UNLOCKING AFRICA'S POTENTIAL

How social media is powering small business in Africa

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Unlocking Africa's potential: How social media is powering small business in Africa

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The conclusions and recommendations of this report are those of Genesis and based on the research conducted.

FACEBOOK

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Small- and medium-sized businesses (SMBs) contribute a remarkable **95% of total employment** on the continent.[2]

Executive Summary

Africa is ripe with opportunity.

A continent of diverse social and natural capital, Africa as a whole has recorded impressive economic growth and social progress in the last two decades. Yet this report posits that there are three big opportunities still to be realised in all African markets.

1. The first opportunity is an extremely young population. This is a long-term competitive advantage over the aging developed world.
2. The second opportunity is to bring more women into more formal economic activity.
3. The third opportunity is to diversify economies and take advantage of intra-African trade.

The purpose of this report is to investigate how these three opportunities are being enabled by the growth of Africa's digital economy.

The report argues that small- and medium-sized businesses (SMBs) are the vehicle to achieve these three opportunities. Small- and medium-sized businesses contribute a remarkable 95% of total employment on the continent.[1] This is significantly higher than in developed and other developing regions. In many parts of Africa, the SMB economy *is the economy*.

If the SMB is the vehicle, then the rocket fuel is digital inclusion. Digital adoption by SMBs is correlated with higher rates of employment creation and growth. This is because digital tools dramatically lower barriers to entry and improve the efficiency of businesses. They eliminate the need for most physical infrastructure, connect start-ups to mass local and foreign markets, and provide solutions in financing, skills development, recruitment and networking.

The report draws on a survey of **4,020 SMBs across eight countries**.

The survey explores how SMBs use digital tools, social media and direct messaging platforms in Côte d'Ivoire, South Africa, Nigeria, Senegal, the Democratic Republic of Congo, Mauritius, Kenya and Ghana. The focus is on the Facebook company technologies, being Facebook app, Instagram, Whatsapp and Messenger.

The report also draws on developmental and digital economy literature as well as case studies of SMBs. For the purposes of the study, SMBs are classified as any business with 250 or fewer employees.[3]

The survey finds that social media platforms are powerful catalysts in the formation and growth of new SMBs. 73% of surveyed SMBs report using social media. Of surveyed SMBs that use the Facebook apps:

84% report that the apps have been important in the **growth of the business**;

77% report that the **business is stronger** today because of the apps; and

55% believe that the apps helped them to **start the business**.

Surveyed SMBs report that the apps are most useful in lowering barriers to entry, accessing markets, raising brand awareness, connecting with customers, increasing revenues and reducing costs.

The survey establishes a link between digital tools and business resilience during the COVID-19 pandemic.

65% of surveyed SMBs report that they have increased the use of social media and online messaging during the COVID-19 pandemic to communicate with customers, operate remotely, raise capital and make sales. Over half of the surveyed SMBs in five of the eight countries report that social media helped the business to stay open.

There is evidence that SMBs who use digital tools are helping to unlock the three opportunities in youth employment, gender equity, and diversification and trade.

1 **First, digitally empowered SMBs are unlocking Africa's youth opportunity.**

In 2020, 60% of Africans were younger than 24 compared with just 16.6% in Europe.[4] By 2025, almost one quarter of the world's population younger than 24 will be from Sub-Saharan Africa.[5] A young Africa has the opportunity to reap a massive "demographic dividend" when a young workforce drives economic growth.[6] This was a factor in the Asian Tigers' progress in the 1990s. However, this dividend can only accrue if there is gainful economic activity available to young people as they come of working age.

Surveyed SMBs that report using the Facebook apps have, on average, a business-owner age of 36 years compared with 41 years for surveyed SMBs that do not use the apps. They also employ a significantly larger proportion of people under the age of 30 (45%), when compared with surveyed SMBs that report not using social media (37%).

This suggests that digitally empowered SMBs are more youth-friendly.

2 **Second, the evidence points to digitally enabled SMBs being more supportive of gender parity.**

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Bringing more women into more formal and more equitable economic activity means the energy, ideas, labour and creativity of the whole population can be employed. By one estimate, greater gender equity in the economy could contribute a further 10% to the combined African GDP by 2025.[7]

Sub-Saharan Africa achieves relatively high levels of female entrepreneurship, with women comprising almost 60% of the continent's entrepreneurs.[8]

However, the prevalence of female entrepreneurs in the formal economy is lower relative to other parts of the world and female-owned businesses tend to be less profitable, earning 35% less on average than male-owned businesses.[9] If female-owned businesses are prevalent but often small and informal, then helping these businesses to grow is not only beneficial for gender equity but also for economic growth.

Surveyed SMBs using the Facebook apps report a higher frequency of being owned by women (36%) compared with SMBs not using the apps (30%).[10] Those using the apps also report having a slightly higher proportion of female employees, higher annual revenues, and are more optimistic about future revenues than non-users.

| This suggests that digitally empowered SMBs are more female-friendly. |

3 **Finally, digital tools are a powerful enabler of economic diversification and increased levels of trade.** Africa is poised to accelerate intra-continental trade, which has been weak historically.[11] The introduction of the African Continental Free Trade Area (AfCFTA) has the potential to connect 1.3 billion consumers across 55 countries and deliver real income gains of almost $450 billion by 2035.[12] To take advantage of AfCFTA, African businesses will need to improve competitiveness, innovate and diversify the goods and service offering.

Most surveyed SMBs that report not using social media work in the more traditional primary sector, while those using the Facebook apps are skewed more toward services and manufacturing sectors. Additionally, 67% of surveyed SMBs using the apps report that they have innovated their product or service offerings in the last six months based on information gathered through the apps. The surveyed SMBs in the manufacturing sector also ranked the ability to access new foreign markets as the most beneficial advantage of the apps.

| For SMBs to reap the benefits of digital tools they must be included in the digital economy. |

Evidence from surveyed SMBs shows that the most common barriers to greater uptake are the costs of internet access and data, and low levels of trust in data privacy on social media.

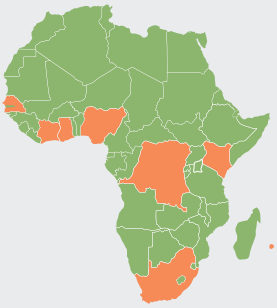
These barriers can be addressed through policies that improve the competition and network economics of connectivity, policies that lower the costs of obtaining and using mobile devices (via tax reductions or local production of digital devices), more public and private investment in fibre network infrastructure and digital literacy programmes, and improving trust in digital platforms and social media. One way to improve trust may be through greater transparency in how platforms collect and use data.

The report calls on **governments and private companies** to partner and grow a digital environment that can power small businesses to unlock Africa's three rich opportunities.

Methodology

Survey Design

A survey of 4,020 small- to medium-sized businesses was conducted by Ipsos Public Affairs North America and Ipsos Nigeria between 11 February, 2021 and 8 March, 2021. The survey was deployed in eight countries, namely South Africa, Kenya, Ghana, Democratic Republic of Congo, Senegal, Mauritius, Côte d'Ivoire and Nigeria. The questionnaire was developed by Genesis Analytics and Ipsos, with advisory input from Facebook.



8 African countries

4020 Businesses surveyed

13 Industries

The survey explored the adoption and use of social media and messaging platforms; value to SMBs; barriers to usage; and the impact of the COVID-19 pandemic.

Responses were limited to business owners, executives, and high-level managers in private companies or social enterprises with between one and 250 employees. It covered 13 industries with at least 15-35 respondents per industry per country and elicited responses from business and consumer panels. Consumer panels were used to target solo and micro entrepreneurs. Solo entrepreneurs, as classified here, are respondents who describe "providing goods and services for pay outside a job" as their main source of livelihood.

Survey Deployment

In Nigeria and South Africa, the survey was conducted online using respondents from business-to-business and consumer panels with national coverage. In Côte d'Ivoire, DRC, Ghana, Kenya, Mauritius and Senegal, the survey was conducted in metropolitan areas by computer-assisted telephone interviewing (CATI). Respondents were targeted using business and consumer lists, and face-to-face recruitment of respondents for solo entrepreneurs.

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Country	Sample included in dataset	Businesses	Solo Entrepreneurs
Côte d'Ivoire	569	414	155
DRC	552	462	90
Ghana	527	412	115
Kenya	500	408	92
Mauritius	312	252	60
Nigeria	501	421	80
Senegal	534	433	101
South Africa	525	450	75
Total	**4,020**	**3,252**	**768**

Descriptive Statistics

The survey collected data from 4,020 respondents with an average age of 36. 60% were men. 2,163 respondents (54%) identified as self-employed, followed by 1,051 (26%) who are employed full-time by somebody and 790 (20%) who provide goods and services for pay outside of a job.

Among the surveyed SMBs, the modal employee size group was two to ten employees for 41% of SMBs, followed by 29% for solo entrepreneurs. On average, surveyed SMBs had 43% share of employees under the age of 30. In terms of business ownership, the average business owner age was 37 years and 65% of business owners were men. The most common industry was selling or reselling goods and services, comprising 25% of the sample, and most of the surveyed SMBs identified themselves as being either in the growth or profit-earning stages of the business (33% of surveyed SMBs each). Finally, 41% of surveyed SMBs reported an annual business revenue below $4,999.

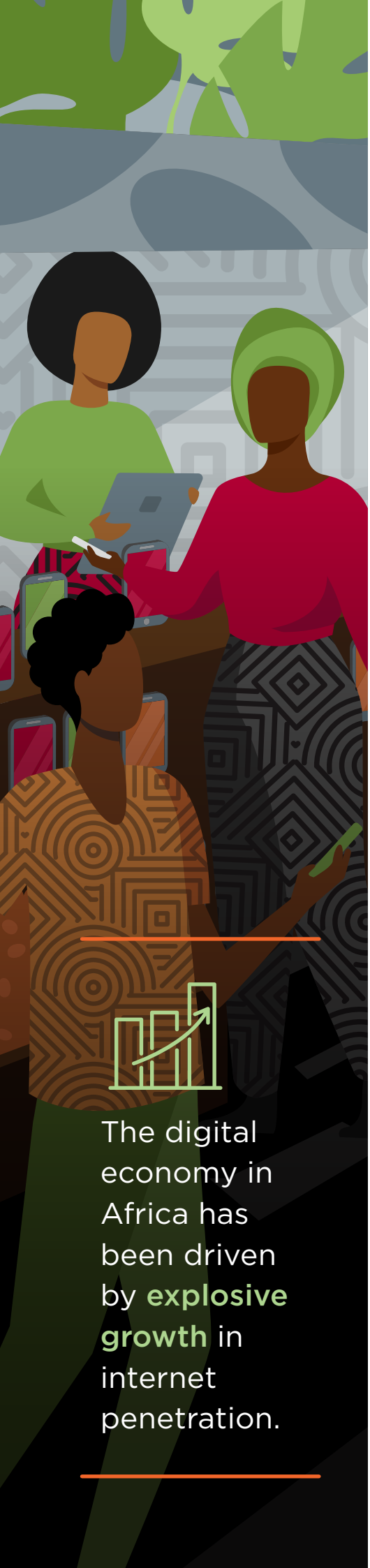
In terms of social media use, 2,946 (73%) of surveyed SMBs reported using social media platforms, while 1,031 (26%) reported not using them, and 43 (1%) were not sure. Moreover, 1,916 surveyed SMBs (65%) using social media also reported that they increased use of social media and online messaging during the COVID-19 pandemic either slightly or significantly.

Other Sources

The report also draws on secondary developmental and digital economy literature. Case studies of businesses using the Facebook apps were provided by the Facebook Company.

Note on the Statistics

All differences in the comparative statistics throughout the report are statistically significant at 1% significance level unless otherwise stated.



The digital economy in Africa has been driven by **explosive growth** in internet penetration.

1 The digital economy in Africa

Africa has three latent opportunities that can become significant competitive advantages.

The first is an extremely young population. In 2020, 60% of Africans were younger than 24 years compared with just 16.6% in Europe.[13] The second is bringing more women into more formal economic activity. By one estimate, improving gender parity could contribute another 10% to the combined African GDP by 2025.[14] The third opportunity is the ability to diversify economies and take advantage of intra-African trade. Historically, intra-African trade has been weak[15] partly because of a shared over-reliance on the same type of primary goods.

"Digital economy" refers to the use of digital technologies in the production, consumption and trade of goods and services. Digital technologies have been rewiring the global economy by disrupting ways in which information is generated and shared, production techniques, and the transport of products from producers to consumers. Even seemingly "physical" industries like tourism, hospitality, food and transport are being transformed by digital technology.

