

Facts & Figures

Silicon Savannah

The power of innovation in digital Africa

Europeans look at Africa and see crises, catastrophes, corruption – hunger and waves of refugees. This is only one side of the coin, however: Africa is also the continent with

- **the second highest economic growth rate**
a GDP that has tripled over the past 15 years,
a per capita income that has doubled
- **a sharp decline in the level of absolute poverty**
from 57% of the total population in 1990 to 35% in 2015
- **and significant mobile phone penetration**
half of all Africans own a mobile phone;
by 2020 this will rise to 725 million people.

Many solutions leap-frog old technologies and are designed, developed and implemented to align with a digital perspective from the start. This results in a notable competitive advantage compared to European and US companies.

What makes Silicon Savannah so interesting?

Real problems – real solutions: corporates and start-ups solve the fundamental customer issues of an emerging society.

They get people out of informal ways by offering new types of banking services, which allows them to participate in the economic process. M-Pesa, the first provider of mobile money worldwide, processes 45% of Kenya's GDP. 140 further mobile banking providers have followed, according to research carried out by McKinsey.

The greenfield effect: nobody sits at an old AS400 or has to worry about Basel III. Over a billion people have entered the mobile internet age.

A huge commercial demand meets a newly connected zone with new capabilities and opportunities. According to a study by Quartz Africa, the broadband speed in Kenya ranks one place higher than that in Austria. Mobile penetration stands at 87%.

Official China provides money without conditions – and does business on an equal footing. Added to this, there are 9,000 private Chinese firms actively operating in Africa.

Europe is currently being overtaken by Chinese investors left, right and centre. African countries have a bad rating for us and tend to be seen as corrupt,

misogynist and non-compliant with human rights. On our first Learning Journey the dean of the renowned Strathmore Business School, Dr. George Njenga, gave his view: “Corruption and discrimination against women are imported. It was colonialism that brought bribery and laws. The latter are, for example in Kenya, inspired by the British interpretation of the law and reflect the image of the woman in the era of colonialism in the British Empire. Laws that Africa’s young democracies are now gradually adapting.

Filled with African self-confidence, Ghana’s President recently made it very clear to his French counterpart: trade not aid.

Nevertheless: intra-African exchange is still virtually in its infancy in practical terms. The countries were focused on their former colonial rulers for too long. The French national bank still controls the West African franc. Direct flight routes between West and East Africa are slowly starting to become established.

How do you create character without any hardship? These types of sentence hang in co-working spaces, start-up hubs and also in the impressive Tunapanda slum education project.

They are the expression of a generation that is curious, eager to learn, “hungry” to form an African middle class. They are the natural partners for European SMEs.

I’m not looking for talent; I’m looking for mindset. “We are neither a bank, nor a telco – our business is changing peoples’ lives,” says Rita Okuthe, Senior Business Executive at Safaricom.

It is impressive to note that Kenya’s largest company, Safaricom, focuses its entire corporate strategy on those Sustainable Development Goals (SDG) that were unanimously approved by the UN in 2015. While for us in the corporate sector these goals cover a maximum of half a page in a sustainability report, in Kenya they are taken very seriously. In practical terms this is evident when, before landing in Nairobi, the flight attendant announces that plastic bags must be packed away – since they are forbidden throughout the country.

Even more specifically: with M-Pesa Safaricom created the first African global market leader for mobile money. 45% of Kenya’s GDP is handled via this payment method. 29 million Kenyans – i.e. literally every adult – have an M-Pesa account and therefore a bank account, savings book, credit card and the option of taking out a micro-loan. In brief: access to an economic life. Safaricom is the largest taxpayer in the country. Its CEO, Bob Collymore, describes the company’s motto as being “Leaving no one behind”; he has chosen 9 of the 17 Sustainable Development Goals, and now leads the company in line with these goals.

Green connectivity: 600,000 Africans live in total energy poverty. Charging a mobile phone often means a journey of 1.5 hours on foot in each direction.

Solar providers such as M-Kopa, Mobisol and Pawame literally bring energy and electronic devices into every hut. This has an impact on children's opportunities for learning, and on the CO₂ emissions that otherwise result from the burning of wood or kerosene. Not to mention the safety of illuminated paths and roads.

What exactly does the concept of Silicon Savannah mean?

Silicon Savannah refers to the start-up scene around Nairobi – where approximately 500 young technology companies are currently developing innovative apps, products and services. According to the World Bank, in 2016 alone there were 173 new companies and approximately 90 million US dollars were invested.

What else is going on in Africa?

There are other key innovation hubs located in Rwanda, Ghana, Nigeria, South Africa and Egypt. According to the South African start-up portal "Disrupt Africa", around a third of the investment is concentrated into off-grid technologies, with the aim of supplying disadvantaged regions with energy; approximately 20% flows into fintech, while a good 15% goes to applications in digital commerce.

Why should we be part of it?

Good economic data, good schooling, new technologies – Africa has a middle class with the same requirements and goals as we have. It is docked to the global knowledge, consumer and media society. These people are our natural partners for collaboration. We should build sustainable business with them, for our mutual benefit and the benefit of this shared world.

Topical literature and links

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<https://qz.com/1059305/kenyas-newest-tech-hubs-are-sprouting-outside-its-silicon-savannah-in-nairobi/>

<https://qz.com/1001477/kenya-has-faster-mobile-internet-speeds-than-the-united-states/>

<http://disrupt-africa.com/>

Africa digital – documentation by ZDF correspondent Jörg Brase
<https://www.3sat.de/page/?source=/makro/doku/190202/index.html>

[Hans Stoisser: Der schwarze Tiger - Was wir von Afrika lernen können.](#)
Munich: Kösel Verlag, 2015.

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Karin Krobath, identifire®, and Hans Stoisser, ecotec, connect Austrian managers, entrepreneurs, innovation professionals and promoters from the European start-up scenes with those individuals shaping and developing Silicon Savannah.

For more information please visit
ecotec.at/en/seminars-workshops/learning-journey-silicon-savannah

Enquiries to:

Hans Stoisser
CEO of ECOTECH
+43 (676) 9200 200
Hans.stoisser@ecotec.at

Dr. Karin Krobath
Partner identifire®
+43 (699) 107 766 11
karin.krobath@identitaeter.at

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