

Can tech-enabled SMEs power Africa's growth?

 By [Dumisani Moyo](#)

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Reflecting on the significance of Africa Day, we have accomplished much in terms of colonial liberation, but much work remains to be done in achieving liberation from persistent challenges such as poverty, inequality, and unemployment that continue to plague the African continent.



Dumisani Moyo | image supplied

I am fortunate to work in the dynamic and vibrant technology space, supporting a wide range of businesses in various industries, including small and medium-sized enterprises (SMEs) across the African continent.

A common realisation in my travels and interactions with business leaders has been the enormous opportunities that the African continent possesses.

According to the United Nations, Africa has a population of 1.1 billion people, which is roughly equal to the combined populations of Europe and North America.

A resource-rich continent of youthful potential

Africa's youthful population is expected to grow to 1.4 billion by the year 2030 and 2.1 billion by 2050. Roughly 70% of Africans are under the age of 30, compared to Europe where populations are aging and declining. This young population offers enormous opportunities for economic growth and innovation, but only if they are seized.

Other valuable resources are also waiting to be unlocked

United Nations data indicates that Africa has 30% of the world's mineral resources and 65% of the planet's arable agricultural land. South Africa, for example, holds 90% of the world's platinum reserves, while Nigeria and Libya are among the top ten countries with the largest oil reserves.

Africa also has the largest cobalt reserves, with the Democratic Republic of Congo accounting for more than two-thirds of global supplies. As the world transitions to green energy sources, cobalt has become a strategic resource, particularly in the automotive and power generation industries.

In certain types of innovation, Africa also leads the world

According to a [BCG study](#) into mobile payment banking, Kenya and Ghana have the second and third highest mobile payment usage after China, demonstrating Africa's enormous potential. Mobile transactions account for 87% of Kenya's GDP and 82% in Ghana.

To put this in context, the African mobile payment market could have 850 million customers by 2025, which is 100 million more than Europe's total population.

The big question is why, despite a large young population and mineral resource wealth, does Africa continue to trail the rest of the world in its development?

Tech-enabled SMEs could power the continent's growth

One of the solutions to driving Africa's economic development could lie in the small and medium enterprise (SME) sector. SMEs have the potential to support development by creating jobs and driving economic growth. The burning question is: why are African SMEs so slow to adopt and leverage technology?

African businesses – and SMEs in particular – face significant challenges that include a lack of access to capital, specialised skills, raw materials, and markets. A lack of adoption of new technologies is causing several issues for Africa's SME sector, ranging from poor planning, a lack of forecasting capability, and lack of capacity to leverage the efficiency gains of artificial intelligence and machine learning. These issues must be addressed if we are to unleash the next generation of African business success stories.



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Although technology is not the only answer to the question of building world-class competitive African businesses, it is one of the most accessible solutions to many of the challenges that businesses face. Returning to the mobile payment banking example, this innovation was the result of a clever use of technology to address a fundamental challenge in both Kenya and Ghana: a lack of banking infrastructure.

Digital supply chains and business network solutions could unlock access to new markets for raw materials or finished

products. Innovative use of technology – like what we’ve seen with mobile banking – could solve immediate challenges stunting SMEs’ growth and unlock a new wave of innovation across the continent.

Even though Africa continues to face numerous and complex challenges, there is no denying that the continent is brimming with possibilities. The time is now for African businesses to leverage technology as a strategic resource to fuel innovation and growth.

ABOUT DUMISANI MOYO

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