Intercontinental cooperation to foster the capacity of European and African Digital Innovation Hubs to accelerate the digital transition - The AfriConEU project

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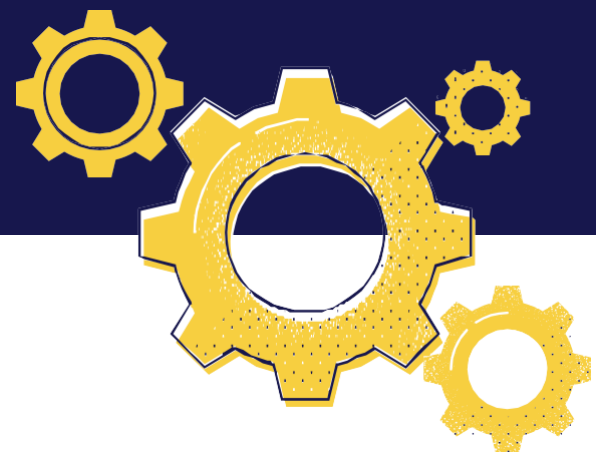(3) ITC Murska Sobota (Slovenia)

📅 February 2021 –January 2024

Aim

The AfriConEU project aspires to create the first Trans-Continental Networking Academy to support African and European Digital Innovation Hubs in capacity building, knowledge sharing, networking, collaboration, joint projects, and venture development.
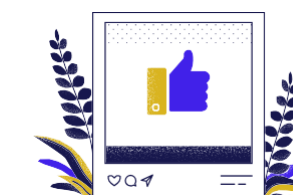
General Objectives

The main objective of the project is to develop the first Networking Academy between African and European DIHs with the aim to:
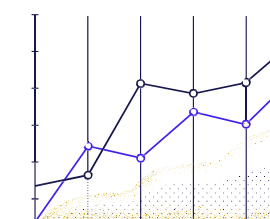
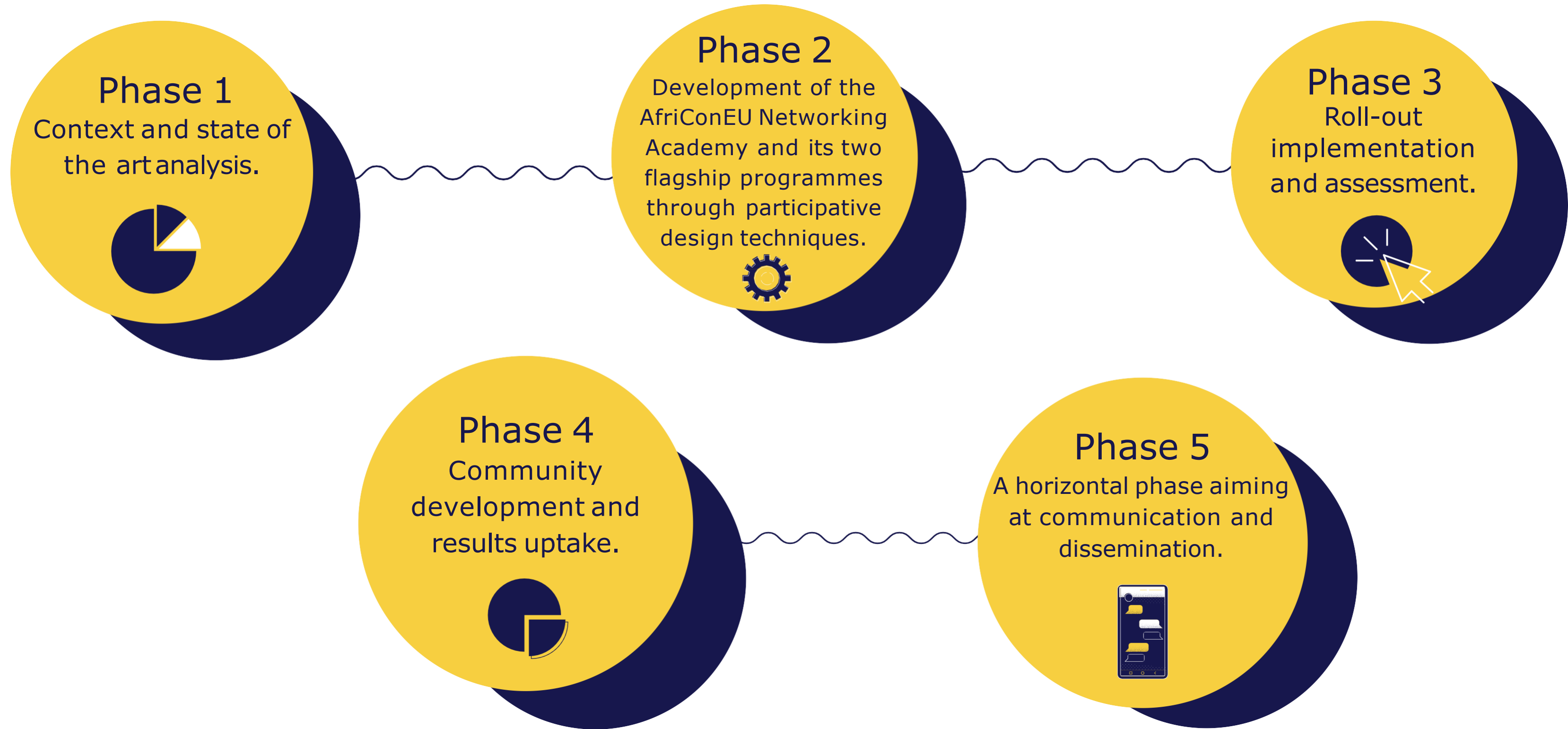**1** Facilitate knowledge and experience sharing,

2 Drive the development of mutually beneficial partnerships,

3 Support the creation of collective projects to boost the digital economy, empowering youth and women and fostering innovation and growth.

Phases

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Phase 1
Context and state of the art analysis.

Phase 2
Development of the AfriConEU Networking Academy and its two flagship programmes through participative design techniques.

Phase 3
Roll-out implementation and assessment.

Phase 4
Community development and results uptake.

Phase 5
A horizontal phase aiming at communication and dissemination.

