



# Africa's Socio-Economic Transformation through Innovation

## Key Issues for Discussions

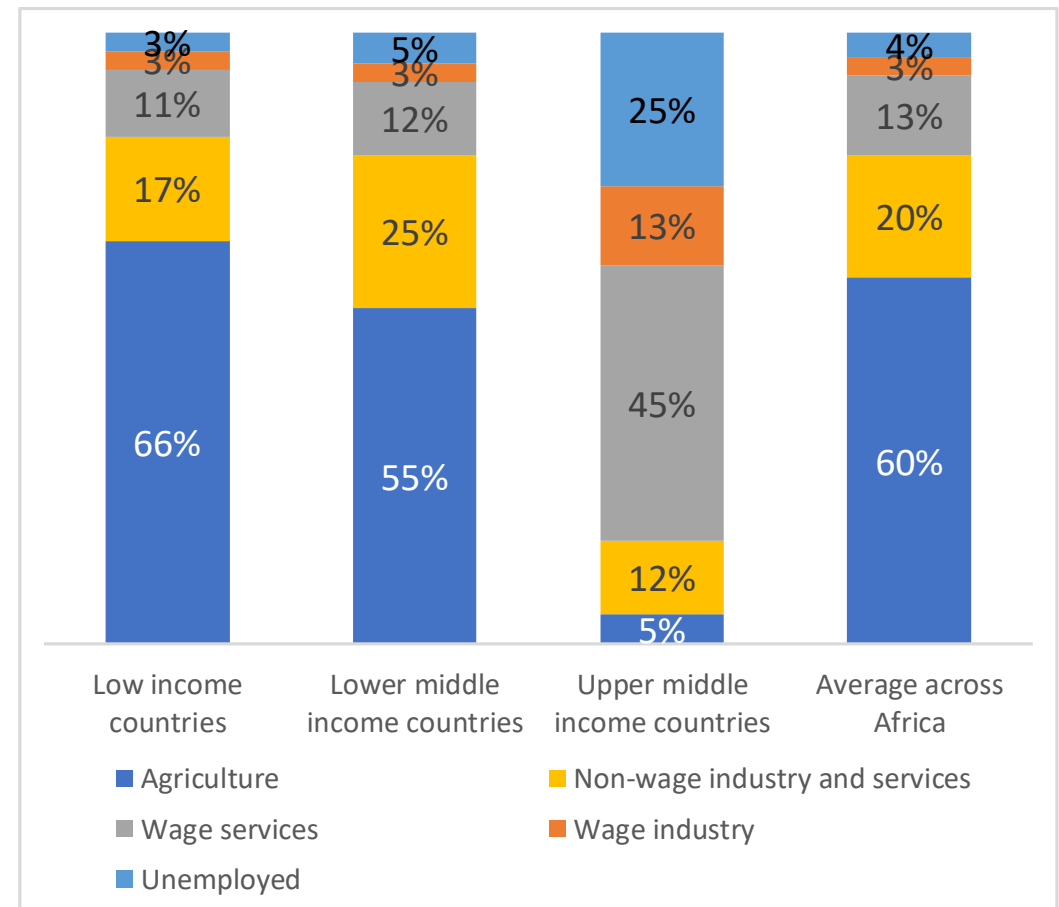
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# Is Economic Transformation Happening in Africa?

- ❑ Africa's recent growth has not yet translated into structural transformation.
- ❑ Agriculture is still the predominant source of employment while high value-added industries such as manufacturing remain stagnant.
- ❑ Productivity of manufacturing sector is low compared with the other regions.

