REPORT

Digital SME Summit 2024

Brussels
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**Digital SME Summit
Breaking Europe's Digital Frontier**

Context

The Digital SME Summit was organised by the European Digital SME Alliance and was hosted at the **European Economic and Social Committee.** The event featured keynote speeches by professionals, followed by seven panel discussions. In this report we focus on the most relevant panel, **"EU-Africa Joint Ventures in the Digital Sector".** The overall event focused on fostering actionable discussions to support SMEs in their efforts to lead Europe's digital transformation.

EU-Africa Joint Ventures in the Digital Sector

Co-organized with the **EU-Africa Business Forum Facility**, this discussion focused on successful joint ventures in the digital sector between European and African partners. The panel also emphasised strategies to support **international partnerships through transfer of knowhow**, especially between European and African businesses. The panel involved a significant number of experts: **Ariane Labat,** head of unit for Digital Transformation (European Commission-DG INTPA); **Kedi Välba,** regional chair for Europe (D4D Hub - Private sector Advisory group); **Yoeil Ashraf,** Co-Founder and CEO (Progressio Solutions); **Jean-Michel Huet,** Partner (BearingPoint); **Giovanni Zazzerini,** Secretary-General (INSME); **Jussi Hinkkaken**, CEO (Fuzu); **Bobson Rugambwa**, CEO and Co-founder (MVEND Limited); and **Dirk Verbke,** CEO (Televic).

The panel was moderated by **Amanda Sunassee,** Team Leader at the EU-Africa Business Forum Facility.

Ariane Labat started by highlighting the framework of the **Global Gateway Initiative** which is shifting from a *start-up* to a *scale-up* focus. She also stressed the importance of private-sector involvement in implementing this strategy by advocating for an **integrated approach** that combines:

- Investment in **core industries** like satellite connectivity.
- Development of **hard infrastructure** and dissemination of software.
- Strengthened focus on **cybersecurity** to create a supportive environment for private-sector growth.

There was also a brief introduction of some of the frameworks being currently developed and implemented, **Data Governance in Africa** and the **Africa-Europe Innovation Bridge.**

Data Governance in Africa focuses on bridging the gap between investments and internet access in Africa. The goal is to ensure that African countries have solid digital infrastructure and resources. Some of the focus elements are:

- **De-risking Investments**: There's a need to de-risk investments in fragile contexts, like in South Sudan, where a partnership with **Finland** is being used to de-risk private sector investments. The initiative aims to develop the mobile network infrastructure in the country.
- **Collaboration with Smart Africa**: There is an agreement with **Smart Africa**, a body that focuses on improving Africa's digital services and markets. This collaboration has been pivotal in pushing forward the private sector's role in various African countries.
- **AI Use Cases**: This collaborative framework is promoting the use of AI in Africa's digital services, ensuring that investment can flow towards core infrastructure while also promoting software solutions, cybersecurity, and innovation within the private sector.

Africa-Europe Innovation Bridge is dedicated to boosting local innovation ecosystems and fast-tracking the digital sector's growth. The aim is to provide the necessary support for Africa's digital transformation while also benefiting European firms involved in the process. The platform encourages collaboration between African and European partners and brings together private sector stakeholders, member states, and an advisory group through the **D4D Hub**. This open platform is intended to match innovation strengths with partner needs across Africa.
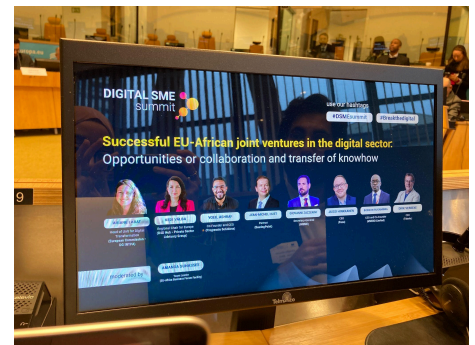
Its main focus areas are:

- Building **innovative ecosystems** in both Africa and Europe to ensure the successful integration of new digital technologies.
- Leveraging each continent's strengths to create **synergy** that fosters innovation and accelerates digital growth.

After the introduction of some frameworks, different experts in the African digital business shared their experiences, as well as the opportunities and challenges they face in the continent.