The digital economy in Africa has been driven by explosive growth in internet penetration, **yet connectivity gaps remain.** In the eight-country sample, between 1999 and 2019, the proportion of citizens with access to the internet grew from 1.2% to 36.7%. This phenomenal expansion - growing at a compound annual rate of 18.8% - is primed to continue, and will allow the African region to catch up to the BRICS countries (Brazil, Russia, India, China, South Africa) at 56% and South America at 66%.[16] However, when compared with more developed markets like Europe at 83%, Africa's connectivity gap is clear.

| Closing this gap will be imperative if all Africans are to be able to tap into the power of the digital economy. |

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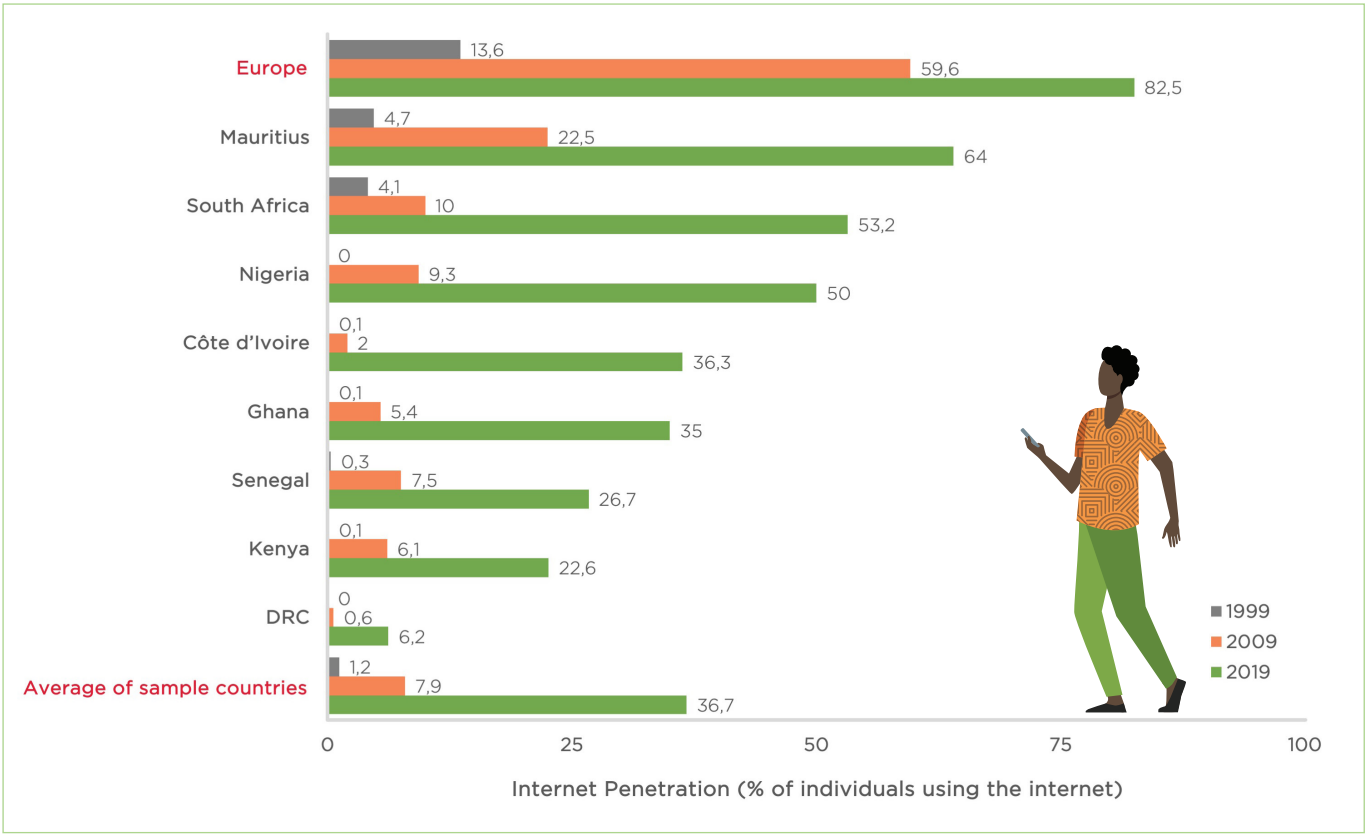
Figure 1: Internet Penetration (% of population) in the eight sample countries has grown explosively in the last 20 years but is still behind developed regions



Sources: *International Telecommunication Union Country ICT data (2020), WeAreSocial (2020), Genesis Analytics (2021)*

The predominant device for accessing the internet in Africa is the mobile phone. In Kenya 84.1% of the population use a mobile device to access the internet, in Nigeria 87% and in South Africa 73.4%.[17] Unique mobile subscriptions reached 477 million in 2019 and will grow by nearly 200 million by 2025, with the mobile industry contributing ~9% to GDP by 2024.[18] In the eight countries on average, 97% of social media users did so using a mobile phone.[19] Yet in sub-Saharan Africa only 44% of the population have access to a smart phone, and only 26% of people are able to access the internet with a smart phone.[20] The main barrier is the high cost of smartphones relative to average incomes. The total cost of basic mobile ownership per month (including the handset price, activation and connection price, and 100MB of data) is higher in sub-Saharan Africa than in any other region of the word - users spend on average the equivalent of 6% of income compared to an average of less than 2% in other regions.[21]

Improving access to affordable devices and data is key to closing the connectivity gap. The GSMA Mobile Connectivity Index for the eight countries reflects this gap with an average score of 48.5 out of 100, comparing poorly with Brazil (63.5), India (56.6), Malaysia (69.2), and the Philippines (62.8).[22] The lower average scores are driven by relatively unaffordable data and devices.

| Unlocking the digital economy will depend, in part, on scaling access to networks and lowering the costs of data. |

It also requires affordable access to data-enabled devices such as smartphones which remain out of reach for many Africans.

The digital economy and SMBs

It is not easy to start and run a business in Africa.

The vast majority of businesses in Africa are small and informal and face four common barriers: poor access to finance and financial services; poor access to markets; poor access to information; and insufficient business resourcing.

Resolving these blockages will drive development. As SMBs grow they absorb labour and add value to the economy. SMBs are also good for achieving *inclusive* growth. SMBs are notably more youth-friendly, and women-owned SMBs are emerging as one of the fastest growing SMB segments.[23, 24]

| Empowering more SMB growth therefore presents a striking opportunity to unlock latent value on the continent. |

Digital tools solve some of the challenges faced by SMBs. Digital tools can connect businesses with new sources of demand. Digital tools also bring down the costs of starting, running and growing a business. They have been important to many SMBs during the COVID-19 pandemic, providing virtual access to markets, customers, resources and business management tools.

Over 300 unique digital platforms operate in Africa - largely delivered through mobile devices.[25] These African innovations demonstrate the transformative power of technology.

Five types of digital platforms across Africa are:

e-Commerce

e-Commerce has grown rapidly. Nigeria's *Jumia*, South Africa's *Takealot* and Ghana's *Kikuu* Express have allowed SMBs to sell wares to customers in new geographies. Food delivery platforms like *Order Kasi*, *Yebo Fresh* and *Malaicha* are delivering food to and from townships in South Africa. *Malaicha* is targeted at migrants who can buy groceries to be delivered to families in Zimbabwe or Malawi. In 2020 Senegal's Ministry of Trade and Small and Medium Enterprises launched two new e-commerce platforms, a referencing and qualification platform called *e-commercesenegal* and a merchant marketplace called *e-KomKom*.[26]

e-Hailing

In the transport sector, e-hailing platforms have transformed informal markets and created new job opportunities for solo entrepreneurs. apps like *Little*, *CanGo*, *Twende* and *SafeBoda* use platforms to match drivers and riders, make and receive payments digitally and track business data. In South Africa, *Uber* and *Bolt* have unlocked latent demand and created thousands of additional part-time jobs by reducing search costs and increasing convenience for drivers and riders.

e-Learning

The DRC has developed an ICT-platform *Allô, Ecole!* that collects and shares data efficiently with a variety of stakeholders, among them parents and government officials in the education sector.[27]

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Job-Matching Platforms

Matching platforms have brought down the costs of finding work. Blue-collar solo entrepreneurs in domestic services, gardening, painting, electrical and plumbing, often must rely on ad hoc and informal work. In South Africa platforms like *SweepSouth*, *Kandua* and *Clockwork* have created new income-generating opportunities by making it easier for workers to find artisanal jobs without having to travel a long way from home, spend on advertising or build deep client relationships.

Digital Financial Services

Mobile money has enabled access to payments and other financial services, filling a gap left by the formal banking sector in markets like Kenya, Nigeria and Ghana. In South Africa affordable digital payment devices provided by *Yoco*, *SureSwipe* and *Dashpay* allow traders to migrate away from cash. Digital platforms also use data to design and offer insurance and credit. *Uber* and *Jumo* created *Jumo Drive* which uses driver data to provide credit assessments for vehicle finance.[28]

These African innovations demonstrate the value of the digital economy and transformative power of technology.

Borderless digital applications such as the Facebook apps play an equally important role in the development of SMBs by cost-effectively addressing a number of the challenges SMBs in Africa face.

The Facebook apps

Across the eight countries, 73% of surveyed SMBs report using social media.

SMBs that report using the Facebook apps find that they have been helpful for starting, growing and establishing their business.

The Facebook apps provide SMBs with useful tools: Businesses at different stages of growth have different needs. These can be met by the apps as shown in the diagram alongside.

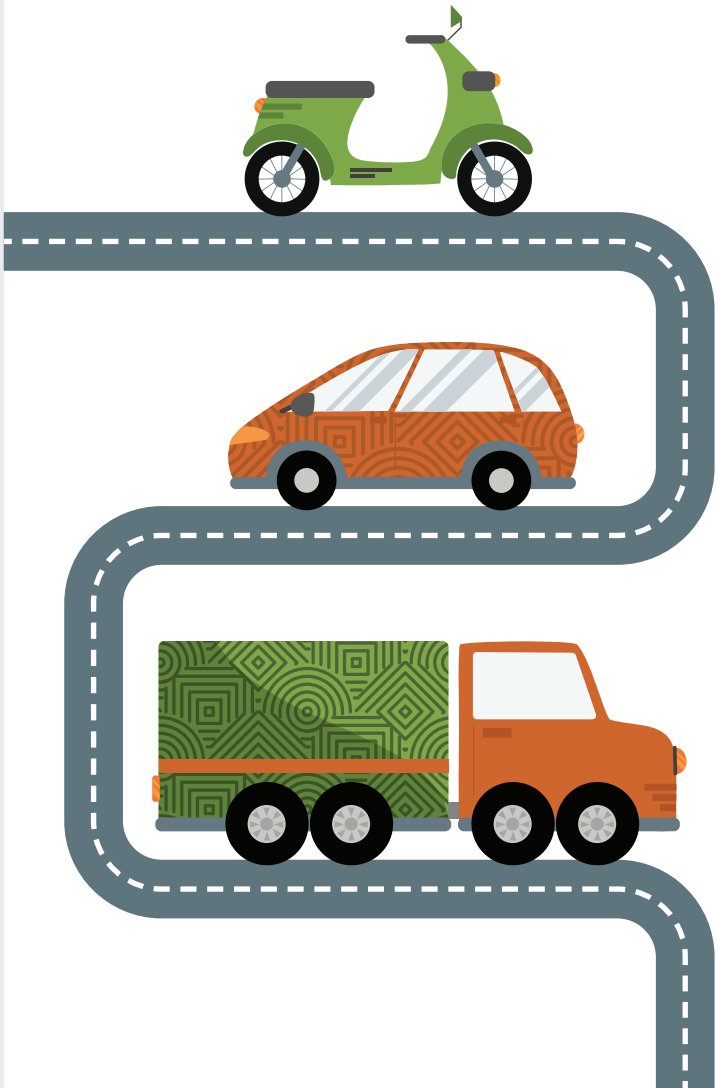
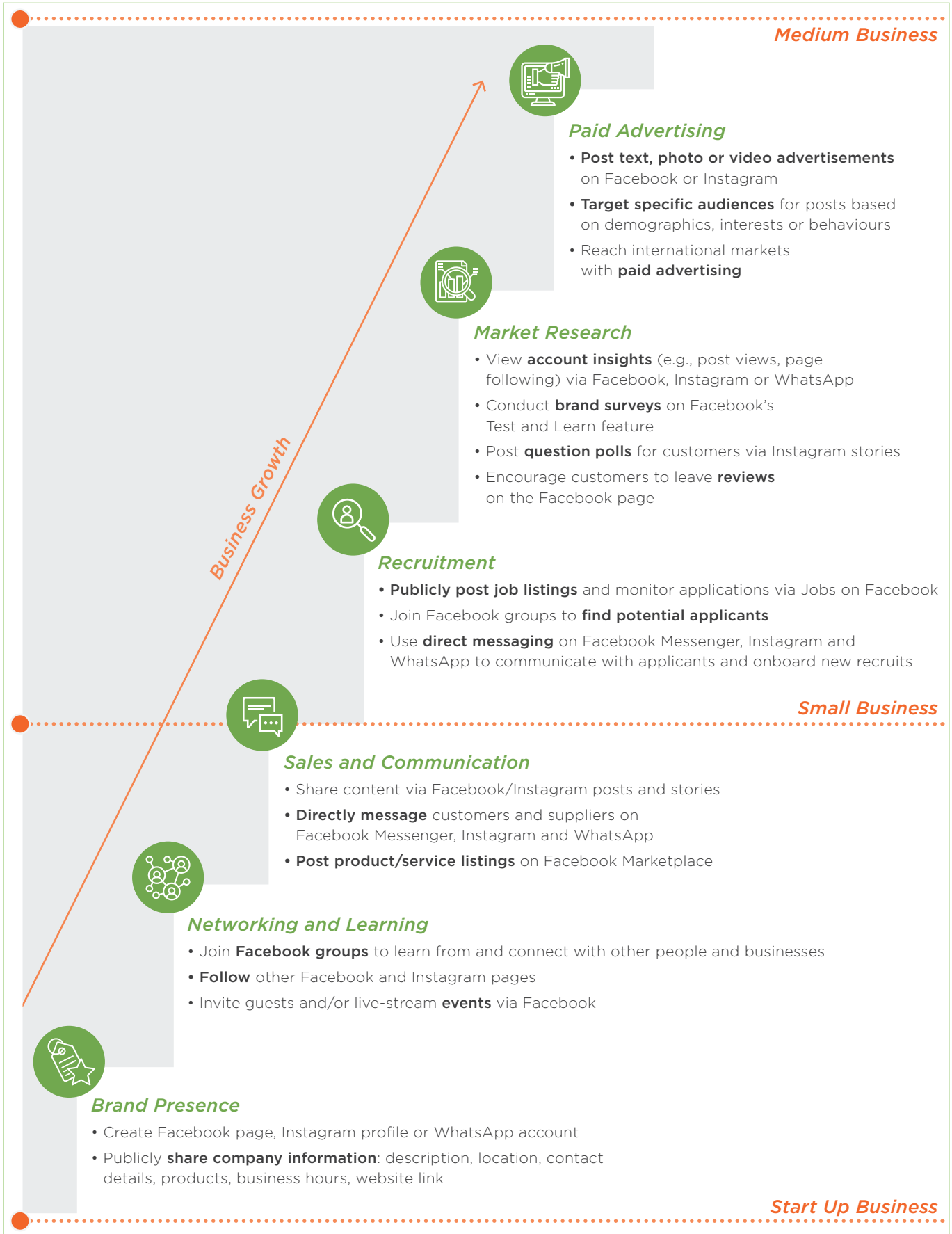