**Distribution of Employment in SSA  
(% of total labor force, 2010)**

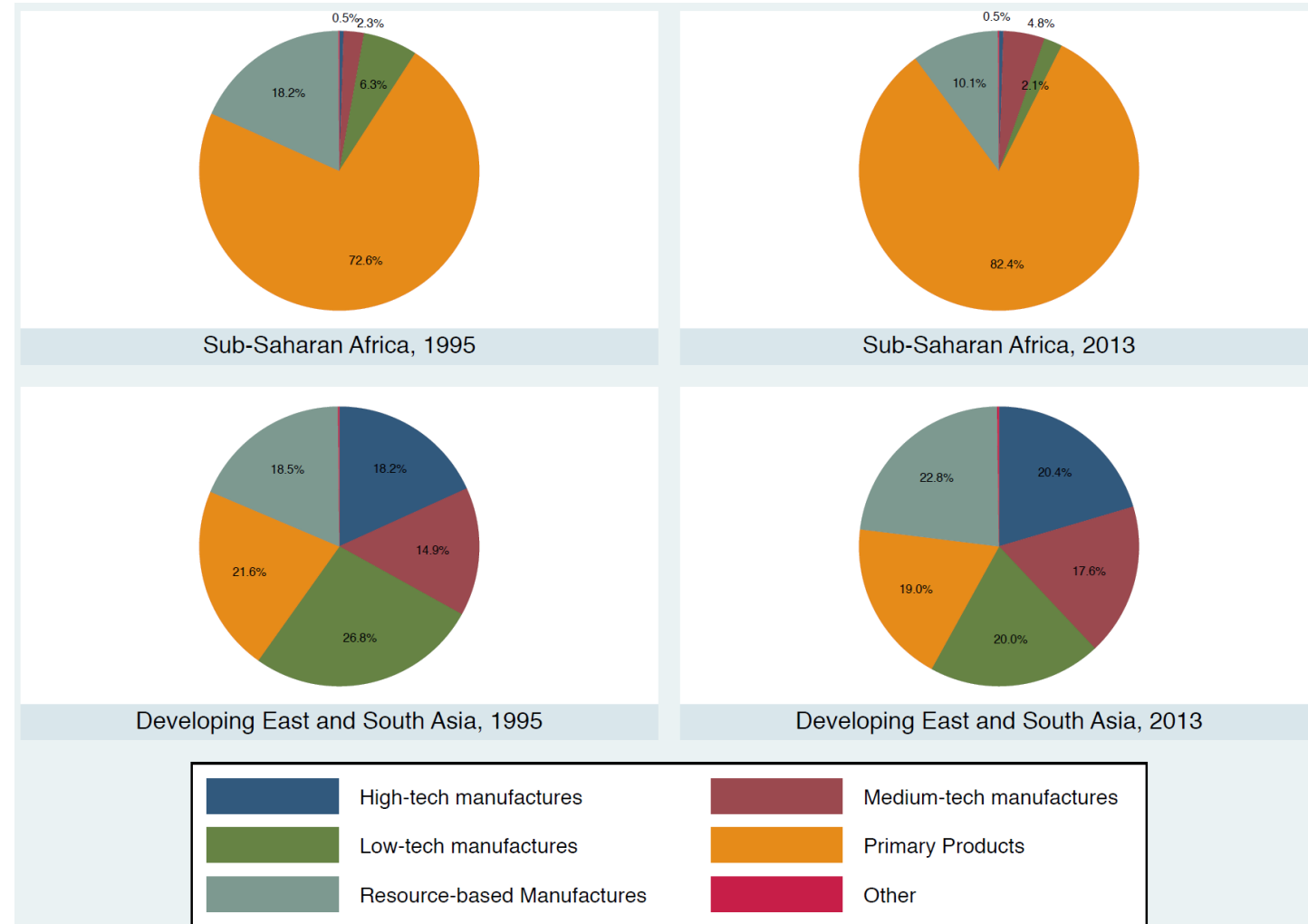


Source: AfDB (2015)

# How can Africa Create More Complex and Value-Added Products?

- Existing studies of SSA economies show:
  - Low levels of economic complexity, with limited productive capabilities (Bhorat et. al, 2017).
  - Low participation rate in manufacturing GVCs (Yameogo & Jammeh, 2019).

