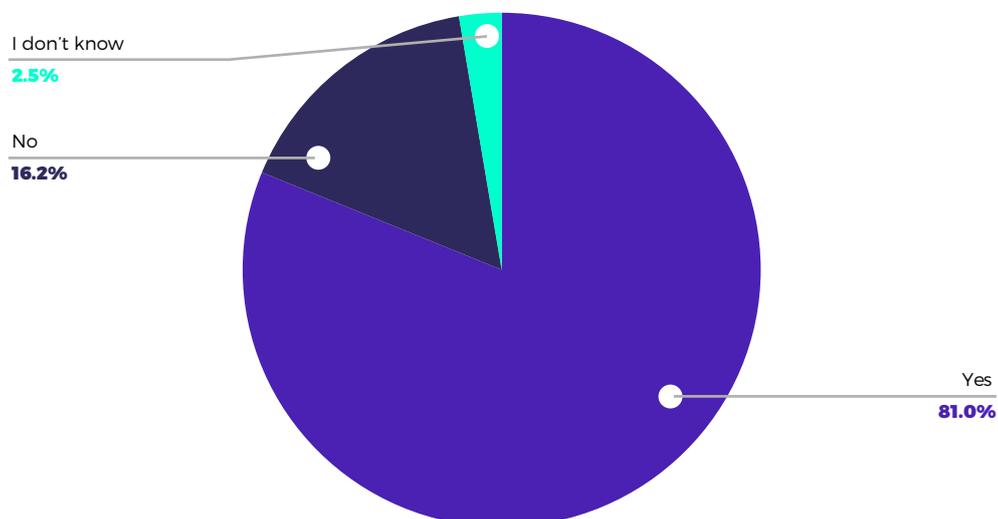
It is estimated that by 2100 (less than 80 years from now), one in three people in the world will be African. This future presents a significant opportunity for the African continent and its innovators. Since 2010, consumer spending across the continent has grown at a compound rate of 39% annually; this is projected to reach \$2.1 trillion in 2025 and \$2.5 trillion in 2030 (comprising about 1.7 billion consumers). Africa's GDP is expected to increase by 10x, from around \$2.6 trillion today to \$29 trillion in 2050. There has also been a trend of rapid urbanisation across Africa; over 60 cities across Africa currently house a million people - which is projected to increase to 85 cities by 2025.

Africa's future digital needs

Therefore, the development of every aspect of the digital ecosystem is required to meet the needs of this growing population. Platforms, financial services, talent and everything in between are necessary to bridge the gap to provide adequate innovative technology to support the needs of the growing population.