Figure 2: How businesses use the Facebook apps to support business growth



Source: *Genesis Analytics (2021)*

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While most of the Facebook apps'business functions are free, 47% of surveyed SMBs report using at least one of the Facebook apps' paid services in the past six months. Of those that have used paid services, 32% report using paid advertising and 23% report using paid promotion of posts/events - the two most used forms of paid services among surveyed SMBs. Of the surveyed SMBs who report using the apps, six in ten report using paid advertisements at least once a week over the past six months. Paid advertising was used by almost half of the surveyed SMBs in Côte d'Ivoire, Nigeria and South Africa.

The survey suggests that the Facebook apps are valuable for starting and growing a business.
Among the surveyed SMBs that use the apps,

> **55%** somewhat or strongly agree that the apps helped them to start their business;
>
> **58%** agree that if the apps disappeared tomorrow, their business would suffer;
>
> **77%** report that the apps have been important to their business growth; and
>
> **84%** report that their business is stronger today because of the apps.

Surveyed SMBs also rank reaching new markets and customers, communicating with customers, and raising brand and product awareness as the leading benefits of using the apps.

Surveyed SMBs also report using the Facebook apps for functions not traditionally used by businesses via social media and messaging platforms. On average across the sample, 45% of surveyed SMBs report that the Facebook apps were beneficial for raising finance for the business.

| 80% of surveyed SMBs in Ghana that use the Facebook apps report that Instagram was a beneficial platform for raising finances for the business, | given that poor access to finance is the most frequently cited constraint by SMBs in Ghana.[29, 30, 31]

2 Harnessing the energy of a young population

From her early years in college, Accra-based Juliet Nornoo had always been passionate about photography. Towards the end of her degree in Supply Chain Management, Juliet was inspired to combine her studies with her love of photography.

Juliet says that "[my] mission is to change the narrative of photography in West Africa, not only by providing durable equipment and accessories but by also training aspiring photographers".

She launched her business, Shikakope, which sells photography equipment and accessories, from her college dormitory in 2015. Today the brand has a physical store with three full-time staff. The Facebook apps have been Shikakope's main marketing platform. Approximately 70% of Shikakope's total online customer conversion comes from WhatsApp and Instagram, resulting in a revenue of about 30,000 to 80,000 Ghana Cedis monthly.

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Juliet is one of Africa's 780 million young people. People younger than 24 account for more than 60% of the continent's population.[32,33] According to projections released by the United Nations in 2019,

| the African baby boom is set to double the population of Sub-Saharan Africa by 2050.[34] |

This presents a historic opportunity to improve productivity and catapult countries into middle-income status. Some scholars have attributed almost half of the growth of the East Asian Tigers between 1965 and 1990 to a similar mobilisation of the youth bulge.[35] However, such a dividend can only accrue if young people are economically active.

Digitally enabled SMBs can provide gainful economic opportunities to Africa's young people. Young business owners tend to use social media and messaging platforms more intensively. While on average, seven in ten surveyed SMBs report using the Facebook apps, the average rises to eight in ten for those with owners under the age of 30.

| Furthermore, surveyed SMBs that use the Facebook apps also more frequently report that they are owned by managers under the age of 30. |

The average business-owner age for surveyed SMBs that use the Facebook apps is 36, compared with 41 for surveyed SMBs that do not use the apps.

With insufficient employment, young people in Africa are under pressure to become entrepreneurs. They typically face the challenges of limited finance, insufficient skills, and aversion to entrepreneurial risk, often exacerbated by a business environment that is not tailored to start-ups.[36, 37]

| Since digital solutions lower barriers to entry, they offer particular benefits to young entrepreneurs. |

Surveyed SMBs with owners younger than 30 are concentrated in industries with lower barriers to entry such as the resale of goods, personal services, and arts and entertainment.

Also, in terms of youth employment, across the eight sample countries, surveyed SMBs that use the Facebook apps report a larger proportion of staff under 30, as shown in Figure 3.

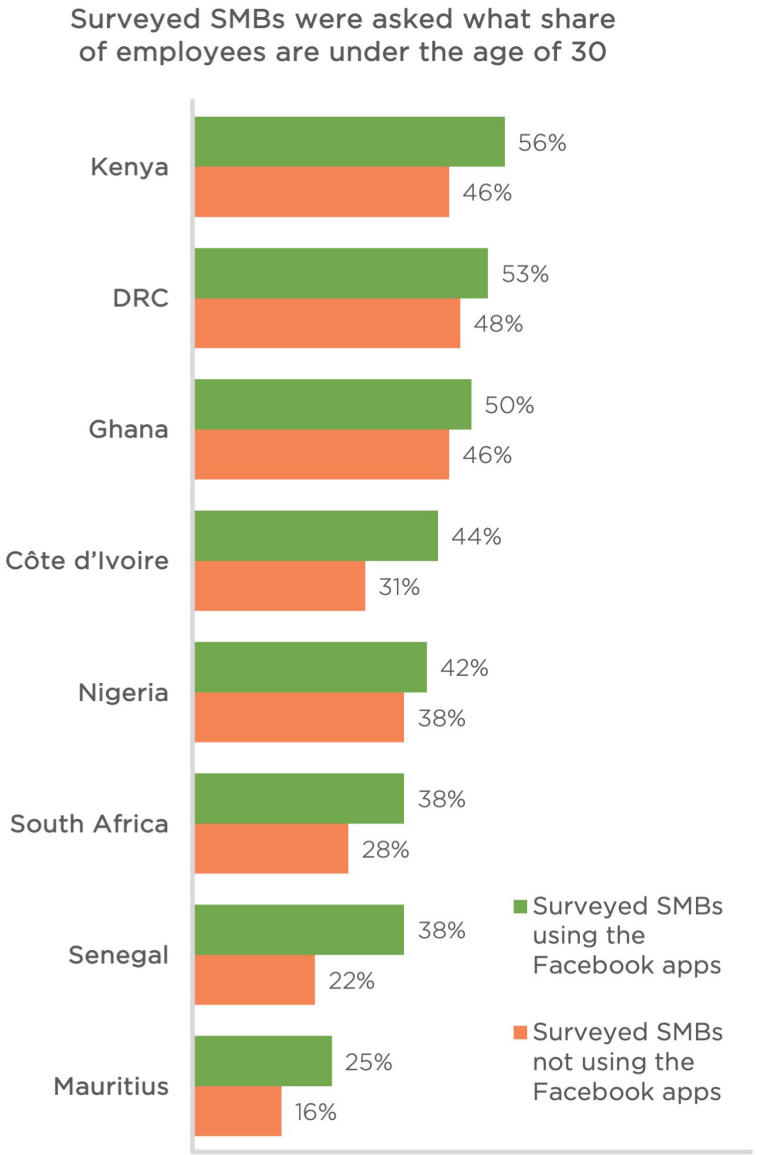
SMBs are important employers of youths in urban areas. Africa is home to some of the fastest urbanising populations in the world.[38] It is notable that surveyed SMBs with higher proportions of employees under 30 also more frequently report operating in urban areas. Of surveyed SMBs with over three quarters of the staff being younger than 30, 83% are located in urban areas, compared with the 75% of surveyed SMBs where the majority of employees are older than 30.

As Africa's youth population grows, job creation is a challenge. In 2019 almost one in five African youths were not in employment, education or training.[39]

Young people already make up almost 60% of the unemployed in Africa, while the number of young people employed but still living in poverty has increased by almost 80% over the past 25 years.[40] (These numbers may be partly inflated because 95.8% of Sub-Saharan Africa's youth are employed in the informal economy - and this is not usually captured in official statistics.)[41]

Even so, the point remains that as traditional jobs are especially scarce for young people, **there is a greater need for tools that will assist young people to find jobs or to create economic opportunities for themselves.**

Figure 3: Across all eight countries, surveyed SMBs using the Facebook apps are more youth-friendly



Source: *Genesis Analytics, data from Ipsos (2021)*

With insufficient employment on offer, young people in Africa are **under pressure to become entrepreneurs**.

3 Bringing more women into the economy

Aïcha Diop lives in Dakar, Senegal. In 2016, Aïcha started Fémézon, a fruit and vegetable company that specialises in natural and organic products, locally sourced and free from artificial flavours or preservatives.

Initially, Aïcha sold her produce at markets in Dakar and through WhatsApp. She set up a Facebook page mainly because she'd noticed other companies doing so. Then in 2019 she heard about Facebook for Business and how it could help with her sales. She signed up, followed the Facebook Blueprint e-learning courses and within 12 months had doubled her turnover and more than doubled her profits. Facebook gave her the means to promote her brand and create an active and growing community.

It allows her to analyse the evolution of her business while remaining local and personally connected.

Today, Fémézon is a thriving business and growing brand. Aïcha has also hired some of her team of six through Facebook, after posting a vacancy for a cook in a women's group. She has since hired three more staff. The company has expanded its operations, delivering bespoke hampers and even offering on-site catering to individuals, private companies and government departments.

Digital tools open new pathways for women enter economic activity. Aïcha is part of a burgeoning population of female entrepreneurs using the digital economy to start and grow a business.