Consortium

PORTUGAL

NIGERIA

GREECE

PORTUGAL

UGANDA

ITALY

GREECE

SLOVENIA

TANZANIA

UNITED KINGDOM

GHANA

Phase 1 – Context and state of the art analysis

Methodology

Methodology

Desk-based research	• **Literature review** that provided insight into the tech and innovation ecosystems of the four African countries targeted.
Virtual Roundtables	• **4 Virtual Roundtables**, each targeting one of the four countries at the center of the study. They were designed to assess the **impacts that COVID-19 has had on digital ecosystems** followed by a co-creation workshop in which participants interactively shared ideas on how to <u>build the capacity of African DIHs</u>, to <u>promote inclusion of youth and women</u> within the digital economy and <u>enable effective innovation partnerships</u> between Europe and Africa.
	• **4 Virtual Roundtables**, targeted to DIHs from both Europe and Africa, intended to <u>identify current perceptions towards cross-continental and intracontinental partnerships</u> and define particular needs and preferences.
Interviews	• **60** one-to-one interviews were conducted with hub leaders and managers, entrepreneurs, investors, ecosystem builders and network organisations.
	• **Interviews with 182 organisations** to gather feedback and lessons learned from existing initiatives and discover good practices for enforcing DIHs capacities.
Surveys	**Two surveys:** • An ecosystem survey targeted at diverse actors within the four ecosystems which was completed by <u>**266 respondents**</u>; • A DIH capacity needs survey that was completed by <u>**32 hub leaders**</u> across the four countries

Phase 1 – Context and state of the art analysis

Main Findings

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Overview of African Digital Innovation Ecosystems

Markets	Driven by mobile adoption, digital markets are growing but affordability and access remain limiting factors. These factors combined with gender and geographical gaps result in women and those in rural areas being excluded from participating in the digital economy.
Policy	Broad level ICT frameworks exist but policy gaps remain with regards to enabling digital adoption and innovation. In some instances, the impacts of positive policy initiatives are diminished by restrictive and punitive government regulations.
Finance	Investment into African tech markets continues to grow. However, driven by a lack of patient, catalytic capital, early-stage startups and certain key sectors remain under-funded.
Infrastructure & Support	Addressing infrastructure gaps particularly in rural areas is high on the agenda for both private and public actors. The number of digital innovation hubs is growing but funding constraints limit the support they provide to startups.
Culture	On the whole, entrepreneurship is regarded as a positive solution to unemployment and a way to increase financial and economic participation. However, cultural and socio-economic barriers prevent many women and youth from pursuing digital entrepreneurship.
Human Capital	There is increasing emphasis on digital skills development. However, education systems are not adapting and meeting the demand for advanced digital skills.

Impact of COVID-19 on African Digital Innovation Ecosystems

Markets	Accelerated adoption of digital tools, boosting demand for businesses in digitised sectors. In contrast, non-digitised businesses and traditional sectors such as hospitality and tourism were hard hit.
Policy	Increased prioritisation of digital innovation and entrepreneurship by governments.
Finance	Highlighted and widened existing financing gaps, prompting new solutions by traditional investors and governments targeting startups and small and medium businesses.
Infrastructure & Support	Increased strain on digital infrastructure prompting prioritisation of infrastructural investments. Created new opportunities for DIHs and helped them to scale through online programmes. However, funding cuts and loss of revenues from office space rental and events have exacerbated sustainability challenges for DIHs
Culture	Lowered cultural barriers to the use of technology and driven adoption. However, widened digital divides particularly for women and youth.
Human Capital	Tech jobs are being extended to secondary cities and there is an increased interest in digital jobs and online economic opportunities.

The role of African Digital Innovation Hubs

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Community /Networks

Creating a community and space where like-minded innovators and other ecosystem actors can connect.

Infrastructure

Providing spaces and infrastructure (internet and electricity) for entrepreneurs to innovate.

Access to investment

Connecting startups to investment.

Talent/Human capital/Skills development

Developing the talent pool and skills needed to drive innovation, which plays an important role in addressing digital divides for women and youth.

Policy advocacy

Educating governments and bringing ecosystem actors together to develop enabling policies for innovation and technology.

Business development training and support

Accelerating and incubating startups and supporting entrepreneurs to develop their business ideas into viable ventures.

# Challenges and opportunities for strengthening African Digital Innovation Hubs

Challenges	Recommendations
Current funding approaches limit the impact of DIHs. Specifically, funding is focused on short-term programme delivery and does not recognise the longer-term, ecosystem-building work that DIHs are doing. Moreover, the Funders' emphasis on outputs limits DIHs' potential to create systems change.	**New funding approaches are needed to support DIHs more effectively.** Funding for DIHs should support their sustainability and long-term impact. Specifically, more funding needs to be allocated towards covering DIHs core costs as well as developing their internal capacity and infrastructure. Additionally, funding for DIHs should focus on long-term outcomes and place less emphasis on maximising short-term outputs.
Many DIHs lack sustainable business models and are heavily reliant on grants which leaves them financially vulnerable.	**There is a need to provide DIHs with funding and expertise to develop sustainability models.** Those business models need to complement and build on rather than take away from the DIHs' core mission to support startups and innovation ecosystems.
DIHs face capacity and expertise gaps in key areas of business development, fundraising, investment facilitation and gender-responsive programme design. This is negatively affecting the level of support that they provide to startups and women as well as limiting their ability to tap into investment opportunities and drive investment into the ecosystem.	**There is a need to build DIHs capacity** around business development, investment facilitation, fundraising and developing gender-responsive programmes as key areas where many DIHs have capacity gaps.
DIHs face challenges in building effective ecosystem partnerships with corporates, governments, investors and fellow DIHs which is limiting DIHs' ability to scale their impact, influence policy and more effectively contribute to developing the digital innovation ecosystem.	**Support and facilitate partnerships between DIHs and diverse actors across the ecosystem.** For instance, by facilitating investment into the digital ecosystem by corporate actors; building evidence and data to support better policy making; supporting DIHs to develop investment strategies and strengthening hub networks.

