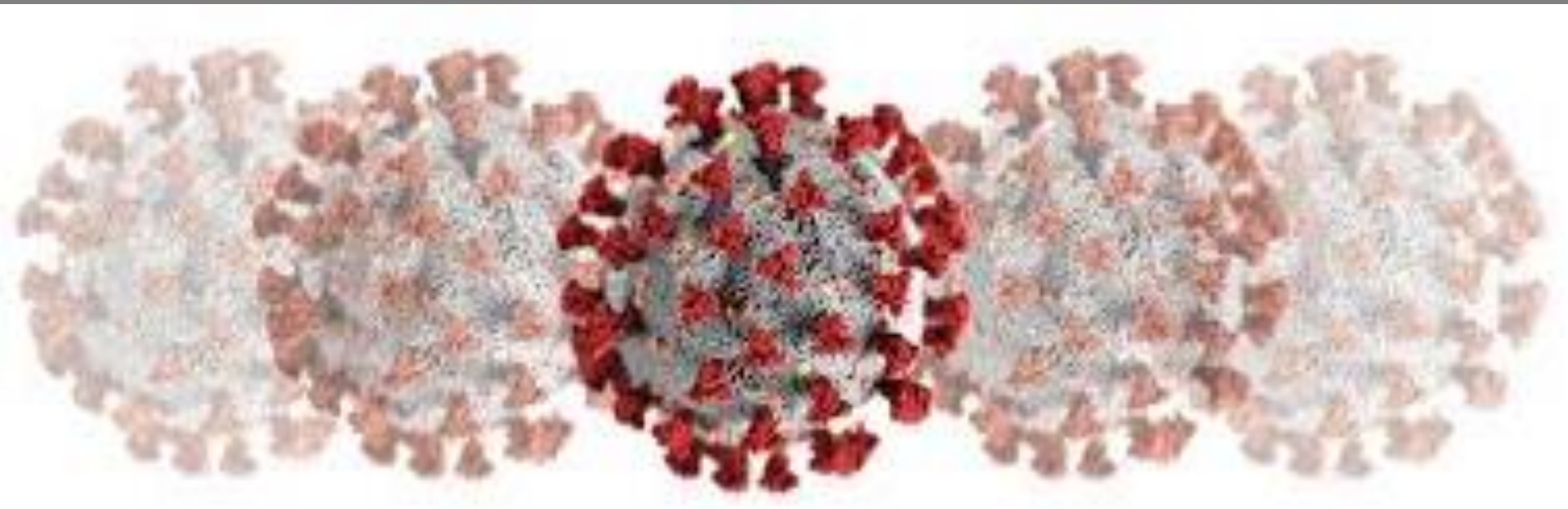




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# COVID-19: Digital Solutions for Africa's Economic Recovery

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# Technology can support economic recovery in three ways

This document is a guide for African governments, concerning how they can use technology to drive economic recovery through a high-benefit-low-cost approach that supports economic recovery plans. Technology solutions should not be seen as a burden for African governments in this Covid-19 crisis; rather, they should be exploited because they can make the economic recovery process faster and easier. In addition, they can build resilience for the future. Governments should grasp this opportunity to build capacity across various areas, including those where now-obsolete technologies can be leapfrogged with more efficient modern fixes.

Governments should consider technology in three areas:

- 01 Support recovery of key economic sectors
- 02 Technology solutions for economic recovery plans
- 03 Strengthening the IT, digitalisation and technology sector



# 1. Private-led digital solutions can support businesses and consumers affected by Covid-19

## KEY SECTORS

## EXAMPLES

### AGRICULTURE

Agricultural technologies, especially digital agriculture solutions, are offering a range of opportunities to address the impact of Covid-19 on agricultural production, labour availability, input supply and logistics.



Apollo is a Kenyan agri-tech company that provides farmers with mobile-based services for financing, farm inputs, advice, insurance and market access. As of 21 May, Apollo Agriculture has raised a \$6-million Series-A investment round, led by Anthemis Exponential Ventures.



**Kitovu** is a web/mobile-based decentralised **fertiliser/seedling warehousing system** based in **Nigeria**, which matches the right inputs to different farm locations owned by smallholder farmers in distant pocket locations.



**Pula** is an **insurance intermediary** assisting hundreds of thousands of small-scale farmers across **six countries in Africa**. Farmers can safeguard their crops and invest in their farms through financial tools that use mobile technology.

### FINANCE

Online payment platforms are helping businesses sustain their cash flows, and thus achieve business continuity throughout social distancing and lockdowns.

Moreover, fintech enterprises can also help entrepreneurs get loans in time to avoid bankruptcy.



**Jumo** is a **South African mobile fintech** platform which facilitates digital financial services such as credit and savings in emerging markets, by way of USSD short codes.