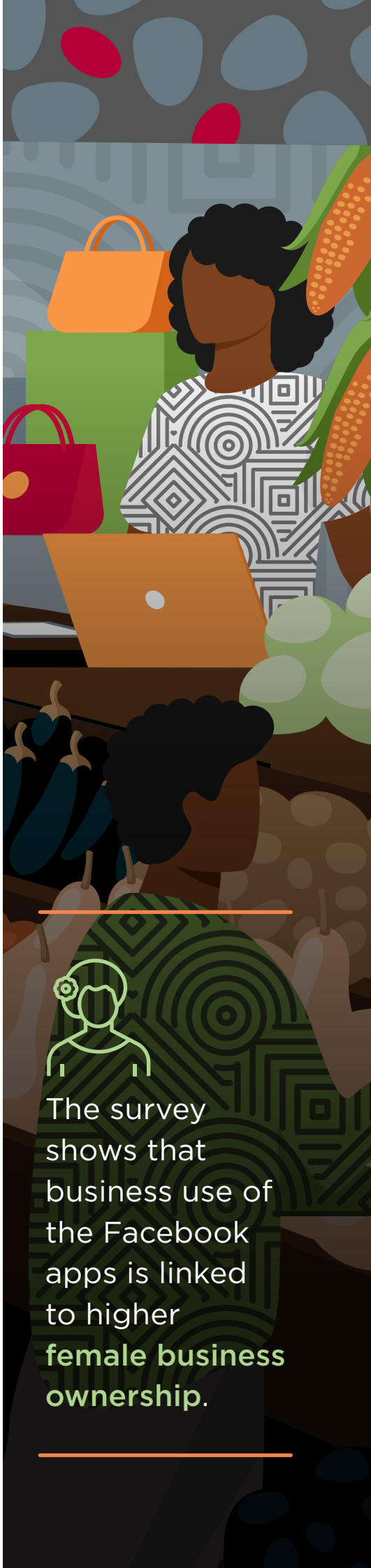
| Studies have shown that female entrepreneurs tend to leverage digital technologies more than male counterparts.[42] |

A study using Twitter data showed that of all tweets with the hashtag #smallbusiness, 72% of were posted by females while only 28% of the tweets were by males.[43]

By providing a more inclusive environment, digital tools afford more women with an opportunity to take up work and earn a fair wage while balancing familial responsibilities. A 2019 study found that 13% of women cited that they could "only work from home" due to care responsibilities, compared with 5% of men.[44] Another study, UK-based, found that better workplace flexibility had resulted in SMB-dominated industries closing gender pay gaps twice as quickly as large company-dominated industries.[45] This benefits women, families and society as a whole.

The survey shows that business use of the Facebook apps is linked to higher female business ownership. For example, in Mauritius, 49% of surveyed SMBs that report using the Facebook apps had female owners, compared with only 39% of surveyed SMBs that do not use the apps.[46] Further, while on average across the surveyed SMBs, men comprise the majority of employees, **| surveyed SMBs owned by women report a higher percentage of female employees - on average, employing more than 60% female employees. |**

There is even higher female-friendliness among surveyed SMBs owned by women under the age of 30, with an average share of female employees at 65%.



The survey shows that business use of the Facebook apps is linked to higher **female business ownership**.

Tamburai Chirume and her mother own ONEOFEACH, a fashion business in Cape Town, South Africa, that manufactures luxury handbags and fashion accessories. Through Facebook and Instagram, Tamburai has been able to expand her business, position it as an international brand and increase employment - growing to seven employees and operating as an all-women team.

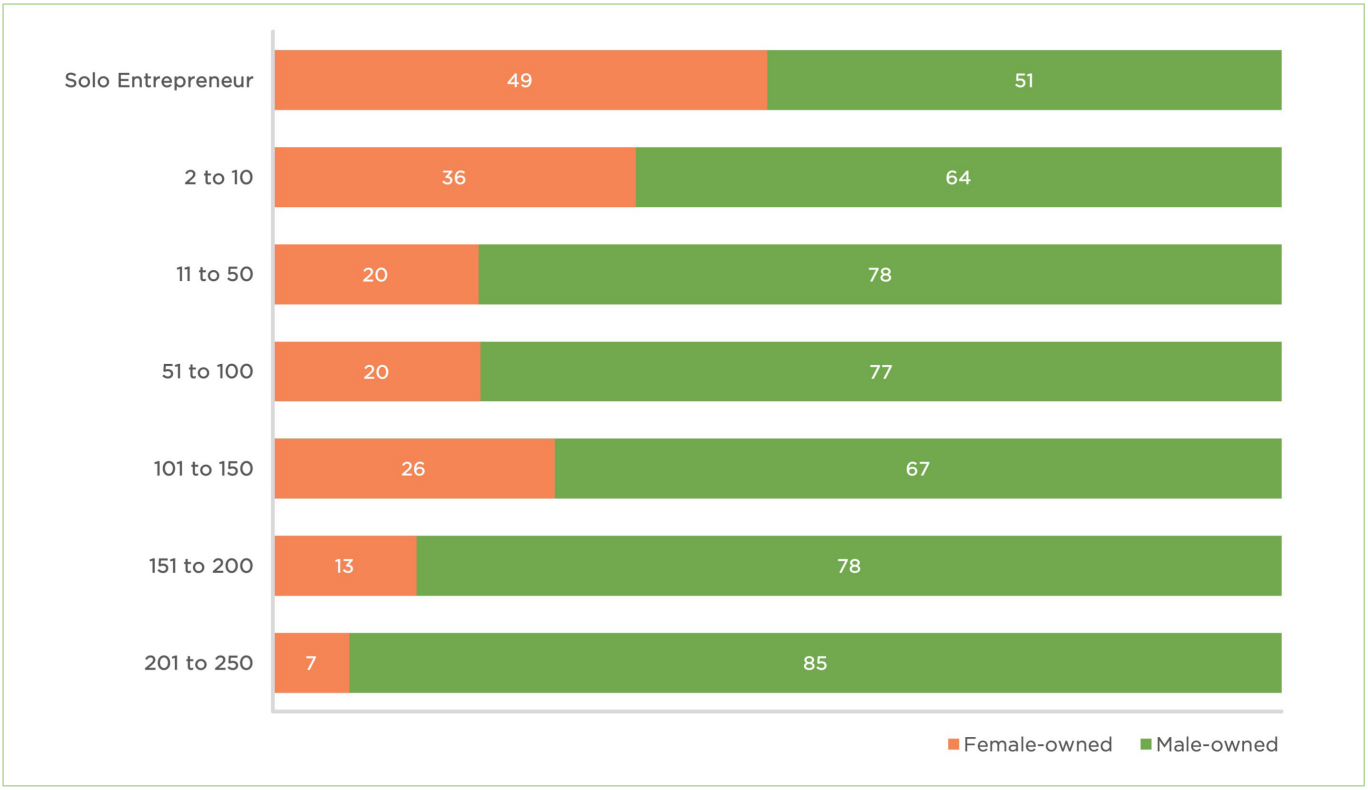
Facebook has enabled Tamburai to find new customers through brand awareness, site traffic, and lead generation campaigns. She uses Facebook and Instagram to build trust with her customers by interacting with them through Messenger and Instagram and in doing so, creates personal connections with them.

| Digital tools provide a step on the ladder for female entrepreneurs. |

Strikingly, Africa is home to the highest share of women entrepreneurs globally and is also the only region where self-employment is more common than wage employment for women.[47] Yet female-owned businesses tend to be less profitable earning 35% less on average than male-owned businesses in Sub-Saharan Africa.[48]

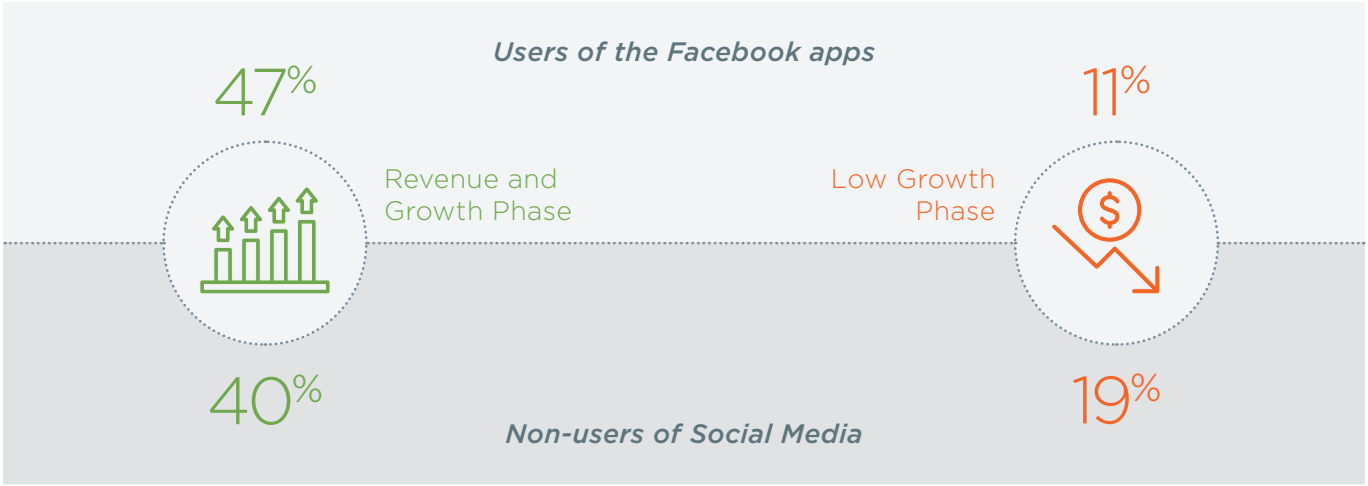
In the survey sample, 82% of surveyed SMBs owned by women report being either solo or micro-sized enterprises, compared with 63% of surveyed SMBs owned by men. Female ownership rates of surveyed SMBs drop off as the business size increases, as shown in the figure below.[49] Helping female-owned businesses grow benefits not only gender equity but also economic growth and labour absorption.

Figure 4: Across all surveyed SMBs, female ownership rates (% of total business ownership) drop off as business size grows



Source: *Genesis Analytics; data from Ipsos (2021)*

The digital economy supports the growth of and resilience of female-owned businesses. Surveyed women-owned SMBs using the Facebook apps expect business revenues in 2021 to be somewhat better or much better compared with 2020. They also more frequently report that their businesses are in growth or revenue-earning stages relative to surveyed SMBs that report not using social media.



Source: *Genesis Analytics, data from Ipsos (2021)*

Surveyed women-owned SMBs using the Facebook apps also report higher annual revenues, than those who do not use the apps. Just over a quarter of surveyed women-owned SMBs using the apps report earning less than $1,000 in annual revenue (the lowest revenue bracket in the survey). This proportion increases to about a third of surveyed women-owned SMBs who do not use the apps.[50]

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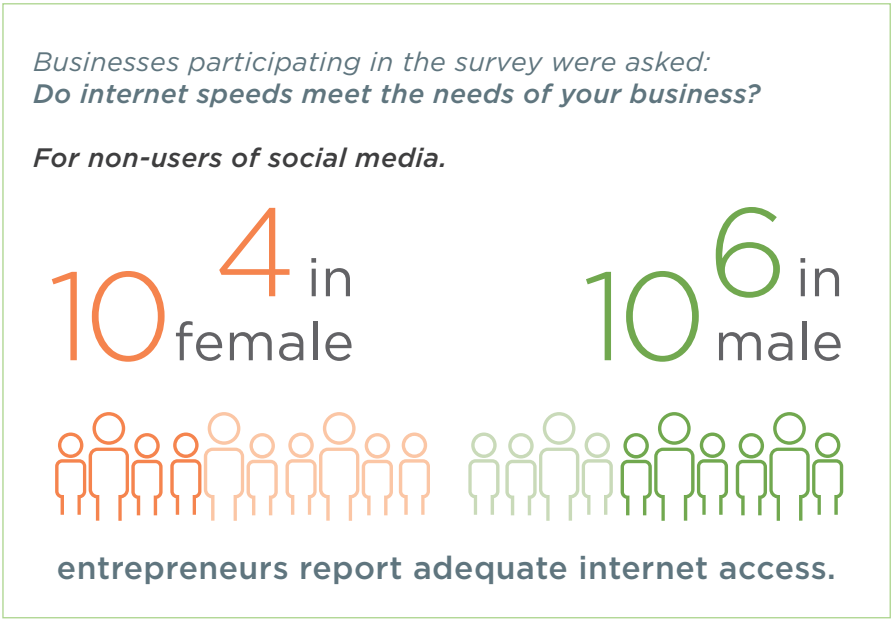
Overcoming the gender digital divide will be **important to progress gender equity**.

OECD data shows that digital gender gaps, measured in terms of differences in internet user penetration rates, are highest among least developed countries in Sub-Saharan Africa. Alarmingly, these gaps grew from 20% in 2013 to 25% in 2017.[51] The digital divide holds back female entrepreneurs. The survey data reflects these gender divides: among surveyed SMBs not using social media, those owned by women more frequently report that the internet speed did not meet the needs of their business as compared with surveyed SMBs not using social media owned by men. As the figure below shows, only four in ten surveyed SMBs owned by women, not using social media, report having adequate internet speed to meet the needs of their business. Further, even among surveyed SMBs that report using the Facebook apps, the cost of data was the most commonly cited factor for preventing the business from using the Facebook apps more than the business already does.