Lessons learned from existing initiatives and good practices for enforcing DIHs capacities

KEY MESSAGE:

One-fifth of all DIH have training on the topic of DIH establishment. DIHs need additional knowledge on DIH expansion & networking (17%), DIH strategy & business development (16%), DIH service portfolio and development (13%), DIH sector-specific topics (12%), DIH skills and knowledge creation (11%) and DIH communication & awareness creation (11%),
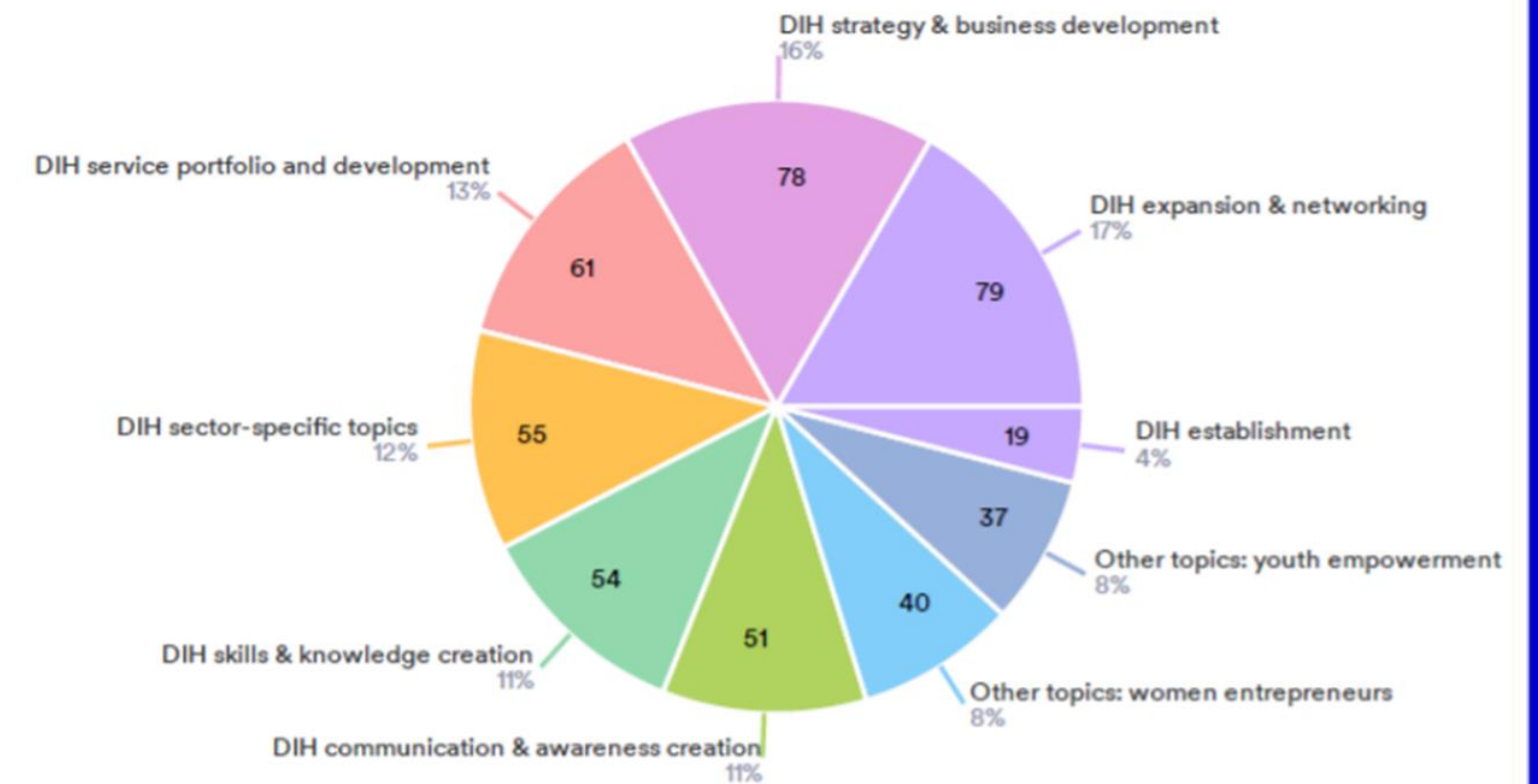