



Ministry of Foreign Affairs
and International Cooperation



Strengthening Local Digital Ecosystems in Africa

Industry, Innovation, Infrastructure and Financing
for Sustainable Development

WORKSHOP OUTCOME REPORT

Background and objectives

On October 20, 2023, the Italian Ministry of Foreign Affairs and International Cooperation, the Italian Agency for Development Cooperation, and the United Nations Development Programme (UNDP) jointly organized a workshop in Rome, Italy under the theme 'digital for development'. Convening more than 100 representatives and experts from private companies, business associations, international and regional organizations, civil society organizations, and the Italian government, the workshop aimed to explore the role of the private sector in promoting inclusive development in Africa through digital transformation. It was conducted in an online-in person hybrid format, allowing for diverse and local perspectives from both Italian and African stakeholders. These insights were used to generate policy recommendations for collective action. More specifically, the gathered insights will inform the planning of the upcoming Italy-Africa Summit, as well as shaping Italy's digital for development strategy and the G7 agenda during Italy's presidency in 2024. The following is a summary of key topics highlighted during the session.

Context setting: Italy-Africa cooperation and digital for sustainable development

Africa is a priority of Italy's international development cooperation agenda. Trade exchanges between Italy and Africa reached a record high in 2022. Today, there are more than 400 ongoing initiatives, a number which is expected to increase in 2024. Recognizing Africa's economic potential, Italy is keen to build on its strong business fabric to promote Africa's growth, while respecting the continent's sovereignty and autonomy. Under the *Mattei Plan*, Italy will engage with Africa as equal partners and allocate resources to boost sustainable development across the continent in several sectors.

Digital has emerged as a promising accelerator of development, benefiting around 70 percent of the Sustainable Development Goals' targets. To harness the potential of digital, key actors must adopt an inclusive and human-centric approach to bridge the digital divide, as well as reduce and mitigate online harms. Besides improving connectivity, addressing gaps in capacity, financing, and regulations are vital to achieve meaningful outcomes. There is also a need for greater coherence amongst national, regional, and international digital policies given today's fragmented landscape. Recognizing the potential of digital (and keeping in line with the *Digital Compass* adopted by the European Union), Italy would like to prioritize digitalization as part of its development cooperation activities and policies going forward.

Opportunities for the private sector

Digital has immense potential in accelerating Africa's development trajectory, from facilitating the continent's rapid industrialization to mitigating climate change. To advance digital transformation and close the digital divide in Africa, the private sector is positioned to:

- 1) Build meaningful connectivity. Ensuring internet access and utilization are top priorities in Africa. This requires building local connectivity infrastructure and integrating them into the global ecosystem -- an endeavor currently being pursued by telecommunications companies and select African startups. Equally crucial is digital skills building to promote widespread internet adoption, which can unlock new opportunities for employment and economic growth. Innovative business models such as Develhope's digital talent training and placement programme are essential, as are industry-specific solutions that facilitate engagement and information sharing among stakeholders, exemplified by Farmerline's platform for the agricultural value chain.

- 2) Back African innovations and entrepreneurs. Creativity can thrive in resource-constrained settings. Digital innovations tailored to local needs are already present in African communities. Empowering African solutions through crowdsourcing can promote local ownership and enhance market penetration. This involves supporting local businesses in digitalization projects, nurturing African universities, and fostering cross-sector and -border partnerships, such as initiatives supported by the E4Impact Foundation.
- 3) Leverage digital to improve service delivery. Digital is an innovation catalyst in the private sector. Enterprises can leverage digital technologies to streamline operations and introduce new functionalities, offering services that are cost effective, timely, and secure for users. An example is GoBEBA, which utilizes an AI-powered logistics network to efficiently distribute essential utilities to households all the way to the last mile.

Achieving the opportunities outlined above is contingent on the following:

- 1) Closing the financing gap. Funding is necessary for scaling digital innovations and enterprises. While ample financing may be available for digital transformations, the challenge lies in presenting a robust business case. For example, poor regulatory setups in countries often deter private investors, and connectivity infrastructure investments pose uncertain risks. Engaging in dialogue with political counterparts could create more favourable conditions for investments such as market reforms. Policymakers may also reduce the cost of financing through guarantees, allocate funding for digital in local currencies, and better understand local needs to craft solutions. Examples include the *EU-Africa Global Gateway Investment Package*, which employs blended finance and guarantees to de-risk typically unattractive investments, and Cassa Depositi e Prestiti's digital platform that channels remittances from diasporas. Setting ambitious financing targets for digital could generate political momentum and mobilize the private sector's participation.
- 2) Strengthening African-Italian partnerships and networks. Africa is prepared to delve further into the digital era and draw inspirations from good practices, including those emerging across European countries. Collaborations between Italian and African companies will facilitate the exchange of knowledge and technology, as well as empower African innovators to access wider networks. An example is *Archipelagos*, a collaboration between Cassa Depositi e Prestiti and the African Development Bank aimed at supporting high-growth African enterprises through linking African and Italian markets.

Final takeaways

The key to building inclusive and sustainable digital economies in Africa is establishing thriving local digital ecosystems. The private sector can play a significant part in addressing current challenges across several fronts, including improving connectivity infrastructure, developing digital capacities, empowering local innovations, securing adequate financing and amongst others. With G7, G20, and the Global Digital Compact driving the digital agenda through their respective platforms, Italy is eager to expand its digital efforts at this critical time, by bringing together actors within the ecosystem and paving the way for a stronger digital programming in 2024 to accelerate sustainable development action.



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