Figure 5: According to the survey, internet access is a larger barrier for female-owned SMBs than male-owned SMBs



Source: *Genesis Analytics; data from Ipsos (2021)*

4

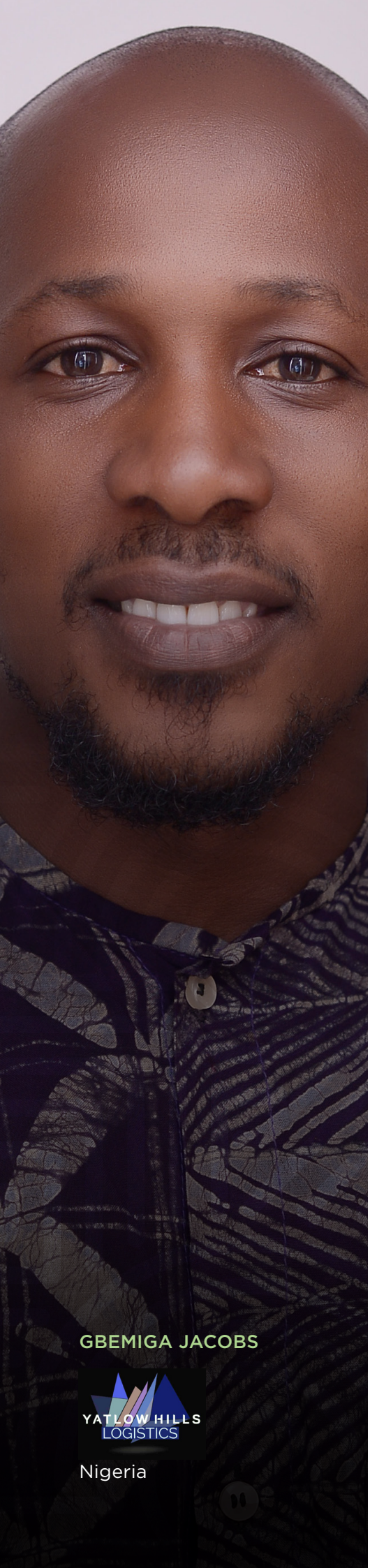
Boosting economic diversity and intra-African trade

Amara Tasie started manufacturing organic hair solutions in 2015 following her personal experience of caring for her daughter's hair. She started Mara Cruiz Organics as a home-based business in Lagos, Nigeria and has expanded to employing ten people full-time and owning a factory and an office.

Amara largely attributes this growth to her use of the Facebook apps, crediting the platforms with bringing in about 90% of customers. Amara used Facebook advertising to expand her reach to the UK and to develop a strong distribution network of over 100 partners across Africa.

AMARA TASIE

Nigeria



Though Amara has a network of partners across Africa, trade between African countries has been limited historically.[52] The introduction of the African Continental Free Trade Area (AfCFTA) agreement on 1 January 2021 aims to boost the continent's low intra-continental trade. It presents an opportunity to connect 1.3 billion people across 55 countries[53] and could lift 30 million people out of extreme poverty by 2035.[54] The World Bank estimates that AfCFTA could deliver real income gains of almost US$450 billion (in 2014 prices) by 2035.

Realising the benefits of the AfCFTA will require better market information. SMBs will need information on suppliers and customers in foreign markets, what they can sell and buy, and how to integrate into value chains. Social media platforms provide accessible and affordable channels for a range of market information.

| 76% of surveyed SMBs that use the Facebook apps report that they improved their product or service offerings in the previous six months based on information gathered via the apps. |

When resources are limited, this efficiency can be impactful:

> *Nigerian business owner Gbemiga Jacobs started his logistics company in 2017, wanting to change the narrative of Nigeria as an importing country to an exporting one. He decided to increase exports of Nigerian farm produce to Nigerians living abroad. Using Facebook advertising and audience targeting, he finds Nigerian customers in Europe, Canada, USA, Germany, Ireland and Turkey to whom he exports his produce. When targeting Nigerians in the USA, Gbemiga targets neighbourhoods such as Brooklyn in New York and Atlanta in Georgia that have known Nigerian expat populations.*

There is a strong correlation between the digital evolution of an economy and increasing levels of trade. Studies have shown that better access to modern ICT and adoption of e-commerce applications stimulate bilateral trade flows at a number of levels.[55]

| One study found that a 10% increase in internet use leads to a 2% increase in bilateral trade.[56] **|**

Market information and e-commerce are of little use unless there are tradable commodities and services. On average, growth across Africa remains driven by primary commodities and the extractive sector. African countries will have to diversify economies to produce goods that other African countries will want to import. Few modern economies have achieved development without the industrialisation of manufacturing. Manufacturing has a larger economy-wide impact (or multiplier effect[57]) than any other sector. This has been notable in Ethiopia, the world's fastest growing economy since 2015. Between 2004 and 2016, manufactured exports increased from $21 million to $389 million as Ethiopia's textile and leather industries expanded.[58]

Digital tools can assist with manufactured exports. The manufacturing sector accounts for 11% of surveyed SMBs. While most surveyed SMBs rate customer communication and raising brand awareness as the top benefits of the Facebook apps, surveyed SMBs in manufacturing rated the Facebook apps *as most beneficial for accessing foreign markets*, relative to other industries.

The services sector is also growing. Between 2000 and 2016, Africa's services sector grew annually by 5.8%, which was higher than the world average.[59] This was driven by activity in ICT services, transport services and tourism. On a global scale, service sectors tend to be more innovative, to improve worker productivity and are more value-adding than manufacturing in global value chains.[60]

The World Trade Organisation predicts that the share of services in world trade could grow by 50% by 2050.[61] With Africa's manufacturing sectors facing fierce competition from Chinese and South-East Asian markets, the services sector could offer an alternative pathway for African growth.

Digital technology makes services more tradable. New technological developments have removed the need for physical proximity between suppliers and customers. In South Africa, the global business services sector (which uses ICT to trade business services internationally) has seen jobs growing at an unprecedented 24% a year since 2015, with a 35% job growth in 2019. This has been coupled with significant SMB growth throughout the value chain.[62]

There are signs that digital tools are helping services in Africa. Figure 6 shows that surveyed SMBs that report not using social media are more prevalent in traditional sectors of agriculture, mining, utilities and construction. By contrast, surveyed SMBs that report using social media **are concentrated in manufacturing, personal trade of goods and services, professional services, tourism, and arts and entertainment**.

Across all eight countries, the services sector is among the top three sectors of surveyed SMBs, reflecting the significant digitisation potential of the services sector.

Further, professional services, tourism, and arts and entertainment are all potentially tradable, which bodes well for **growing exports of services**.

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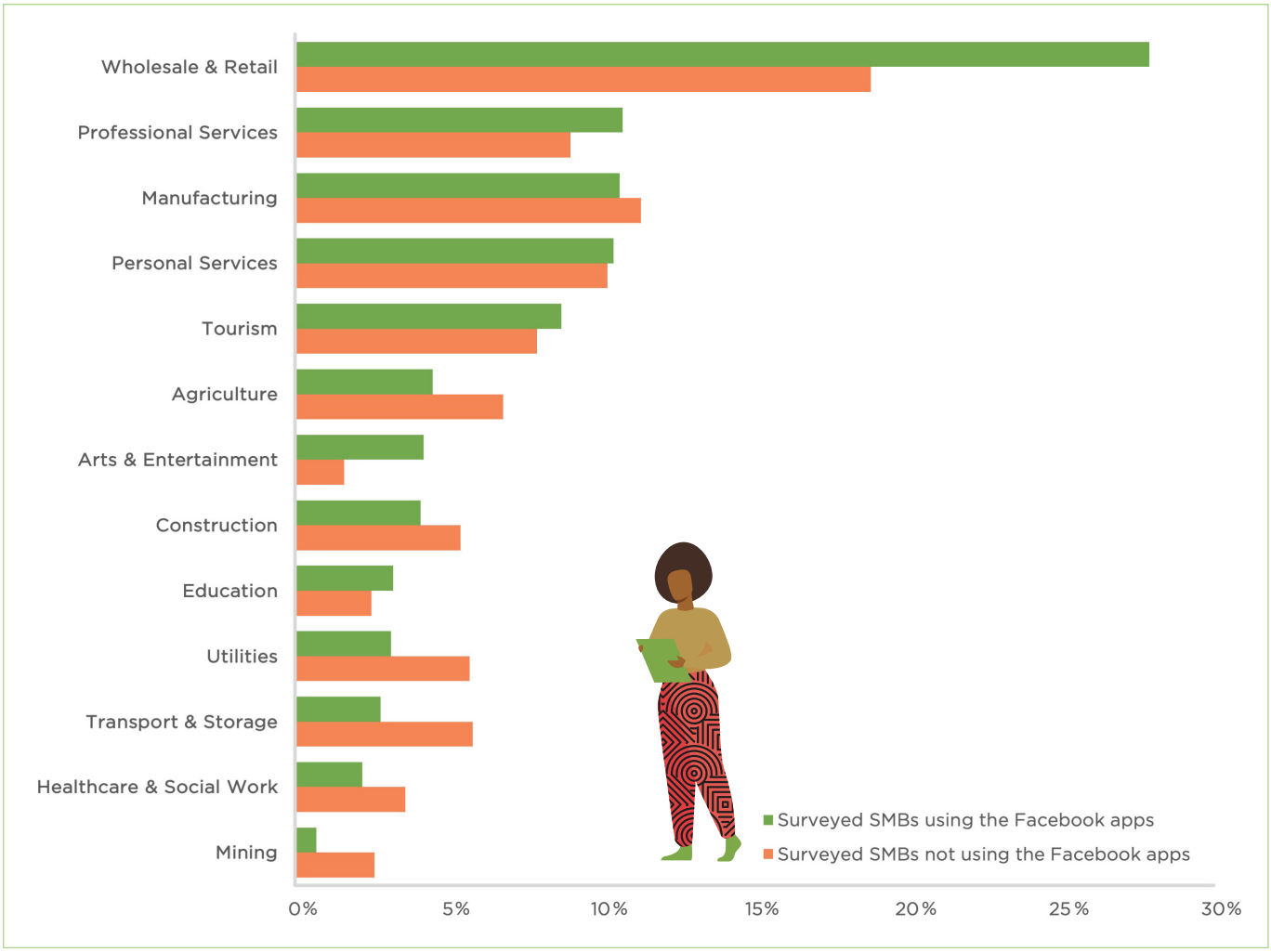
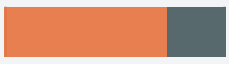
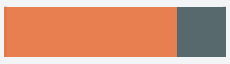
Figure 6: There are differences in sector-concentration between surveyed SMBs that use the Facebook apps and those that do not



Source: *Genesis Analytics; data from Ipsos (2021)*

By empowering SMBs to diversify from traditional sectors into increasingly traded sectors, **the digital economy is enhancing opportunities for intra-African trade**.

