

# Harnessing the internet to drive socio-economic development

By [Ory Okolloh](#)

18 Apr 2013

Over the last few years internet penetration has continued to grow in sub-Saharan Africa. While the access gap remains significant in most countries, policy makers and the public now know that it's not just a question of getting more Africans online, but also about the economic benefits that the internet can bring.

For example, last year a study in South Africa showed that the internet economy contributes up to \$7.1 billion/R59-billion (or 2%) to South Africa's gross domestic product.

A new report by Dalberg Global Development Advisors, supported by Google Africa, is one of the first studies to examine the internet's impact on, and potential contribution to, social and economic development in several sub-Saharan Africa countries. It reveals how internet-enabled services are affecting the public and private sectors in agriculture, health, finance, education, governance, energy and transport, and SME growth.

The report also analyses the pre-conditions for impact, looking at both business and ICT infrastructure as well as factors that influence how and why users get online. The findings are based on a survey of 1,300 organisations in Ghana, Kenya, Nigeria, and Senegal.

One of the key findings of the report is that Small and Medium Enterprises (SMEs) are surprisingly optimistic about the internet's potential. More than 80% of SME owners expected that the internet will help them grow their business.

In addition, the report identifies big opportunities for cost savings as businesses shift to enterprise systems powered by the Internet. For example, in Kenya the National Health Insurance Fund (NHIF) reduced its administrative costs from 60% to 32% by automating its claims processing, accessing real-time data and tracking payment processes.

In agriculture, access to online information is creating price transparency, improving supply chain management and providing climate and growth data which ultimately reduces costs and increases farmer incomes. For example, Manobi's time to market service estimates that it has increased gum producer incomes by 40-50% by creating price transparency across local and international markets.

Another interesting development is the growing linkage between mobile money and commerce, with services like Pesapal, MTN mMoney and Pagatech creating the infrastructure to generate internet-based commerce. Meanwhile in healthcare, organisations are leveraging the internet to reduce training costs for nurses.

The primary challenge for policymakers is to align policy across three dimensions - ICT policy, sector policy and general policies for doing business - in order to create the right environment to capture the internet's potential.

Some governments in the countries featured have succeeded in creating the right market conditions. However, policymakers need to ensure ongoing investment in both core infrastructure and the conditions that drive Internet usage, including access, awareness, and attractiveness. These are needed to foster thriving ecosystems that drive both economic and social gains. Without such investments, policy makers risk missing out on the full benefits of the Internet.

This report will help governments and policymakers across the region better understand how they can take advantage of the internet to drive their economies, to remain competitive and to benefit their citizens.

For more, go to [www.impactoftheinternet.com](http://www.impactoftheinternet.com).

Source: [Google Africa blog](#)

## ABOUT THE AUTHOR

Ory Okolloh is the Policy and Government Relations Manager at Google Africa

For more, visit: <https://www.bizcommunity.com>