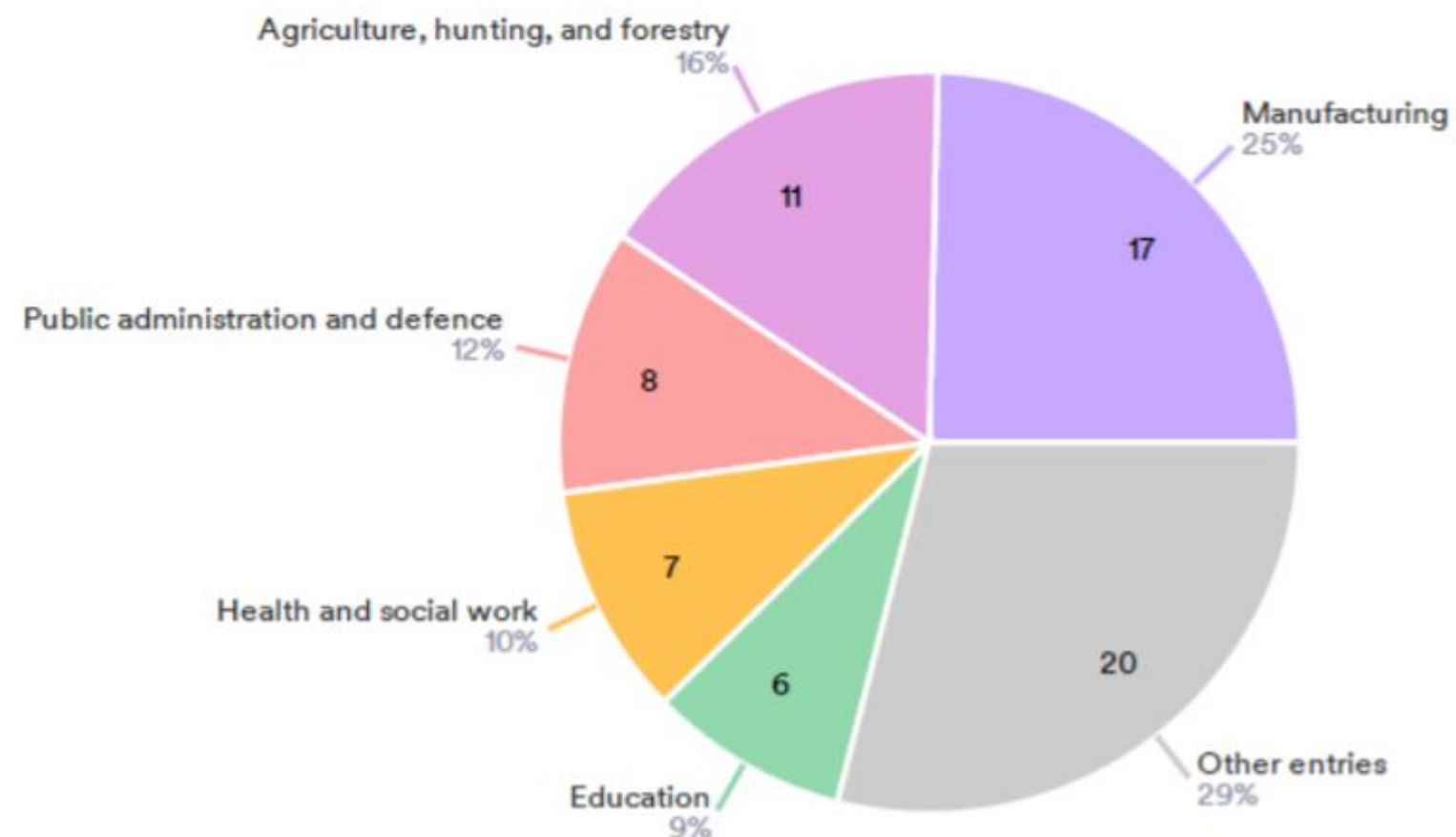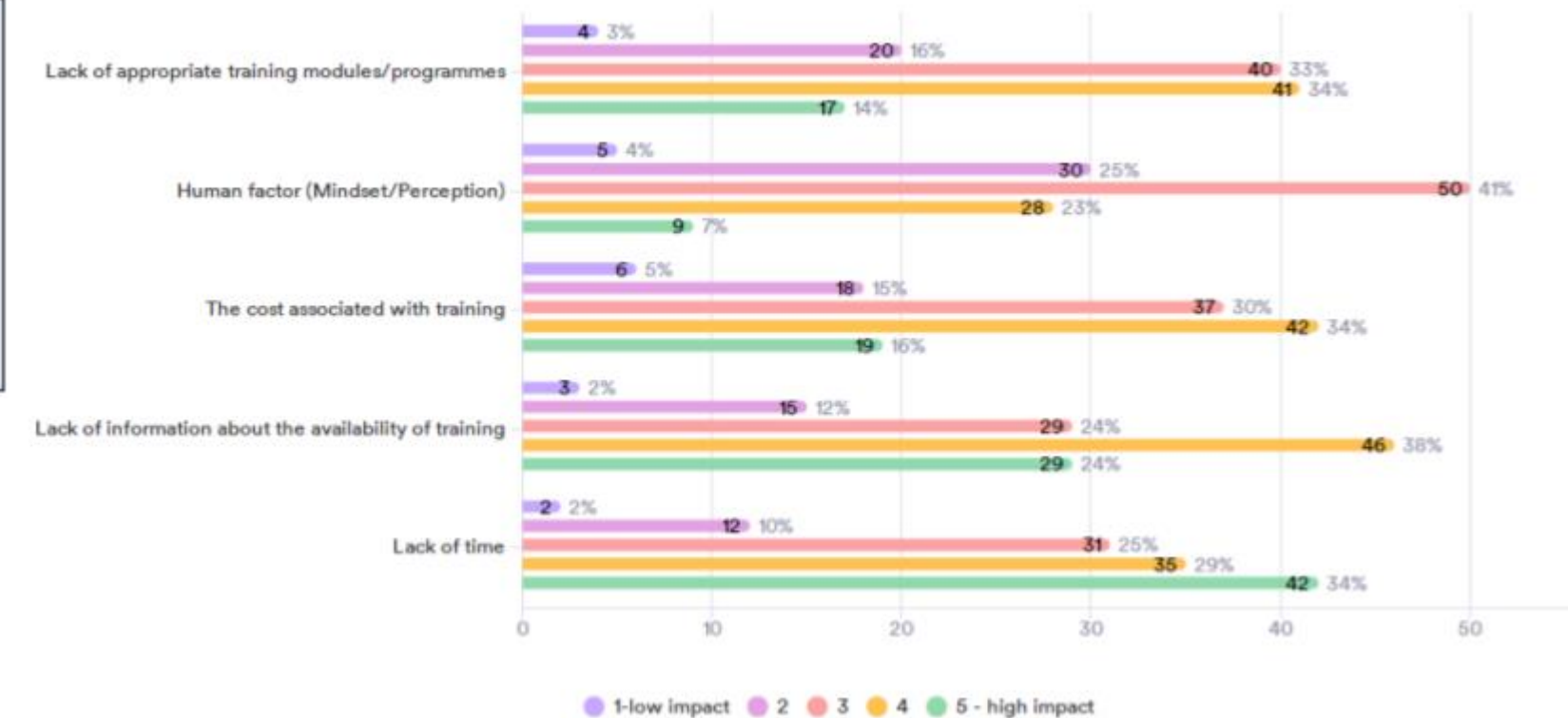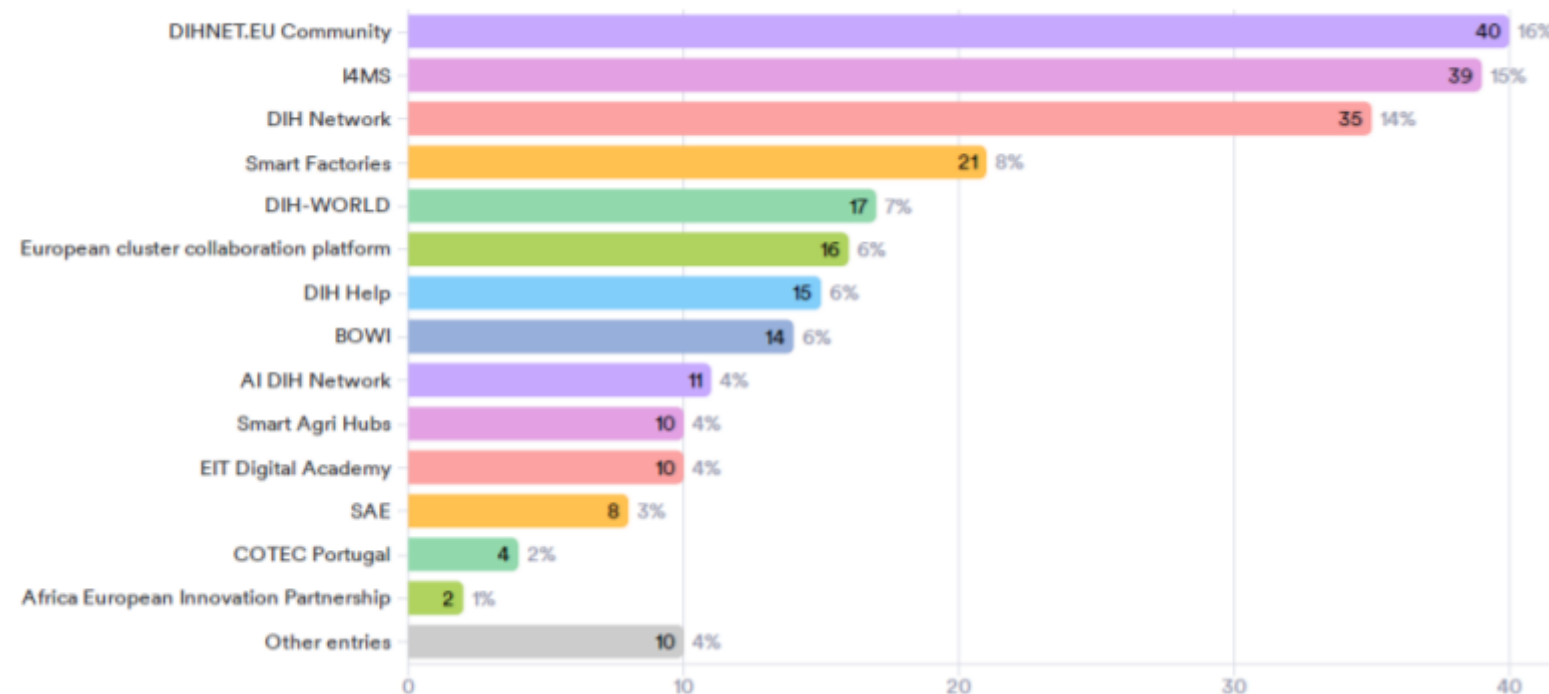
Lessons learned from existing initiatives and good practices for enforcing DIHs capacities
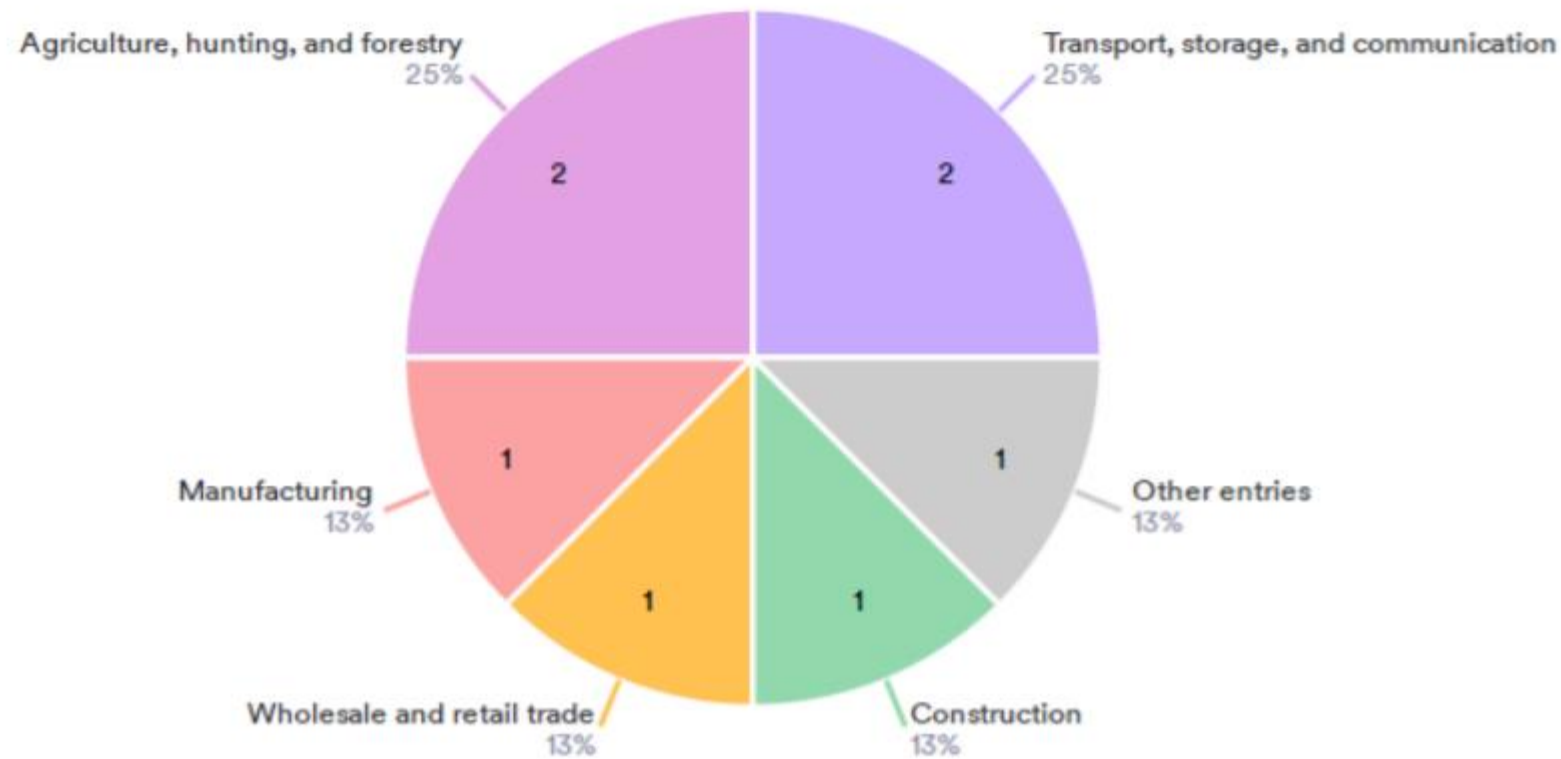