Export Composition, SSA and Asia (1995 vs. 2013)

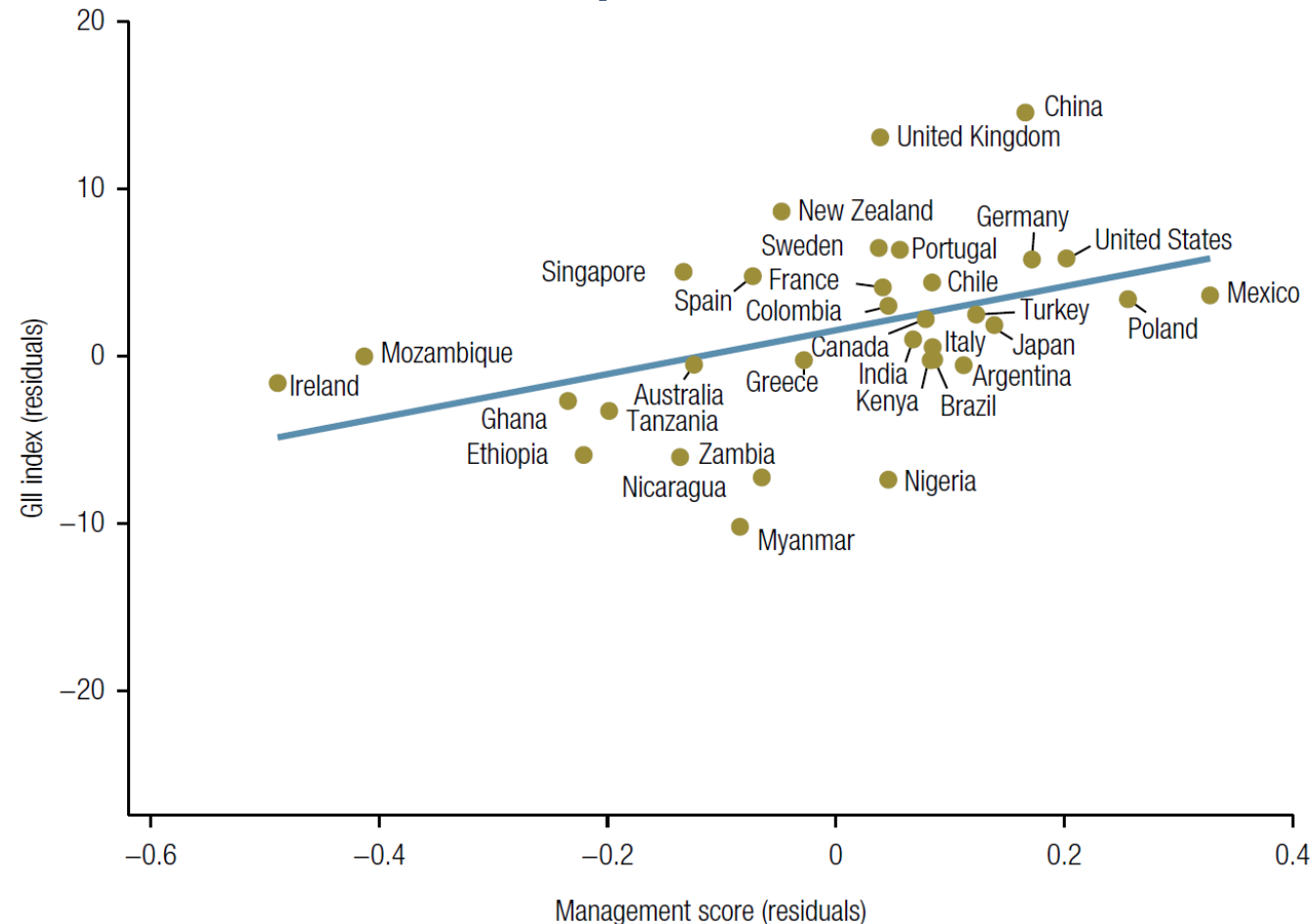


Source: Bhorat, et.al, (2017)

# What are the Capabilities Needed for Generating Innovation?

- Research and development generates new knowledge that can be applied through innovation, but does not drive it (UNCTAD, 2017).
- Innovation outputs are associated with better management practices (Cierra and Maloney, 2017).