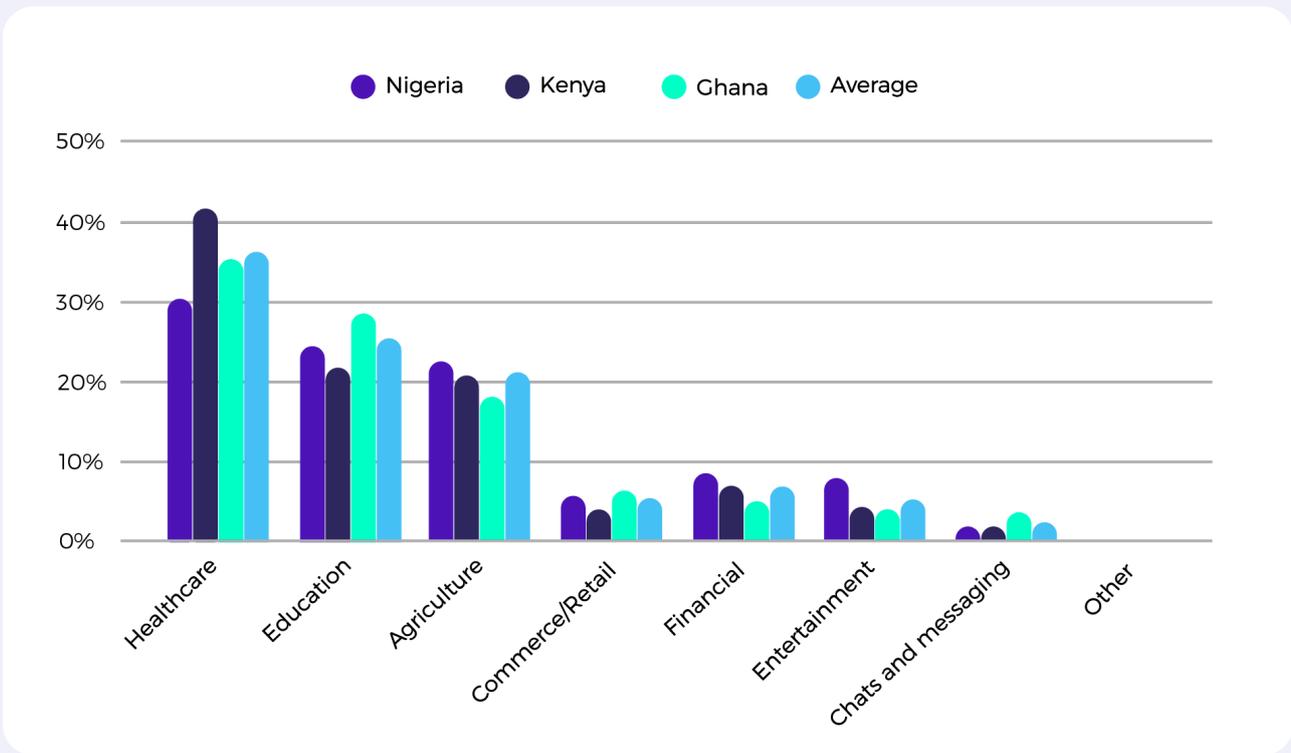
The growing need is reflected in the adoption of the new solutions by many Africans. When asked if any of them had started using any new tech solutions in the years, more than eight out of ten respondents said they had.

Have you started using any new app/solutions in the last 12 months?



There is also a demand for more innovation, with more than one in three (35.7 percent) respondents in our survey requesting more innovation in the healthcare sector. Education (24.8 percent) and Agriculture (20.3) where the other sectors where more innovation is desired.

Which sector do you think needs more innovation?



Talent is another aspect of the economy that would require significant attention for the continent to meet its digital demand by 2050. The IFC estimates that over 200 million jobs in Africa will require digital skills (basic, intermediate and advanced) by 2030. This, therefore, presents an opportunity for training and human capital development for the economy over time. Investment in human capital development significantly reduces the cost of digital labour on the continent, giving businesses room to grow more.

Human capital development, in this case, refers to education across all spheres of the learning curve: from foundational learning to tertiary education. Therefore, there is a need for governments in countries to improve the quality of education in their countries, particularly skewing education to Science, Technology, Engineering, Art and Mathematics (STEAM) while making Africans more digital literate.

Finally, the digital ecosystem in Africa requires more funding to meet its digital goals. While the digital ecosystem in Africa has been able to increase its access to financing over the years, with the tech ecosystem generating funding worth over a billion in the first quarter

quarter of the year, there is still room for improvement—particularly in early-stage funding.

There seems to be a shortage in early-stage and pre-seed funding in Africa worth \$50,000 to \$500,000. This might be due to the inability of founders to access angel investment relative to the rest of the world. In a survey conducted by Google on the ease of accessing funding in Africa, almost 80% of founders surveyed reported difficulty accessing funding—especially grants and debt finance.

CONCLUSION



The digital ecosystem in Africa has witnessed significant growth in the last decade on every front. Funding into the sector has grown by over 18x since 2015; mobile network penetration has also increased by 46%. This has led to improved productivity and access to information, services and trade over the years. As a result of the innovation in the sector, digital skills have been enhanced, high-growth enterprises have been incorporated, and fintech solutions have improved financial inclusion in Africa.