Bobson Rugambwa (Digital Wallet Solution): Bobson Rugambwa shared a case study of his digital wallet solution, which serves **100,000 businesses** and helps connect them to customers and service providers across Africa. Among some important challenges and considerations, he highlighted that **the regulatory environment** is crucial for small businesses and innovators, as proper regulations allow small businesses to bring their ideas to life and scale their operations. Understanding and addressing **local needs** is essential when building successful business models. In his experience, the needs of African farmers became clearer during consultation with farmers, which led to the creation of a more comprehensive payment solution. **Affordable, accessible technology** is essential for enabling businesses to grow and scale, especially in regions with infrastructure challenges. Access to **affordable financing** is critical for scaling up businesses. Without adequate funding, it becomes much harder for ideas to materialize into successful ventures. Different countries have **varying policies and regulatory frameworks**,

which can hinder scaling efforts. Companies must navigate these complexities to operate smoothly across borders.

Dr. Giovanni Zazzerani (Secretary General, International SMEs): emphasized that small businesses are the backbone of both European and African economies. The **successful digitalization of SMEs** has the potential to significantly impact job growth and economic development. African countries that have embraced digital technologies, particularly in mobile payments, are advancing their economies. However, digitalization also presents challenges, such as **digital colonialism** and the risk of data exploitation. There has been an increase in **African-European joint ventures,** especially in the manufacturing sector. For example, countries like **Egypt, Morocco, and Tunisia** are increasingly involved in European supply chains. **AI technologies** play a key role in these joint ventures, as they can enhance the quality of products, increase efficiency, and foster collaboration between African and European SMEs.

Dirk Verbeke (CEO, Televic): Mr. Verbeke discussed **Televic's role in the education sector**, particularly in **Sub-Saharan Africa**, where the company is active in providing smart classroom solutions. These solutions are designed to help students become **job-ready** in an increasingly fast-paced world. He also highlighted the main challenges faced by digital companies operating in the African continent, one of them being the **unreliable electricity supply, both in terms of under-supply and over-supply of electric energy.** Other challenges include **unreliable internet**, which forces some solutions to operate offline, adding complexity to the execution of education technology solutions. The existence of a **skills-gap** is also relevant, as teachers in these regions may not always have the necessary skills to leverage new educational tools effectively. Given all these geographically specific challenges, Dirk Verbeke underlines that **local rules and regulations** must be considered when adapting educational technologies. Televic's approach is to **adapt solutions to the local context** rather than using a "copy-paste" model.

Jussi Hinkkanen (CEO, Fuzu): Fuzu is an AI-powered recruitment platform that connects African talent to job opportunities, both locally and internationally. When sharing his experiences, Jussi Hinkkaken emphasized that **European business models do not always work in Africa**, due to the diverse and complex nature of African markets. Therefore, he suggested that companies need to invest in **local market research** to pilot innovative solutions. He also highlighted the importance of **funding** for conducting **pre-market studies** and developing **market-specific variants** of products. He also asserted that companies should consider the deployment of **localization** and **creative financing mechanisms** that support the scaling of business models. Last but not least he shared that it is crucial to consolidate research findings to help everyone involved in the market benefit from shared insights.

Kedi Valba focused on the success stories of **Public-Private Partnerships (PPPs)** in Uganda and Tanzania. These projects focus on data exchange and on ensuring that various public sector services can communicate with each other, which is a challenge in many African countries. In both

Uganda and Tanzania, strong partnerships have been formed with the Estonian ICT Association. Estonia's experience in **digitizing public sector services** is being shared to help African governments modernize. Among the challenges she identified are the fact that **local legislation is not yet conducive to digitalization**, therefore until these laws are updated, digitization efforts often remain stalled. Problems with electricity and lack of affordable financing persist, making it difficult to implement successful digital solutions. Issues like **political instability**, **corruption**, and **Chinese competition** present obstacles for Estonian-African/European/African joint ventures.

Yoel Ashraf (Co-founder and CEO of Progresso Solutions): Ashraf discussed the challenge of **R&D innovation** in the MENA region, where companies tend to **consume technology** rather than **develop** it. He proposed new models for R&D that emphasize **crowdsourcing** and **co-shared IP**, which could accelerate the development of new technologies or products. He also underlined the potential of **Public-Private Collaborations,** bringing together private and public funding, companies can focus more on the **commercialization of scientific research**. The collaboration between R&D companies, universities, and commercial partners is essential for scaling innovation.

The last topics discussed in the panel were Chinese competition in Africa, and the mechanisms for De-risking investments:

- **Presence of Chinese SMEs**: The **Chinese presence in Africa** is driven by a growing number of **SMEs** and **manufacturing** ventures. While Chinese companies have an advantage in terms of **tech development** and cost efficiency, they often fail to localize their products to the African market.
- **Financial Instruments**: De-risking initiatives involve collaboration between financial institutions to share the risk of investments. For example, equity-sharing models and the involvement of local banks signal confidence in a project.
- **European Enterprise Network**: This network can support SMEs by providing access to knowledge, resources, and funding options to help reduce risks and encourage private sector engagement in African markets.