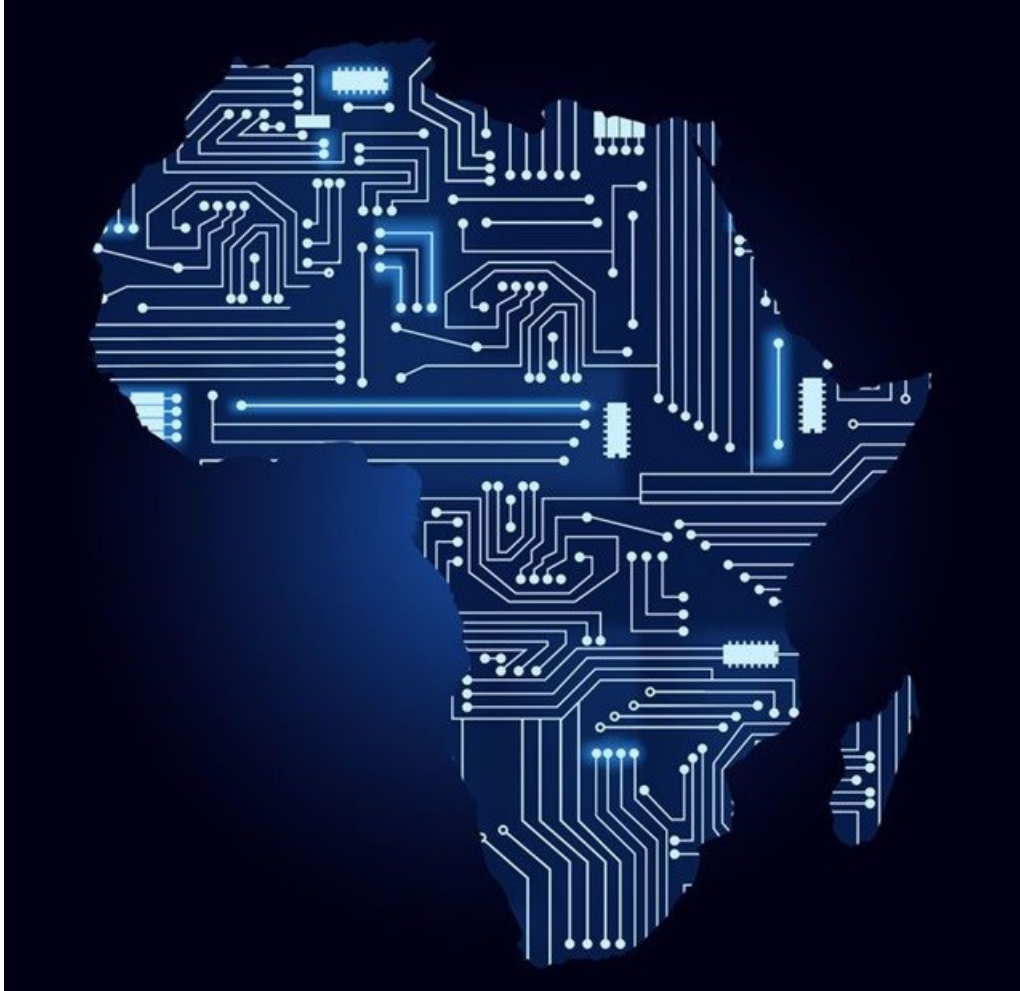# Enabling the digitisation of Africa - five strategies

Measuring "digitagility" in Africa is what Euler Hermes' Enabling Digitalization Index (EDI) does. It charts the ability of 115 countries to provide the environment for businesses to thrive in the digitalisation era.

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The five successful strategies to a top EDI ranking include the development of digital regulation, building of human capital, using pivot sectors and territories, banking on smart logistics, and reducing digital inequalities.

South Africa, Nigeria and Kenya make up the top three of the 2018 EDI "digitagility" ranking. The EDI Index illustrates each country's
ability to provide the necessary environment for business to succeed in an increasingly digitalised global economy. The index measured corporations' ability to transform and thrive digitally.

Africa is still lagging in terms of digitalisation

Weak connectivity, trade infrastructure and knowledge ecosystem have proved to be the main shortcomings in Africa. The continent has attracted substantial amounts of Foreign Direct Investment but businesses have not really thrived because of inadequate infrastructure and a small population of techno-savvy citizens.

South Africa leads the African pack by occupying the 46th position, Kenya is in 70th position and Nigeria is ranked 100th out of 115 countries in the world.

South Africa focuses on digital technology

Being the leading business hub on the continent, South Africa, occupies the first position in Africa. The country is endowed with economic development and infrastructural sophistication. Over the years, many companies in South Africa have invested billions in the digitisation of the economy.

The country's competitive advantage is explained by a major focus on digital technologies like sensors or connectivity devices, and on software and applications, such as manufacturing execution systems. However, with this impressive record, the report noted that the connectivity quality in South Arica still remains below average.

Kenya boosts infrastructure

Coming second after South Africa and 70th on the world ranking, Kenya is showing a steady increase in infrastructural development.

Kenya is the business leader in East Africa with an economy estimated to be slightly over US$70 billion. The country also has an impressive trade infrastructure and a supportive business environment, which outweighs the country's political instability. Like South Africa, Kenya also has a below average connectivity quality.

Nigeria is big in technology consumption

Third on the continent and 100th on the world ranking is Nigeria. The country has alternated between the first and second position in terms of economic size in Africa.

Nigeria is Africa's most populous country and that gives it the largest number of technology users. According to the report, Nigeria scored 100th out of 115 despite a substantial market score.

"Developing digital regulation, building human capital, using pivot sectors and territories, banking on smart logistics, and reducing digital inequalities are five successful strategies to top EDI ranking," said Ludovic Subran, chief economist at Euler Hermes.

The report suggests the following five strategies that African corporations can use to boost digitagility:

- **Develop proactive digital regulation:** Authorities in Africa need to clarify industrial competition laws for new digital products and services. Bureaucratic barriers to legislation should also be removed to allow new entrants to operate profitably.
- **Build human capital and digital capabilities**: Developing digital education and training and fostering the acquisition of STEM (science, technology, engineering and mathematical) competencies is a pressing government mandate in many African countries but improving key digital skills such as coding also increases levels of digitalisation.

- **Use pivots (sectors, territories) for stronger connectivity**: In some markets outside Africa, they rely on high value added industries as stronger competitiveness to help gain exports market share and contribute to growth. Another international best practice that African countries can make use of is to build digital hubs.
- **Bank on smart logistics**: This factor refers to the application of industry innovations (e.g. Internet of Things or IoT, cloud) to supply chain management. African companies can also make use of FinTech related to internationalization of their companies.
- **Reduce digital inequalities**: Africa should foster digital connectivity for all its citizens. The ability of authorities to make it affordable to allow a greater usage pays off, as digital literacy is a major driver for companies to find ready customers and future employees for their growth.

Euler Hermes ranks 115 markets around the world based on their overall index. The index is obtained by averaging the five sub component score. Find out more about the Euler Hermes Enabling Digitalization Index here.

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