For individuals, the increased innovation in the tech ecosystem has improved the perception of Africans and foreigners about the entrepreneurial capacity of the continent. The continuously rising funding to many African tech companies is proof that our entrepreneurs are pursuing causes worth investing in and this looks set to increase in the coming years.

With Africa's share of the global population poised to increase from 17 percent in 2020 to 26 percent in 2050 and 39 percent by 2100, the continent's digital economy must expand accordingly to meet the growing needs. African innovators and entrepreneurs are increasingly rising to the challenge of identifying and creating solutions for various challenges, and the stage looks set for more innovation stories to emerge. There is a growing appetite for these innovations, both from African users and global investors. Hence, there is much to be excited about what the future holds.

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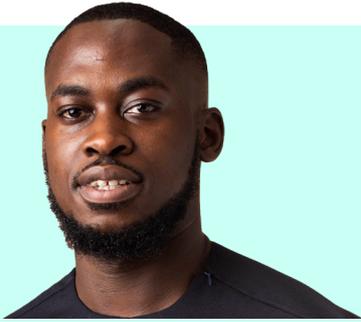
Olugbeminiyi Idowu is a technology public relations and communications specialist, with more than a decade of experience in leading and delivering successful media campaigns for a wide range of companies - from established global players to Africa-focussed start-ups. He is the founder and Managing Director of Talking Drum Communications, a public relations and communications consultancy that helps African tech companies and other stakeholders in Africa's tech sector to shape perceptions and get more favourable and effective publicity for the work they are doing.



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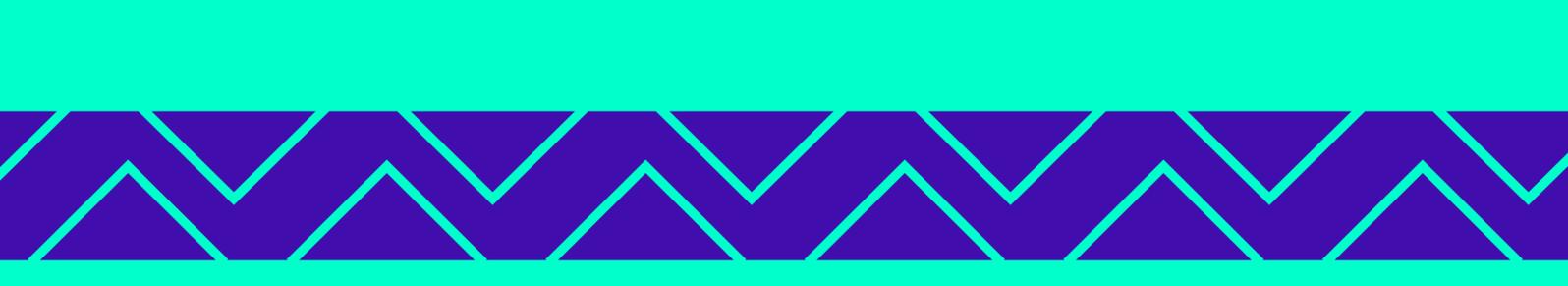
Ibereayo Jolaolu is a PR professional with a wealth of experience working with tech & venture capital companies across Africa, North America and Europe. Ibereayo currently works as an Account Manager at Talking Drum Communications where she creates business development strategies, PR plans and supports the team to deliver on agreed objectives. She brings unique insights to the company from her knowledge of African tech and her experience in delivering successful PR campaigns for a wide range of companies. She is passionate about telling stories of how African tech companies are transforming the continent.



Stephan Eyeson

CEO, SURVEY54

Stephan is the co-founder of Survey54, a consumer intelligence platform aimed at Africa and emerging markets. Stephan started the business after seeing the lack of consumer data on the continent and how this was affecting business decisions being made by large and small companies. Prior to Survey 54, Stephan worked in business development for SurveyMonkey and as a product lead for Uber. He has a BA degree in Theology and an MSc in Innovation and Management from Loughborough University in the UK.



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