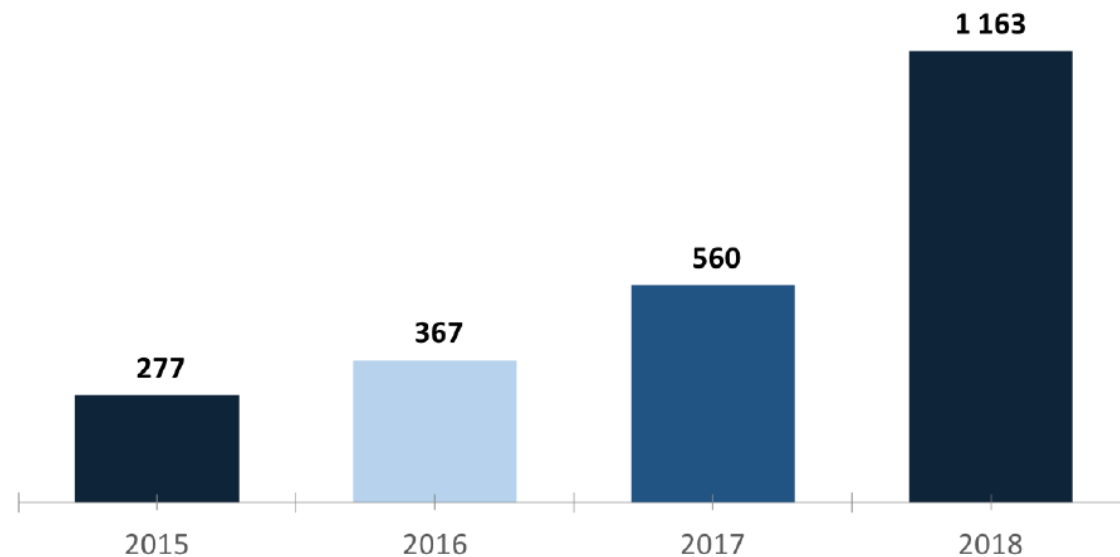
**Quality of Managerial Practices and Innovation Outputs**



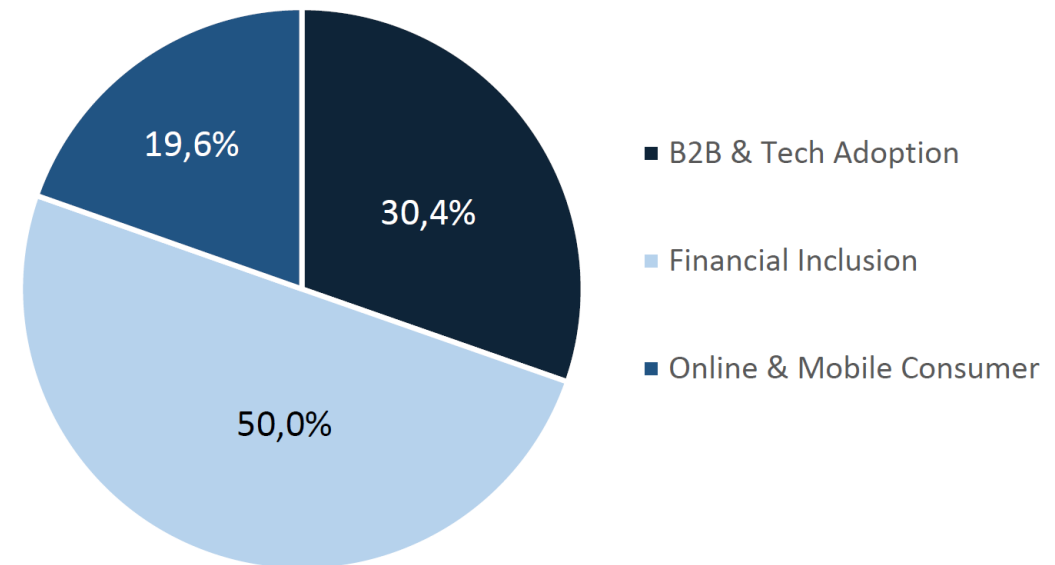
Source: Cierra and Maloney (2017)

# How does Startups Impact Economic Transformation?

Total funding - 2015 to 2018 (in US\$ M), Africa  
Partech Analysis 2019



Investment by Sector - 2018  
Partech Analysis 2019



- Africa's startup ecosystem is shaping up with yearly funding amount accelerating exponentially.
- Majority of investment is financial inclusion with B2B & Tech Adoption at 2<sup>nd</sup>.

# Key Questions

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- How can innovation contribute to growth and economic transformation of Africa?
- What are the capabilities needed for entrepreneurs and firms to promote radical/disruptive innovation in Africa?
- Can incremental innovation promote radical/disruptive innovation?