KEY MESSAGE:

Half of the DIHs received support from DIH helpers. 40 DIH received support from DIHNET, 39 from I4MS and 35 from DIH Network, and 21 from Smart Factories. Around one fifth get information about capacity buildings in conferences and events and on the organization website.

KEY MESSAGE:

Almost half DIHs participate in 1 or 2 capacity building programmes, 30 % in 3-5. DIHs are unsatisfied with practicability in capacity building programmes. The biggest obstacle for DIHs to participate in more capacity building programmes, in the opinion of DIH helpers, is the lack of time and information about the availability of the training.

Lessons learned from existing initiatives and good practices for enforcing DIHs capacities

KEY MESSAGE:

Most programmes covered the following topics: DIH expansion & networking, DIH strategy & business development, DIH communication & awareness creation, and DIH service portfolio and development. The highest interest is in DIH expansion and networking, service portfolio & development and DIH communication & awareness creation.

Two-thirds of programmes DIHs helpers offer is not sector-specific. They mainly covered Agriculture, hunting and forestry, and Transport, storage, and communication in sector-specific topics.
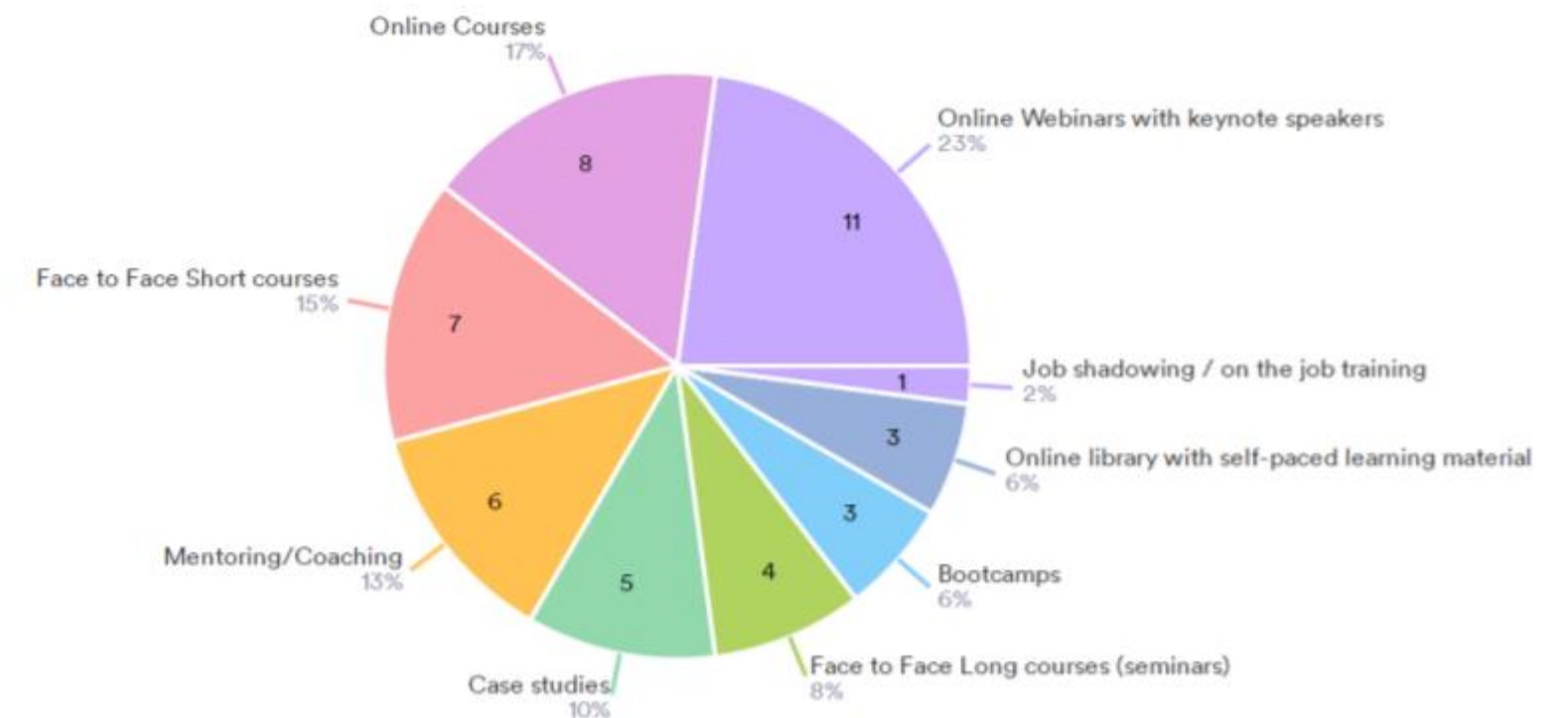
KEY MESSAGES:

