## ICTs for SMEs in West Africa

- West Africa Insight
- February 2011 SMEs

## **ICTs for SMEs** in West Africa

Successful adaptation and use of modern technologies is central to the future of business and other endeavours not only in West Africa and other parts of the developing world, but across the globe. Investments in research and development of cost effective and efficient business processes, including modern information and communication technologies (ICTs) are often the exclusive preserve of big and high worth firms such as multi-national corporations. While it is true that big companies should and often do lead the way in research and design, it is also true that the development in information and communication technologies (ICTs) presents all business enterprises with unmatchable opportunities, especially in the communication and coordination of business activities. Many of the small and medium enterprises (SMEs) that have successfully employed the use of ICTs in conducting their businesses have found it to be very useful, cost-saving and, above all, efficient in maximising investments and reaching broad markets.

In West Africa, awareness of the opportunities ICTs present to SMEs is mixed; whereas most such enterprises are aware that the internet offers them great opportunities to expand and develop their businesses, not many are equipped with the requisite skills to explore the tools made available through ICTs. For example, the SMEs Toolkit West Africa--a web portal developed by the International Finance Corporation (IFC) in conjunction with leading ICT company, IBM-- is not well known to entrepreneurs. Therefore, its immense resources on accounting and finance, business planning and human resources and the whole range of topics under technology remain inaccessible to many entrepreneurs in West Africa due to lack of awareness.

One strategic value that ICTs add to the business of SMEs is that it allows entrepreneurs to reach a wide market with their goods and services while maintaining a relatively low overhead. Avenues for achieving this include the use of the internet, especially email, blogs, social networks and websites for routine communication and advertising as well as for research and capacity building. Other relevant technologies include mobile phones especially the opportunities for mobile banking, SMS communication and also mobile roaming. Other older ICT portals such as the television and radio are not to be ignored as they remain very critical tools SMEs could exploit to develop their businesses.

Looking closely at the business terrain in West Africa it is difficult to assess the extent of availability of ICTs specifically to small and medium sized enterprises. On a general note, the ICT infrastructure in West Africa is poor; mobile telephony is not universal and it is expensive and erratic; the internet system is plagued with problems of poor connectivity, low bandwidth and often lack of power. As relates to SMEs, high cost of overhead limits the number of qualified and ICT-savvy employees an SME could employ. This then limits the extent to which they could exploit the opportunities opened to them by ICT.

For those business managers who have deployed ICTs such as launching websites for their firms, many find it difficult to regularly manage the platforms. Microsoft estimates that there are 138,310,000 mobile phone subscribers in sub-Saharan Africa, representing 18.28 percent of the population.

Looking forward, it is clear that ICTs will continue to shape African business environment. M-PESA,

the 'branchless banking service' that enables users complete basic banking transactions without the need to visit a bank branch, which is very successful in Kenya and Eastern Africa, could be introduced in West Africa. Already, there is a huge mobile telecommunication market in West Africa; also the internet is quite popular especially with the youths (Microsoft estimates there are 23,904,200 or 3.23 percent of the population). Over the coming years, it would be useful to popularise how these technologies could enhance the work of SMEs in West Africa. There is need also for massive awareness on the opportunities already open to them.

It is also very important that development capital targeted at SMEs should explore avenues for making ICTs available to them. In this regard, Injaro's \$3 million worth West Africa SME Growth Fund, IFC's West Africa Venture Fund, African Development Bank Group (AfDB's) \$10 million investment in the West Africa Emerging Market Fund (WAEMF), among others, ought to be channelled into the development of ICTs relevant to the needs of SMEs as well as training and deployment to the SMEs. Models such as the 'Inventing the future' project of the European Investment Bank (EIB) show how bigger businesses could support SMEs in accessing ICT facilities.

Noting the myriad challenges facing businesses and West Africa's huge unemployment records, it is clear that SMEs provide an opportunity to the region to harness its abundant human resources potentials, fight unemployment especially in the face of increased privatisation and roll-back of state control of the economy as well as improve the standard of living for the people.

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