Summary of Facebook apps contribution to Africa's opportunities

	Non-users of Social Media	*Users of the Facebook apps*	
Average Age of Company* **For businesses started after 1980*	12 years	9 years	***Newer Businesses***
Share of Employees under 30	37% 	 45%	***Youth-Friendly***
Average Level of Female Ownership	31% 	 36%	***Empowering Female Owners***
Geographic Dispersion	74% 	 78%	***More Urban***
Main Sector Concentration	Agriculture, Mining, Utilities, Construction, Storage 	 Trade & Retail, Arts & Entertainment, Professional Services	***Service-Oriented***
2021 Growth Prospects			***More optimistic about growth prospects***

Source: *Genesis Analytics; data from Ipsos (2021)*[63]

MOGAU MOSEBJADI SESHOENE

The Lazy Makoti

South Africa

How digital tools are supporting business resilience through the COVID-19 pandemic

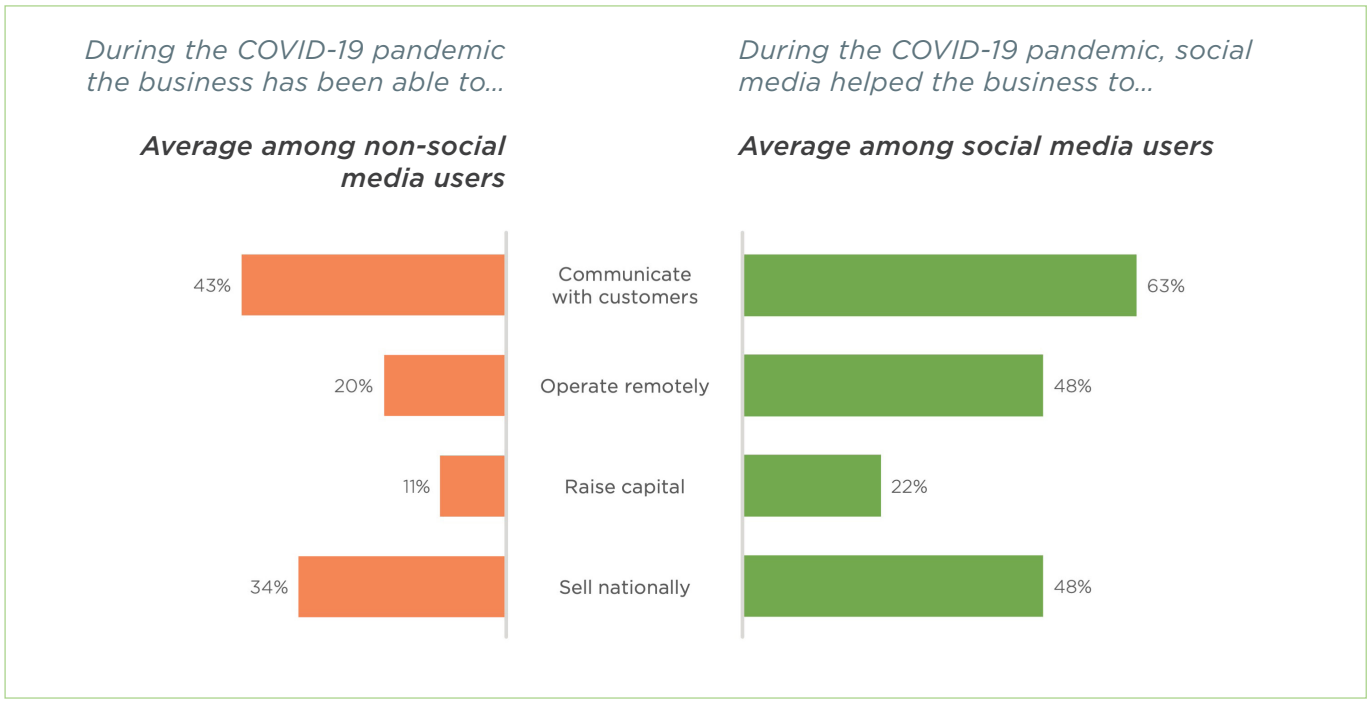
Digital tools enabled SMBs to adapt quickly to conditions brought about by COVID-19:

In 2015, South African Mogau Mosebjadi Seshoene started her business, the Lazy Makoti, because of a passion for cooking. Mogau delivers interactive and immersive cooking lessons aimed at helping people improve their cooking skills, especially of treasured South African food.

The Lazy Makoti moved all its studio cooking classes online due to the COVID-19 pandemic. While most of her employees in the studio had to stop working, revenue was enough to pay all the staff. Mogau was able to keep the business afloat by sending the students boxes of cooking ingredients for their practicals during online classes. She also started a "cook along with" series on Facebook and Instagram Live and through it, attracted sponsorship from brands who wanted their products to be featured in the Live series. While she has students registering for cooking classes, Mogau does not intend to open the studio for now.

Like Mogau, 65% of surveyed SMBs across all eight sample countries report an increased use of social media and online messaging, either slightly or significantly during the COVID-19 pandemic. Over half the respondents in five of the eight countries report that social media has helped their businesses to stay open and maintain some operation. Additionally, 25% of surveyed SMBs that use the Facebook apps report an expectation that business revenue will be much better in 2021 compared with 2020, relative to only 18% of surveyed SMBs that do not use the apps.

Figure 7: Social media and messaging platforms provided support to SMBs during the COVID-19 pandemic[64]



Source: *Genesis Analytics, data from Ipsos (2021)*

The building blocks of a digital economy are:

Access to **affordable and fast internet connection**

Access to **digital devices** needed to use the internet

Access to **skills and know-how** to productively and safely navigate the digital world

Access to **digital tools**

Access to **content**

5 Unlocking the opportunity

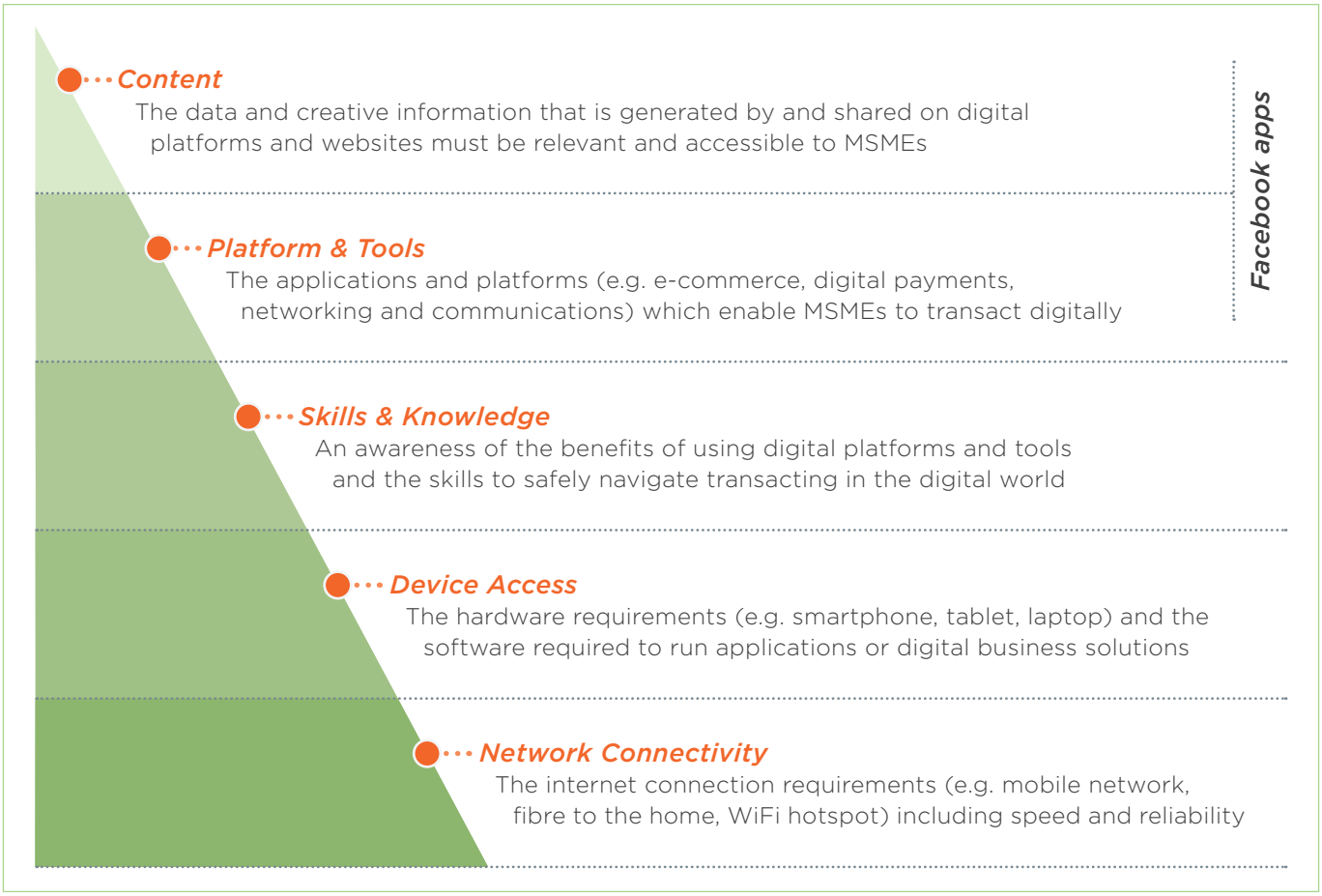
This report has established the SMB as a vehicle to unlock Africa's three advantages, and digital tools as the vehicle to empower SMBs.

SMBs drive economic growth and have the specific benefits of:

> Creating economic activities that are more youth-friendly - helping to capitalise on the demographic dividend;
>
> Creating more economic activity that is more women-friendly - helping to unlock human capital; and
>
> Enabling economies to diversify and trade - and to take advantage of the opportunity provided by AfCFTA.

To unlock the opportunities, all SMBs should have access to the benefits that digital tools can provide. A number of fundamentals must be in place: access to affordable and fast internet connection, access to digital devices needed to use the internet, access to skills and know-how to productively and safely navigate the digital world, and access to digital tools and content.

Figure 8: The fundamentals of digital inclusion for SMBs



Source: *Genesis Analytics (2021)*

The top two tiers are provided by social media and messaging platforms. It has been shown that platforms are already enthusiastically used in business across the eight sample countries. This derives benefits for the companies using them and for the economies in which they operate.

However, the bottom three tiers need to be in place for *all* SMBs to accrue benefits. Problems with network connectivity and device access usually manifests in affordability constraints. SMBs can be locked out of the digital economy because of the high cost of owning digital devices and using the internet relative to low business revenues. The skills and knowledge tier manifests either as poor awareness of the benefits of using platforms, as missing skills or as low levels of trust in transacting digitally.

These constraints are well documented in the digital inclusion literature[65] and have been corroborated by the survey.

Among the surveyed SMBs, issues of cost and trust are the most cited barriers to digital use. The table below considers surveyed SMBs who report that they *do not use* social media for business and enquires whether this is due to cost, awareness, missing skills or lack of trust, among a number of other options. The table below shows whether these factors appear among the five top cited barriers by different groups of surveyed SMBs not using social media. (Note only some of the reasons are shown - other factors cited to a far lesser extent are not shown - for example “social media is not easy to use”, and “the fees for paid services on social media are too high”).

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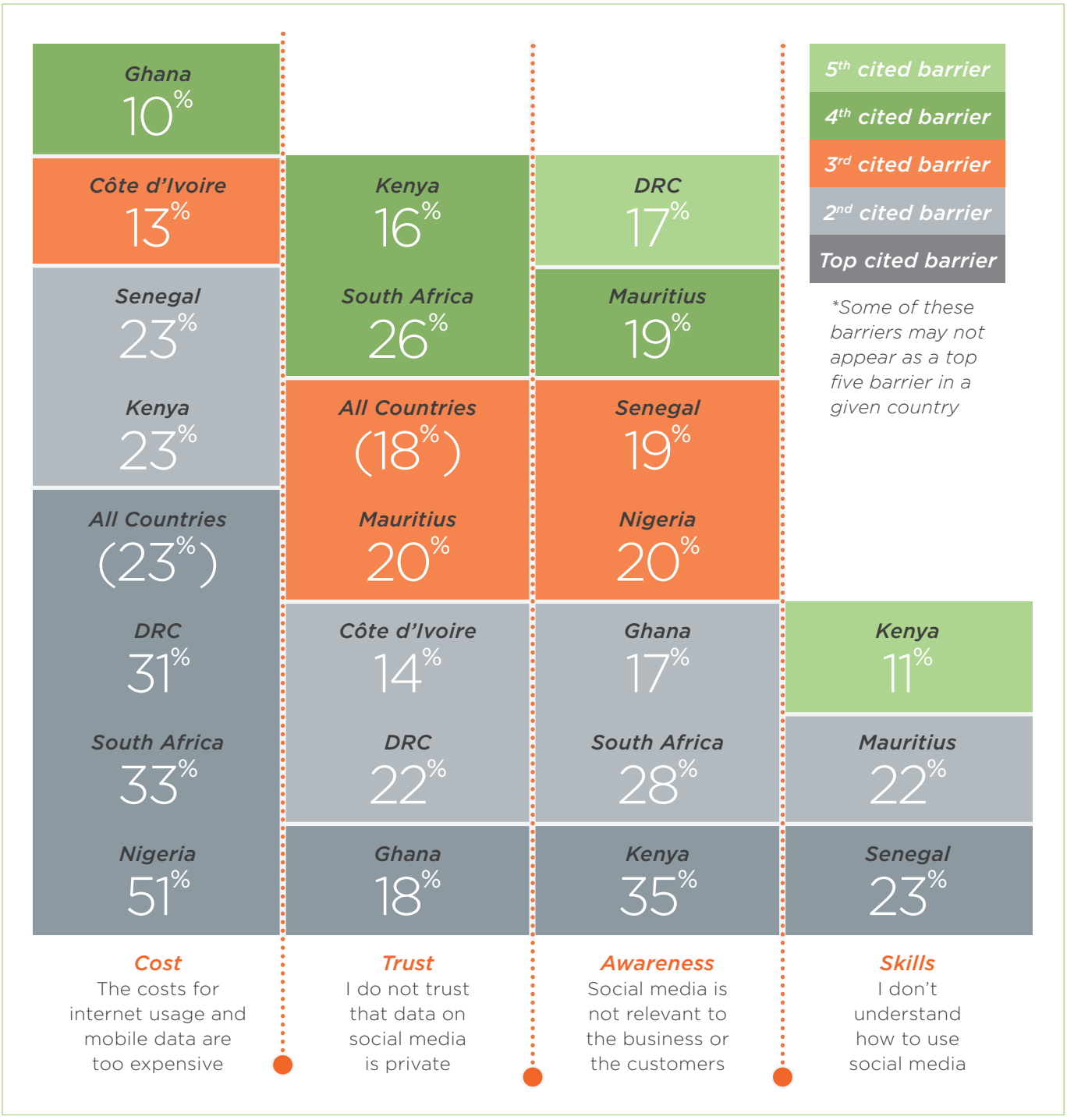
Table 1: Cost and trust are the biggest barriers to uptake of social media and the Facebook apps in SMBs



Source: *Genesis Analytics; data from Ipsos (2021)*

In Kenya, poor awareness of benefits is the number one barrier reported by surveyed SMBs, while in Senegal missing skills is the main barrier. Yet, as the table shows, concerns about **cost and trust are raised consistently** across all sample countries.