Online programmes are predominantly used, mainly webinars and courses. DIH helpers assess that the least preferred method is job shadowing, and the most preferable are face to face short courses and mentoring/coaching. 62 % of programmes are free.
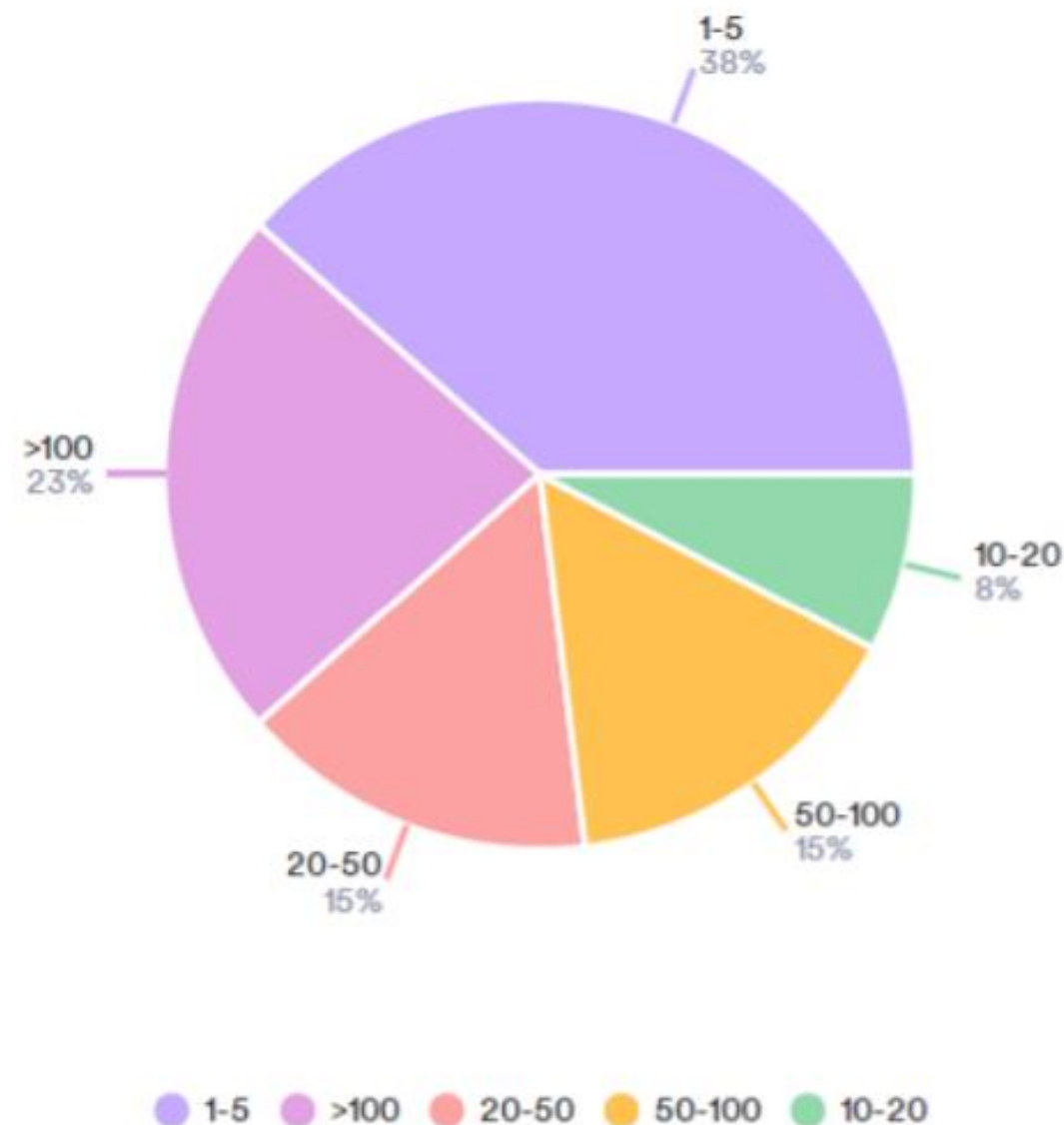
Lessons learned from existing initiatives and good practices for enforcing DIHs capacities

KEY MESSAGES:

To disseminate their activities, 23% of DIH helpers use specific and targeted campaigns and 18% of their websites and social networks.

KEY MESSAGES:

38% of DIH helpers have supported 1-5 DIHs, and 23% more than 100. Only 54% of DIH helpers monitor participants satisfaction, half of them (47%) with a post-assessment questionnaire.

DIH helpers assess that the biggest obstacle for DIH to take more programmes is lack of time to participate in training.

The biggest challenge for DIH helpers to provide programmes and support for DIHs is the lack of funds/financial resources.

Lessons learned from existing initiatives and good practices for enforcing DIHs capacities

On which topics have you already had training?
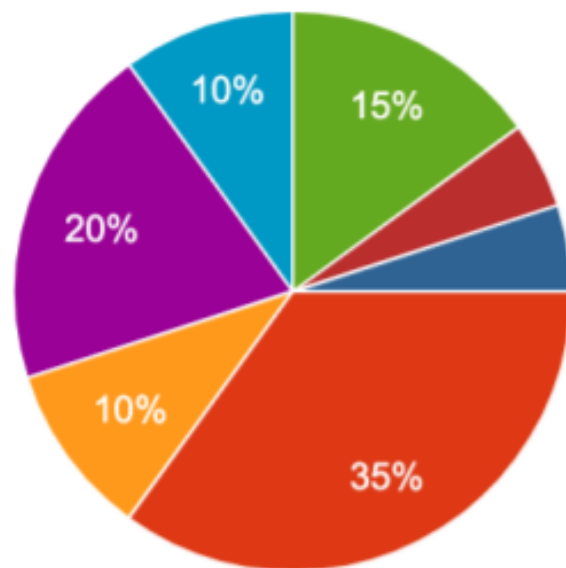
- ● DIH establishment
- ● DIH strategy & business development
- ● DIH service portfolio and development
- ● DIH expansion & networking
- ● DIH skills & knowledge creation
- ● DIH communication & awareness crea...
- ● DIH sector-specific topics
- ● None

△ 1/2 ▽

For which topics would you need further support in the future?
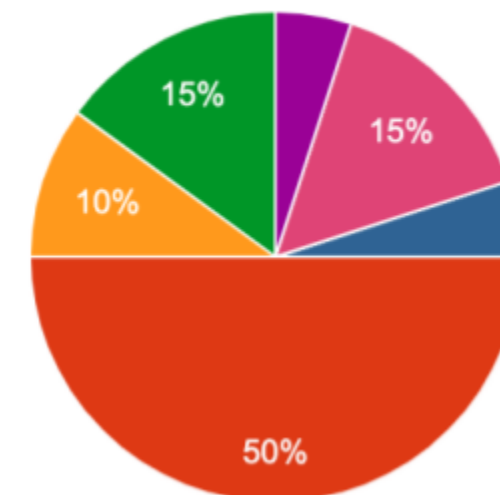
- ● DIH establishment
- ● DIH strategy & business development
- ● DIH service portfolio and development
- ● DIH expansion & networking
- ● DIH skills & knowledge creation
- ● DIH communication & awareness crea...
- ● DIH sector-specific topics
- ● Other topics: women entrepreneurs

△ 1/2 ▽

KEY MESSAGE:

65% of participants mean that the most effective method in training is face to face workshops.