**M-Pesa** enables **Kenyan businesses** to collect payment from customers, make stock purchases and pay salaries via its mobile-phone-based money transfer service, payments and micro-financing service.



**Absa Bank Ghana**, a traditional bank, supports businesses through digital-based solutions like **Intelligent Automated Teller Machines (iATMs)**, **cardless transactions** and increased ATM withdrawal limits to enhance remote banking.



**Yoco South Africa** is supporting economic recovery with a range of **fintech** products such as point-of-sale systems, cash advance services, a business portal and an open tracker of small business recoveries in Covid-19.



# 1. Such solutions span sectors that are critical for recovery, such as retail, agriculture, finance and manufacturing

## KEY SECTORS

### RETAIL AND DELIVERY

Covid-19 has accelerated the transition to e-commerce. Local enterprises are adopting various digital services to reduce obstacles caused by physical barriers, simplify supply and value chains, and provide speedy delivery of goods and services.

### MANUFACTURING

Traditional supply chains are failing around the world, and some supplies are quickly becoming unobtainable in the region. Digital manufacturing is enabling a localised manufacturing response that's agile in the face of this crisis.

## EXAMPLES



**Jumia**, Africa's leading e-commerce platform, providing retail and delivery services, **has introduced contactless delivery and cashless payment options** for customers, and is also fighting price gouging to maintain fair prices on their platform.



**Yobanté Express** is an Africa-based (**Senegal, South Africa, Ghana and Nigeria**) **online marketplace** that connects local couriers with local commerce, to optimise domestic, cross-border and last-mile delivery.



**The Market Garden app** is a **mobile-based digital platform** used by vendors in **Uganda** to safely sell and deliver fruits and vegetables to customers.



Ultra Red Technologies, along with a coalition of other Kenyan-owned 3D printers, has borrowed from open-source prototypes designed by 3DVerkstan, a company in Sweden, to print plastic face shields. It has also designed a 3D-printed prototype for a ventilator adaptor.



**3D Forms** is a **South African** company that produces 3D-printing services in areas like engineering, architecture, tool-making, jewellery and medical supplies production.



**Kijenzi** is a **US and Kenyan-based** company that produces 3D-printed machine parts such as bolts and nuts, and is also making 3D-printed PPE for protection against Covid-19.



## 2. Governments are leveraging technology to support their economic recovery programmes

### Government economic response

#### Cash transfers

Digital solutions can ensure that cash transfers are made in a timely and secure manner, and are adequately controlled and reported.



The **Kenya** National Treasury appropriated an additional Ksh10B (equivalent to \$100M) for supporting the elderly, orphans and other vulnerable members with cash transfers. Kenya is partnered with Give Directly for mobile money cash transfers.



The Government of **Malawi** launched an emergency digital cash transfer programme for nearly one million people and small businesses affected by the Covid-19 pandemic. Eligible households received a 35,000 Malawi kwacha (\$40) monthly payment, matching the country's minimum wage, through mobile phones.

#### Stimulus packages

Central banks and policymakers are partnering with digital platforms to deliver stimulus packages with a view to reaching remote areas.



The Ministry of Agriculture and Lands of **Grenada**, as part of a government economic stimulus package for the agriculture sector, established online applications from registered farmers for the 2020 Farm Labour Subsidy Programme. Farmers without internet access were assisted to fill in the form by the district extension office, via a phone call.



The Central Bank of **Nigeria** (CBN) has introduced a stimulus package to small businesses. The process involves submitting an online application, which then has to be approved by the CBN to determine if the household or company is eligible. The package, the N50bn (\$128.4m) Targeted Credit Facility, is in loans, not grants.



## 2. Technology is being used for cash transfers, revenue mobilisation and support to businesses

### Government economic response

#### Cash-flow support

- Digitising credit services can help small-scale traders access funds much faster and more safely, thus promoting business continuity or recovery.

#### Information collation and dissemination

- Digital platforms ensure that data is collated and analysed accurately, thus promoting evidence-based policy solutions for economic recovery. Information digitalisation also helps governments to quickly disseminate information on economic analysis, opportunities and packages.

#### Government revenue mobilisation

- In order to finance their response to Covid-19, many African countries could raise revenues through improving their tax-collection systems. Digitising revenue collection is therefore a way governments can help increase their tax revenue.

### Notable examples by country



**Ghana** launched an Integrated ICT System which automates all the operations of the Microfinance and Small Loans Centre (MASLOC) in the country. This will help citizens to get access to funds to promote economic activities, while social distancing to prevent infection.



The Central Bank of **Malaysia** has set up a USD70 million facility that incentivises SMEs to automate processes and digitise operations to enhance efficiency, productivity and job continuity. This facility is accessible through a digital portal.