Mauritius: The unique case of poor social media penetration

Among the eight countries, surveyed SMBs in Mauritius show the highest rate of not using any social media (46%). The two most cited reasons for not using social media are a lack of understanding about how social media works and a lack of trust in data privacy. However, rather than using alternatives to social media for marketing and promotion, 81% of non-users of social media report not using any alternative form of online marketing (e.g., SMS, email or a business website), and 85% report not using any other offline channels (e.g., physical shops, outdoor advertising, print media or radio advertising).

Corroborating this, a study conducted by the Mauritius Research Council in 2018 found that there are low levels of adoption and engagement with digital and social media marketing among Mauritian SMBs, with the top three marketing channels being Facebook, word of mouth, and flyers.[66] It found that 37% of SMBs in Mauritius do not have sufficient knowledge or expertise to use digital platforms for marketing.

This points to a gap in marketing and promotion for Mauritian SMBs that could be filled by social media if business owners in Mauritius were better informed on how to use social media and their privacy concerns were addressed.

For surveyed SMBs in Mauritius that report using the Facebook apps specifically, environmental barriers were not significantly identified but list the irrelevance of the Facebook apps to their business and not understanding how to use the Facebook apps as their main reasons for not using the apps. This could be indicative of Mauritius's older population relative to other African countries, with a median age of 37.5 years relative to the average median age of 19.7 years across the African continent.[67]

Notably, surveyed SMBs from Mauritius are also the most likely among the sampled countries to be in companies in a "low growth" stage and the most likely to have negative revenue expectations. Within this strained business environment, greater uptake of social media could offer Mauritian SMBs a significant opportunity to fill the gap of marketing and promotion, and use this to grow.

Addressing the cost issue

The cost of internet and digital devices remains relatively high for many SMBs. The 2019 Mobile Connectivity Index by the Global System for Mobile Communications Association (GSMA) scores global mobile internet adoption based on data cost, device costs, taxation on mobile ownership and income inequality. The median score for affordability in Sub-Saharan Africa is 37 and 46 for the eight sample countries (out of 100).[68]

This is lower than other developing regions: 47 in Latin America and the Caribbean, 50 in South Asia, and 59 in East Asia and the Pacific. Developed countries have considerably higher scores. The US, UK and Australia score 77, 83 and 86 respectively.[69]

| The price of 100MB of data is highest in Sub-Saharan Africa, representing about 6% of the average user's income, compared with less than 2% in all other regions.[70] |

As shown in Table 1, "the costs for internet usage and mobile data are too expensive" is the most common barrier to using the Facebook apps, according to surveyed SMBs across the eight countries. Among surveyed SMBs that report not using any social media platform, 31% report that internet speed does not meet the needs of their business, possibly indicating that slow connectivity and an inability to pay for faster internet could be preventing the uptake of digital tools.

This could be addressed through interventions in two areas.

1 **First, by reducing the costs for consumers of using the internet.** The vast majority of Africans access the internet through mobile networks. Mobile network operators (MNOs) have made significant progress in expanding coverage of mobile networks across the continent but a commercially viable model of bringing networks to areas of low population density and low disposable income has yet to be established. This excludes many people living in rural areas. In addition, other types of internet service providers (ISPs) are becoming more common, using other wireless technologies (like satellites and point-to-point wireless) and fixed-line connections (such as copper wires and fibre cables) to provide internet connectivity. **Many of these forms of connectivity remain unaffordable in low-income areas with low-population densities.**

There are three possible approaches for improving the affordability of internet use:

Proactively managing spectrum

Regulatory authorities are responsible for managing the licensing and allocation of the spectrum of electromagnetic waves that ISPs and other broadcasters use to transmit and receive data to and from devices like mobile phones, TVs, radios and satellites. The low-frequency end of the spectrum is highly valued because it can transmit data more effectively over longer distances.

A good spectrum management and licensing regime should ensure there is a ready supply of spectrum in low (sub 1GHz), medium (1-12 GHz) and high (above 12 GHz) frequency bands to reduce barriers to entry for service providers and encourage competition and innovation across a wide range of broadband use cases. It should also make provision for a mix of licence-exempt, lightly licensed and licensed spectrum to be made available.

The purpose of spectrum management and licensing is to promote flexible use of the spectrum across different kinds of users and platforms (including mobile,

satellite and new technologies) to drive enhancement of the coverage and capacity of networks. This could include more flexible spectrum licensing rules for rural areas to encourage broadband deployment, and rules that allow players to access spectrum easily and use their allocated spectrum efficiently. **Regulators should be encouraged to actively manage this process and develop a spectrum management and licensing regime.**

Improving competition among ISPs

In many African markets, the telecommunications sector is dominated by a small group of ISPs who may be protected from competition by the relatively high barriers to entry. This can lead to anti-competitive outcomes that negatively impact the consumer. Telco and competition regulators can address these issues by closely regulating competition among dominant ISPs in the market. **This requires investment in expertise at the communications or competition regulator to accurately determine the true cost of service in the market.**

Creating a regulatory framework that lowers the barriers to entry for new entrants (for example by allowing mobile virtual network operators as an additional licence category) and optimises taxes on ICT providers can have an equally beneficial impact on improving competition. This might include the removal of excise duties on the purchase of data and airtime.

Investing in the fibre network backbone

Although many ISPs operate wireless networks, cell towers and other wireless technologies have to be connected to the country's backbone telco infrastructure and internet exchanges through fibre, copper cables or other point-to-point wireless technologies. Being able to connect this infrastructure cost effectively to the country's fibre-optic backbone will make it cheaper for ISPs to expand network coverage to new areas.

Ministries of Communication can contribute by improving the fibre-optic backbone infrastructure to make it cheaper to operate mobile and other networks for consumers. This can be achieved by, among other things, reducing rights-of-way charges that allow for the cost-effective deployment of backhaul infrastructure, supporting infrastructure sharing among fibre network operators to reduce costs of service, and developing "dig-once" policies that prevent duplicative expenses on network extensions.

2 **Second, by bringing down the costs of owning and using mobile devices:** The cost of investing in mobile devices can be a barrier for SMBs. There are a two possible approaches to address this:

Reviewing ICT and digital device taxes

The ICT sector is often seen as an attractive source of revenue by tax authorities. The buying and use of mobile devices are often subject to import taxes, value added taxes, and taxes on mobile money transfers or use of social media. These taxes add up and are often passed by providers to the end-consumer. **This is a view of revenue collection that does not or cannot respect the offset of short-term tax sacrifices with the long-term benefit of increased revenue collection from a much larger digital economy.**

Tax authorities could proactively assess ICT and digital device taxes with economic impact assessments to determine whether short-term reductions in tax revenue could be offset by longer-term increases in revenue as the size of the digital economy grows.

Encouraging local production, assembly or recycling of mobile devices

The cost of new mobile devices may out of reach of many solo entrepreneurs because devices are imported through complex distribution channels with many intermediaries, pushing up the cost. This can be addressed by supporting local production or assembly of devices, particularly through partnerships with large OEMs like Samsung and Huawei. OEM decisions on where to establish operations in Africa are influenced to some extent by incentives offered by government. Ministries of Trade and ICT could therefore develop incentives and an investment environment to attract these firms. This might include tax holidays, visa and immigration support, property rental incentives, import-duty waivers and staff training exemptions. **Schemes to recycle and refurbish used digital devices from the corporate and government sectors can also help to increase the supply and price point of second-hand mobile devices in the market.**

The Facebook Company has invested in a number of initiatives that range from SMB-specific support and digital literacy programmes to lowering the cost of data and increasing connectivity.

Investing in infrastructure to reduce the costs of delivering data, improve network reliability and speeds, and encourage open access infrastructure sharing and competition:[71,72]

Subsea cables are among essential components that **enable better connectivity**, as they are vital global network infrastructure connecting countries, carrying communications, and enabling commerce and education. However, building subsea cables is expensive and can make it challenging to provide high-speed connectivity at affordable prices.

China Mobile International, Facebook, MTN GlobalConnect, Orange, stc, Telecom Egypt, Vodafone and WIOCC are partnering to build ***2Africa***, one of the **largest subsea cable projects in the world** (at 37,000 km). It will interconnect 23 countries in Africa, the Middle East and Europe, delivering more than the total combined capacity of all subsea cables serving Africa today. When completed in early 2024, 2Africa will support Africa's future international connectivity needs and the growth of faster and more affordable 4G, 5G, and fixed broadband access for hundreds of millions of Africans.

Helping people discover the relevance and benefits of connecting to the internet:[73]

Even in areas where internet access is available, the benefits of being online may not be obvious. This is especially the case for many Africans who live in areas with existing cellular coverage but find the cost to connect to the internet expensive and difficult to justify.

Facebook and mobile operators across Africa are partnering to offer ***Free Basics*** to allow Africans to experience the relevance and benefits of being **online for free**. Free Basics acts as an onramp to the broader internet by providing basic services such as news, health information, local jobs, communications tools, education resources, and local government information to people free of charge.

Addressing awareness, skills and trust barriers

The survey identified a number of perceptual barriers to the use of platforms by SMBs. On average across the eight sample countries, the statement *"I do not trust that data on social media is private"* is the third most commonly cited barrier to uptake of social media and messaging platforms by surveyed SMBs. For micro-enterprises in particular, digital platforms for business may be unfamiliar. Owners will remain sceptical of value relative to traditional face-to-face marketing and customer support.

A drive to increase the awareness of the benefits of platforms, and educating users on the risks and rights related to transacting in the digital economy will be important. Companies that collect data through digital platforms need to be transparent about what data is collected and how it is used so that SMBs have more control over their data. The private sector, including the Facebook Company, has a large role to play in removing these trust barriers, investing in digital education and improving trust and transparency in social media and messaging platforms.

Sub-Saharan Africa also underperforms relative to the world median of digital skills. The World Economic Forum ranks digital skills (including computer skills, basic coding and digital reading) in different countries on a scale up to seven. While the world median score in 2019 was 4.2, Sub-Saharan Africa's median score was 3.7.[74] Among the sample countries, Kenya ranked highest in the global rankings for digital skills at 49th out of 141 countries, while South Africa ranked the lowest at 126th.[75]

The public and private sectors can assist in two areas:

Invest in digital literacy and awareness campaigns

Countries like Rwanda have successfully increased uptake of digital platforms and tools through digital literacy and awareness campaigns. These campaigns rely on "digital ambassadors" in communities - persons trained to educate members of the community on the benefits and risks of the digital economy, and their rights as consumers and generators of personal data.

Include ICT training and digital literacy in basic and secondary education

An entrepreneur's ability to use digital tools can be improved with secondary-school education. Introducing ICT training and digital literacy in school education is an effective way to create a future generation with the ability to use digital channels confidently and safely.

The private sector has a large role to play in removing these trust barriers, **investing in digital education and improving trust and transparency**.

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Investing in digital literacy programmes in Africa:[76]

Facebook has trained a total of over 170,000 SMBs, entrepreneurs and start-ups in digital literacy through the following programmes:

#SheMeansBusiness

Launched in 2016, the #SheMeansBusiness programme connects female entrepreneurs and provides financial education, digital marketing skills and crisis management training.

Digify PRO

In partnership with Digify Africa, the Facebook Company provides a 10-week "Digital Marketing bootcamp" for unemployed youth in South Africa, Nigeria and Kenya where they are taught the necessary skills to become competent digital marketing professionals.

Boost with Facebook

This offering by Facebook supports small businesses with resources for business tips and strategies, and Facebook groups for networking and knowledge sharing.

Blueprint Courses

The Company offers free courses which teach users how to use Facebook's free tools to meet their business goals.