The proposed approach to address the needs identified and take advantage of the opportunities for Trans-Continental Collaboration

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Improving access to funding for African Digital Innovation Hubs and early-stage start-ups

- "*Seeing is believing*": successful stories;
- **Regulatory guides**: Investment playbooks should be created to understand how to manoeuvre the regulatory hurdles and the incentives that exist to investment;
- **Convening platform**: More convening platforms for investors/funds in Europe and African DIHs and start-ups should be created;
- **Work with Embassies:** Projects like AfriConEU should seek to build connections with European embassies in African markets for purposes of supporting market entry;
- **Business development service collaborations**: African DIHs should be supported to build strong collaborations with European business development service providers;
- **Investor education**: Initiatives like AfriConEU should support its network to undertake awareness roadshows in Europe.

Improving knowledge exchange between African and European DIHs to build their capacity
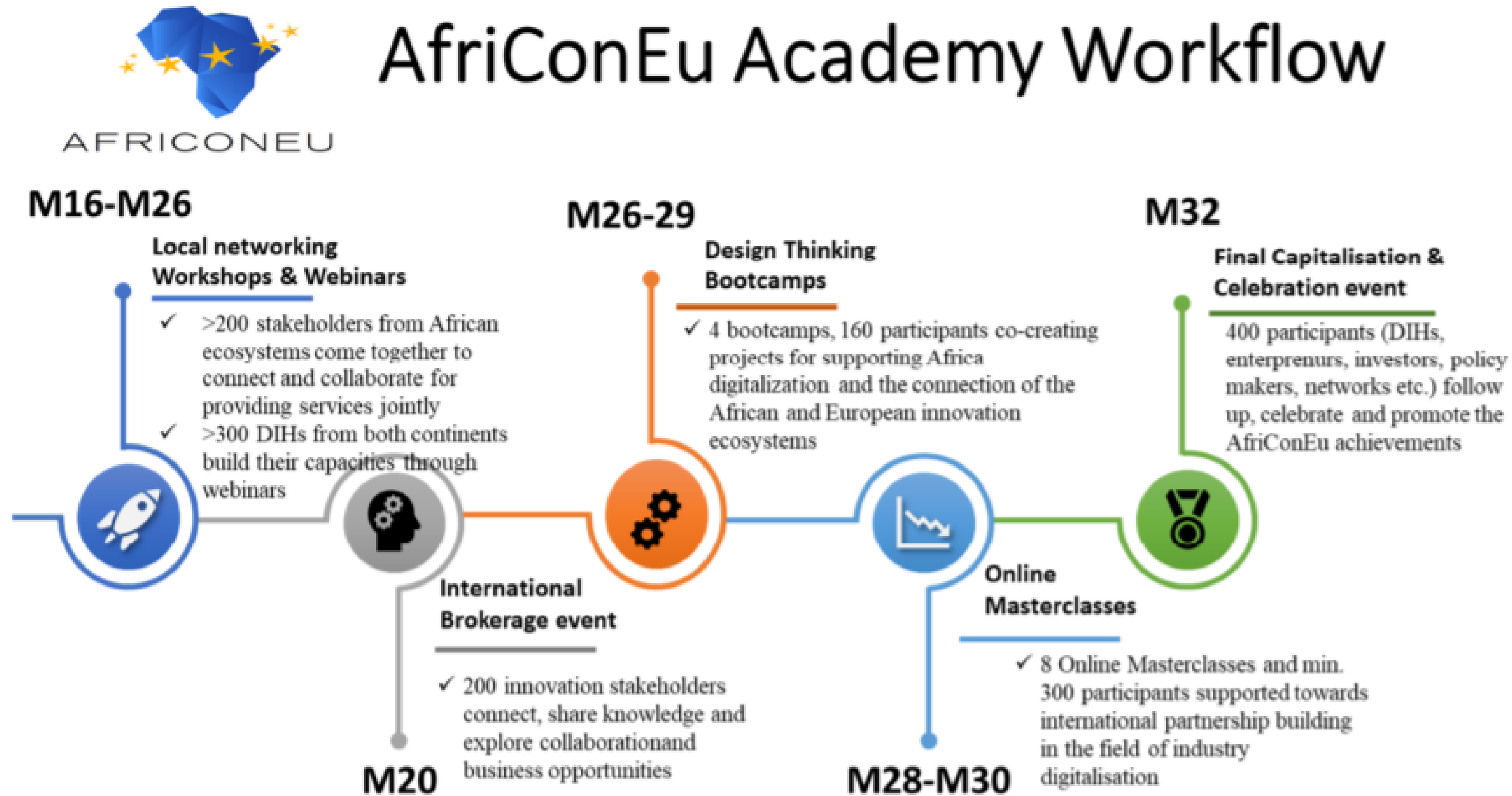
- **Embedded technical assistance**: More work should be put on building know-how and case studies on the importance of business development services to businesses in the African market. These success stories should enhance the ability of funding institutions locally and in Europe to plan for and budget for technical assistance support for start-ups;

- **Use a scorecard to build credibility**: working with DIHs to build a ranking system for experts providing business development support services from Europe and Africa. This would help build the credibility of such an offering for start-ups in the ecosystem.

Improving access to markets for African and European start-ups

- **CoP**: Establish communities of practice focused on market access for start-ups with European and African actors engagement. Some of the potential engagements could include seminars, workshops, matchmaking between actors, etc.;

- **Portal to address information asymmetry**: A one-stop portal between Europe and Africa on market access should be developed. It can leverage various interventions receiving support in both continents. It can include soft landing initiatives, digital tax guidelines, compliance, etc.;

- **Market access needs assessment**: Dig deeper into the market access needs from African and European start-ups and DIHs.

Next Steps

AfriConEu Academy Workflow

M16-M26

Local networking Workshops & Webinars
- ✓ >200 stakeholders from African ecosystems come together to connect and collaborate for providing services jointly
- ✓ >300 DIHs from both continents build their capacities through webinars

M20

International Brokerage event
- ✓ 200 innovation stakeholders connect, share knowledge and explore collaboration and business opportunities

M26-29

Design Thinking Bootcamps
- ✓ 4 bootcamps, 160 participants co-creating projects for supporting Africa digitalization and the connection of the African and European innovation ecosystems

M28-M30

Online Masterclasses
- ✓ 8 Online Masterclasses and min. 300 participants supported towards international partnership building in the field of industry digitalisation

M32

Final Capitalisation & Celebration event

400 participants (DIHs, enterprenurs, investors, policy makers, networks etc.) follow up, celebrate and promote the AfriConEu achievements

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