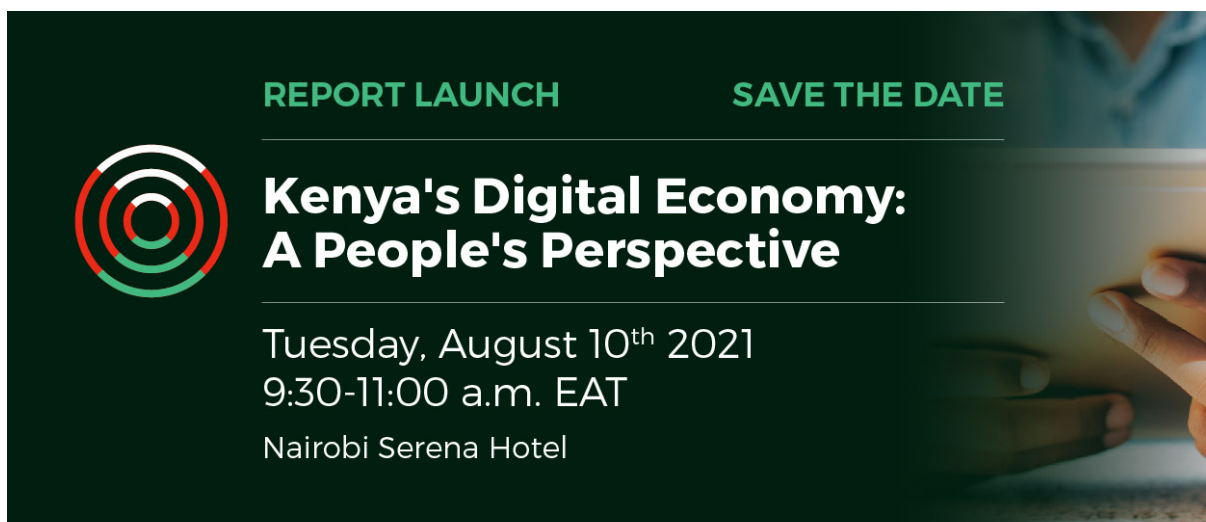


Kenya's Digital Economy A People's Perspective

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<https://j.mp/3yNLO2s>

August 15, 2021

Aly-Khan Satchu

A dark green graphic with a background image of hands holding a tablet. The text is white and green. At the top, it says 'REPORT LAUNCH' and 'SAVE THE DATE'. Below that is a logo consisting of three concentric circles in red, white, and green. The main title is 'Kenya's Digital Economy: A People's Perspective'. Below the title, it says 'Tuesday, August 10th 2021', '9:30-11:00 a.m. EAT', and 'Nairobi Serena Hotel'.

 OMIDYAR NETWORK™



Dalberg recently released a human centred design (HCD) report on Kenya's Digital Economy.

The Link for the report is captioned below

Kenya's Digital Economy A People's Perspective

<https://j.mp/3yNLO2s>

I think the HCD nature of the report provided valuable insights which do not necessarily pop above the radar in what is an always on bite sized headline grabbing news stream.

Safaricom's M-PESA of course practically rebranded Kenya inc but is now fifteen years old.

"Forward leaning" investments in undersea cables TEAMS cables, the National Optic Fibre Backbone Infrastructure (NOFBI) network, National Broadband Strategy, and County Connectivity project connected Kenya to each other and to the new c21st Digital Infrastructure.

And in 2019 Kenya attracted USD 564 million in start-up funding in 2019 — the second highest figure in Africa (Source- Partech, Africa Venture Capital Report , 2019).

The Report confirms

Kenya has established itself as a go-to country for many start-ups looking to test and launch digitally enabled products and services.

Kenya has one of the most advanced agri-tech ecosystems in Sub-Saharan Africa (SSA)—approximately 30% of the SSA's agri-tech start-ups operate and 18% maintain headquarters in the country¹⁸. Agri-tech (e.g., DigiFarm), e-commerce (e.g., Jumia, Sendy, Safeboda), financial products for savings and credit (e.g., M-Shwari, M-Kesho, Branch, Tala), ed-tech (e.g., Eneza), and many other services that have been tested and launched in Kenya are increasingly benefiting individuals and businesses.

The country has also experienced an upsurge of services (such as M-KOPA and M-Gas) for a mobile-money-enabled internet of things (IoT).

What this report however sought to delve into was the Individual User/Citizen experience.

98% of Kenyans own a SIM card;

65% of Kenyans have access to the internet;

52% own a smartphone.

84% of Kenyans report that digital devices and services are making their lives better;

1.2% claim their life is worse.

30% of Kenyans report a rise in their income as a result of using digital services.

And what we learnt is that the Digital Economy is not ubiquitous "kwa ground" [on the ground] The important Takeaway for me was that digital "trickledown" has a long ways to go.

For example whilst 94% of Kenyans use mobile money and 44% of them increased their usage during the Covid-19 pandemic only 13% of Kenyans have used e-commerce platforms to buy or sell products and services.

While many countries experienced an increase in transaction volume over major platforms like Amazon, our study shows that volume over similar platforms in Kenya essentially remained flat—16% of people increased their usage while 21% decreased their usage. Given the restricted interpretation⁶⁶ of e-commerce in this study, changes in usage and growth of e-commerce services during the pandemic may not have been fully captured.

Despite an uptick of e-commerce value across larger formal e-commerce platforms such as GoBeba and Glovo⁶⁷, the overall economic decline resulting from the Covid-19 pandemic could account for the decrease in usage volume captured in our survey. E-commerce usage volume did, however, increase among people whose income increased during this period (44% vs. 15% of those whose income decreased) and it substantially decreased for those in rural areas (27% vs. 14% of those in urban areas).

GoBeba and Glovo experienced a threefold increase in orders and 30% increase in grocery orders respectively during the Covid-19 lockdown period. A Mastercard study found that 79% of Kenyan consumers shopped more online during the lockdown period.

There is clearly a "monster" E-Commerce opportunity to be tapped. One of the key barriers to E-Commerce Lift Off is the requirement of a national addressing system [40% of E-Commerce users faced challenges in receiving deliveries (due to lack of precise street addresses and logistics complications)]

If we appreciate that we now exist in a World where the most important capital is Human Capital then there is also a lot of room to increase the number of Kenyans [16% currently] who use digital services for upskilling and Job search.

The scale of the digital adoption challenge was evidenced by the fact that

only 15% of households with school-going children participated in some form of digital learning during this [Pandemic] period (33% of private school students and just 8% of public-school students), while 64% of all students did not continue learning.

Six per cent of households with children used online ed-tech platforms, 4% used WhatsApp, and 5% used online classes organised by their school during the Covid-19 lockdown period.

If we are to be competitive in a human capital centric c21st then we need to address these shortfalls expeditiously.

My Big Takeaway is Kenya needs to accelerate Digital Literacy and internet access. The GOK speaks of increasing ICT contribution to GDP from current levels of 2% to 10%. In order to achieve this, the Internet has to be as ubiquitous as M-PESA. The network Effect of achieving Internet ubiquity will be exponential.

There is plenty for Stakeholders to consider in this report and action.