Vodacom **DR Congo** is offering the government a zero-rated short code that allows the general public to call into specialised Ministry of Health agents to ask about Covid-19 symptoms and guidance. It has also zero rated all government websites and applications that inform the public about the pandemic.



**Rwanda** National Police (RNP) have added drones to their existing methods of raising awareness and spreading information in neighbourhoods, in order to educate the public about preventing the spread of Covid-19.



The city of Freetown in **Sierra Leone** is using satellite imagery to identify and measure property in the city, after which they used existing data on rental values to build a simple model for calculating the taxable value of each property.



### 3. Recovery plans could also be used to create an enabling environment for digital entrepreneurship to thrive

#### Policy objectives/impact

##### Incentivise and promote the use of tech-based solutions to businesses

- Easing **institutional and regulatory challenges** faced by IT start-ups may encourage the launching of apps/software which could be used to sustain businesses and spur economic recovery.
- **Tax waivers** for tech firms can incentivise innovators to roll out or scale-up tech solutions to benefit businesses.
- **Reducing charges** in a time where money is scarce may prevent small tech firms from making losses and eventually going out of business. This will help keep IT-based firms and their customers in business.

##### Provide easy credit for tech-based companies

- Providing credit facilities like soft loans for IT businesses or businesses **looking to shift their services onto an online platform**, will help companies to thrive amid lockdowns and social distancing.

##### Partner with tech-based incubators and accelerators

- **Accelerators and incubators** provide start-ups with technical assistance, funding, new clients or partnerships with corporate partners. These hubs will therefore benefit from government assistance (financial, regulatory, etc), which they will translate into relevant support for tech start-ups.

#### Policy options

- ❑ Ease company registration process/introduce paperless registration.
- ❑ Organise tech competitions to promote new tech solutions, such as **South Africa's** Innovation Summit, or partner with platforms such as **Zindi**, a crowdsolving start-up, with a data science competition platform based in **South Africa and Ghana**.
- ❑ Provide tax charges, reliefs and waivers to small tech firms.
- ❑ Ease credit access for businesses looking to shift to digital platforms via monetary policy measures.
- ❑ Ease process of applying for loans/ID requirements. For example, in response to Covid-19, **Ghana** digitised its microfinance and small loans service (MASLOC) to encourage applications.
- ❑ Provide credit facilities for mobile money providers and other cashless payment service providers.
- ❑ Partner with incubators and accelerators to work on government challenges, e.g. rolling out digital cash transfer/stimulus package delivery platforms.
- ❑ Request direct support from donors and philanthropies **such as Silicon Valley tech firms** for tech hubs across Africa (e.g. OceanHub Africa in **South Africa**, Impulse accelerator in **Morocco**, Vilgro in **Nairobi**, and Y Combinator and Co-Creation Hub in **Nigeria**).
- ❑ Engage in dialogue with tech hubs to understand other challenges they have, e.g. regulations, patenting, etc.



### 3. Governments and partners can support access to finance, incentivise tech-based solutions and facilitate investors

#### Policy objectives/impact

##### Promote coalitions between fintech companies

**Coalitions could provide a collaborative, exploratory platform** for financial sector regulators to learn from and work with each other – and the broader fintech ecosystem – on emerging innovations in the industry. Many start-ups as well as local IT firms in Africa are usually not big enough on their own to attract significant investment. Creating coalitions can facilitate investment into a central IT-based solution to economic recovery.

##### Ensure information protection

**Allaying public mistrust**, or fear of their sensitive information being used maliciously, could encourage more people to subscribe to or engage on e-commerce platforms.

##### Promote digital inclusivity

The impact of Covid-19 exposes the fact that many Africans lack access to the internet and access to digital devices that would enable them to work remotely. **Ensuring digital inclusivity** means increasing opportunities for small businesses and start-ups to thrive and possibly expand.

#### Policy options

- ❑ Set up tech stakeholder coalitions. Eg **South Africa's** intergovernmental Fintech Working Group.
- ❑ Address major challenges faced by local fintech firms to help create a digital single market in order to generate more significant investment.
- ❑ Engage fintech firms and retailers to assess cashless economy options, e.g. some stores in **Lagos** are not accepting cash.
- ❑ Incremental application of data protection requirements by penalising non-complaint firms.
- ❑ Conduct public awareness campaigns on the existence and implication of these laws.
- ❑ Absorb data charges in order to provide free access to e-commerce and mobile money, as **Kenya** and **Ghana** have done.
- ❑ Invest in network infrastructure to ensure nationwide mobile connectivity and access to 3G or 4G networks, like **Kenya** and **Algeria**.
- ❑ Partner with companies like **Project Loon by Google** or **BRCK by ihub in Kenya** to bring WIFI connectivity to rural and remote communities.