While the public sector is correctly charged with creating a favourable policy environment, the private sector can contribute directly and partner with government. The private sector has an important part to play in investing in the fibre backbone, improving digital literacy and improving transparency in social media tools.

Siloed efforts from the private and public sectors will not achieve the scale to unlock Africa's latent opportunities.

Collaboration, partnerships and building foundations of mutual trust between African governments and digital providers are imperative to achieving universal digital inclusion.

Only through coordinated efforts will the digital economy be positioned to empower SMBs to unlock Africa's rich economic opportunity.

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Appendix 1
Acronyms

AfCFTA	African Continental Free Trade Area
AfDB	African Development Bank
BRICS	Brazil, Russia, India, China and South Africa
CAGR	Compound Annual Growth Rate
DRC	Democratic Republic of Congo
EV	Equivalent Variance
FFOA	Facebook apps (Facebook, Instagram, WhatsApp and Facebook Messenger)
GDP	Gross Domestic Product
ICT	Information and Communications Technology
IoT	Internet of Things
IXP	Internet Exchange Point
LDC	Least Developed Country
MNO	Mobile Network Operator
MSME	Micro, Small and Medium-sized Enterprises
NTB	Non-Tariff Barrier
OECD	Organisation for Economic Cooperation and Development
OEM	Original Equipment Manufacturer
SMB	Small- and Medium-sized Business
SSA	Sub-Saharan Africa
TF	Trade Facilitation
VAT	Value-Added Tax

Appendix 2
Survey methodology

The Facebook Company commissioned Ipsos to conduct quantitative research in eight countries of Sub-Saharan Africa to:

> Identify the **level of social media adoption** by small and medium businesses in each country;
>
> Evaluate the **impact of the Facebook apps** on businesses's access to finance, markets, information and resources of the digital economy; and
>
> Assess the **impact of Covid-19** on SMBs' use of digital technologies

The study was executed by Ipsos Public Affairs North America and Ipsos Nigeria. The survey of small- and medium-sized businesses was conducted in eight countries across Sub-Saharan Africa: Côte d'Ivoire, the DRC, Ghana, Kenya, Mauritius, Nigeria, Senegal and South Africa. The study was conducted online for Nigeria and South Africa and on the phone in Côte d'Ivoire, the DRC, Ghana, Kenya, Mauritius and Senegal.

Research Methodology

The study of small and medium businesses surveyed 4,020 respondents across eight countries.

The study targeted business owners, executives, high-level managers and solo entrepreneurs from 13 major industries across the region and among businesses of varying sizes. The study targeted SMBs categorised as private companies or social enterprises with no more than 250 employees. In Nigeria and South Africa, the study was done online, and in Côte d'Ivoire, DRC, Ghana, Kenya, Mauritius and Senegal, the study was done on the phone (CATI).

Number of Interviews, Study Mode and Sample Coverage				
Country	**Total Interviews**	**Businesses**	**Solo Entrepreneurs**	**Sample Coverage**
Côte d'Ivoire	569	414	155	Metropolitan areas
DRC	552	462	90	Metropolitan areas
Ghana	527	412	115	Metropolitan areas
Kenya	500	408	92	Metropolitan areas
Mauritius	312	252	60	Metropolitan areas
Nigeria	501	421	80	Nationwide
Senegal	534	433	101	Metropolitan areas
South Africa	525	450	75	Nationwide
Total	**4020**	**3252**	**768**	

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Ipsos used a targeted sample of respondents from business-to-business and consumer panels in Nigeria and South Africa with national coverage in both countries. In Côte d'Ivoire, DRC, Ghana, Kenya, Mauritius and Senegal, Ipsos used business and consumer lists, as well as face-to-face recruitment of respondents for solo entrepreneurs and micro enterprises. The sample covered metropolitan areas, including suburban and rural sections of the MMAs. The length of surveys in Nigeria and South Africa were 11 and 14 minutes, respectively. In CATI countries, the average length was 15 minutes. The study was fielded from 11 February to 8 March 2021.

Study Mode by Country	
Country	**Mode**
Côte d'Ivoire	CATI + F2F Contact recruitments (for solo entrepreneurs and micro enterprises)
DRC	CATI + F2F Contact recruitments (for solo entrepreneurs and micro enterprises)
Ghana	CATI + F2F Contact recruitments (for solo entrepreneurs and micro enterprises)
Kenya	CATI
Mauritius	CATI + F2F Contact recruitments (for solo entrepreneurs and micro enterprises)
Nigeria	Online
Senegal	CATI + F2F Contact recruitments (for solo entrepreneurs and micro enterprises)
South Africa	Online

Questionnaire Development

The core questionnaire items were developed by Genesis Analytics and Ipsos, with input from the Facebook Company. Ipsos programmed, tested, and translated the survey instrument and fielded the study.

Upon receipt of the final questionnaire, Ipsos programmed the survey to be conducted online and CATI separately. Teams in the US and Nigeria worked closely on the script to make sure the logic was identical in both modes. The client service team in the US tested both scripts – online and CATI – to make sure the script was consistent. The questionnaire was adapted for mobile phone use in Nigeria and South Africa. The final instrument was translated into French by an Ipsos professional translator. After programming was completed, a team of Ipsos researchers and translators tested the survey – main and the French version – checking each survey link, skip patterns, sample linkages to paradata, timing meters, and different language overlays.

Once the survey was approved, a soft launch of 10% of the sample in each country was deployed. During the soft launch, the data were checked to ensure correct capture and alignment against the survey instrument.

Dates of the soft launch were:

> *February 10, 2021 for CATI countries in English; and*
>
> *February 11, 2021 for online countries.*

Once all data checks were reviewed, verified and approved, full launch was deployed. Fielding was conducted in English in Ghana, Kenya, Nigeria, South Africa and for 7% of respondents in Mauritius, and in French in Senegal, Côte d'Ivoire and for 93% of respondents in Mauritius.

Sample Design

In the six CATI markets, a mix of business lists and consumer lists as well as face-to-face recruitment was used. In CATI mode, Ipsos targeted businesses in the metropolitan areas, including suburban and rural sections of the MMAs.

a) Industry

Ipsos used soft quotas for businesses' industries, setting 15-35 completes per industry. The industry targeted list included the following:

- Agriculture, forestry, and fishing
- Mining and quarrying
- Manufacturing (includes building materials, plastic products, food, beverage, tobacco products, machinery, electronics, publishing, printing, and recorded media, textiles, garments, furniture, transport machines)
- Utilities (includes electricity, gas, steam and air conditioning supply, water supply, sewage and waste management)
- Construction
- Wholesale and retail trade
- Transport and storage
- Tourism, accommodation and food preparation and service (includes restaurants, fast food, street, food markets)
- Personal services (includes hair salons, repair of motor vehicles, cleaning, security)
- Professional services (includes IT, legal, finance and insurance, real estate)
- Education
- Health and social work
- Arts and entertainment
- Other, specify [Open end]

b) Respondents' Roles in the Business

Respondents were targeted (in the online mode) and refined by a screening question on qualifying levels of responsibility and titles:

- Senior Management (working for somebody)
- Mid Management (working for somebody)
- Self-employed/own my own business
- Provide goods and services for pay outside a job (such as a side hustle, contract work, cleaning, etc.)

c) Solo Entrepreneur

Respondents who in the below question chose "providing goods and services for pay outside a job" as his/her or family's main source of livelihood were classified as a solo entrepreneur and micro enterprise.

Which of the following do you consider to be your/your family main source of livelihood?

- My full-time job
- My part-time job
- My own business
- My services for pay outside a job (such as a side hustle, contract work, cleaning, etc.)

d) Size of the Business

Next, a subset of respondents from businesses with an employee count under 250 (including businesses consisting of a solo owner without employees) was selected using targeting as well as a screener question:

- 1 (work alone, solo entrepreneur)
- 2 to 10
- 11 to 50
- 51 to 100
- 101 to 150
- 151 to 200
- 201 to 250

e) Type of Company

Eligible respondents were screened based on the type of company they work for:

- A for-profit business or company
- A non-profit social enterprise

In Nigeria and South Africa, Ipsos used soft quotas for region, gender and age to receive a good regional distribution of businesses as well as balanced representations of gender and age.

Sample Sources

Online

In Nigeria and South Africa, Ipsos used samples from approved and preferred business-to-business and consumer panel sources with high quality scores in previous studies for Ipsos. Here is the list of panel providers that Ipsos used in the two online markets.

	Sample Providers				
Country	Base	AIP (B2B)	Borderless (B2B)	Fulcrum (Consumer)	Ipsos iSay (Consumer)
Nigeria	501	X	X	X	X
South Africa	525	X	X	X	

CATI

For the CATI portion of the study, Ipsos applied a mixed approach to recruit respondents and improve the response rate for solo entrepreneurs and micro enterprises. The sample sources for CATI presented in the table below.

Sample Sources and Recruitment Methods	
Ghana	**Sample drawn from several sources:** - Ipsos B2B contacts from previous studies - Online business directory - F2F recruitments for solo entrepreneurs and micro enterprises - Referrals or snowballing from existing contacts - Online search of businesses using Facebook and Instagram (less than 5% of the total sample)
Senegal	**Sample drawn from several sources:** - Ipsos B2B contacts from previous studies - Online business directory - Physical pre-recruitment of solo entrepreneurs and micro enterprises in different quarters of the cities - Random online (internet) pre-recruitment
Côte d'Ivoire	**Sample drawn from several sources:** - Ipsos B2B contacts from previous studies - Online business directory - Random online pre-recruitment - F2F pre-recruitment of solo entrepreneurs and micro enterprises in different quarters of the cities
DRC	**Sample drawn from several sources:** - The list from the Federation of Enterprises in Congo - annually 2015 - Latest census done by the National Institute of Statistics Online business directory - Existing B2C databases to target solo entrepreneurs and micro enterprises

Kenya	**Sample drawn from Ipsos Kenya internal databases of businesses and consumers**
Mauritius	**Sample drawn from several sources:** - Existing contacts and databases from past B2B and B2C studies - F2F recruitments for solo entrepreneurs and micro enterprises

Data Collection

Online Mode

For the online survey, multiple outgoing sample replicates were deployed throughout the field period so that soft quotas were achieved appropriately and that the total sample in each country included both early and late responders as well as weekday and weekend responders. This procedure allowed panellists with different lifestyles and schedules a chance to respond.

During the soft launch, ten percent of the sample was deployed. Once 30 interviews were completed for each country, a live quality control validation process was implemented. During this process, Ipsos's quality assurance team checked for questionnaire logic, length of interview, and ensured the quotas were being properly filled.

Data collection progress was monitored for selected groups of respondents within each country specifically, monitoring soft quotas and Facebook product use among businesses. Completes, terminates, quits and quotas were visually checked daily, with adjustments in sample and quotas made, if necessary, to ensure the team met the goals towards the survey completion. Length of interview was also reviewed and monitored.

CATI Mode

Teams in each country deployed a random-digit dialling (RDD) system to select a respondent. RDD telephone interviews refers to a set of techniques for drawing a sample of contacts from a frame or set of telephone numbers. These numbers are randomly sampled, often with equal probability for eligibility in the sample.

Recruitment for the solo entrepreneur and micro enterprise included snowballing, online communities via messaging groups and other B2C databases, and physical visits to random sectors to pre-recruit individuals. As such, these respondents might be skewed towards online users who rely on the Facebook apps more heavily.

The cooperation rate for each country is presented below:

Category	Ghana	Senegal	Côte d'Ivoire	DRC	Kenya	Mauritius
Number of businesses contacted	1805	3204	5690	3365	1087	855
Number of refusals	577	1570	3080	1701	152	233
Number of respondents screened out	554	1045	2012	1000	305	200
Number of respondents who qualified but did not complete survey	60	45	25	89	118	110
Number of completed interviews	570	534	569	575	512	312
Number of interviews removed by QC	44	10	4	-	-	-
Number of interviews included in the dataset	570	534	569	552	512	312

Fieldwork Procedures

In total, 4,020 interviews were conducted among small and medium businesses in eight countries. Ipsos fielded the SMB Study between February 11 and March 8, 2020. The field dates for each country are presented in the table below.

Country	Fielding Period
Côte d'Ivoire	16th February - 3rd March, 2021
DRC	15th February - 5th March, 2021
Ghana	10th February - 1st March, 2021
Kenya	10th February - 1st March, 2021
Mauritius	12th February - 3rd March 2021
Nigeria	11th February - 4th March, 2021
Senegal	18th February - 2nd March, 2021
South Africa	11th February - 4th March, 2021

Field Challenges

The main field challenge was the longer Interview time for Facebook app users using Facebook and WhatsApp. Some respondents who were using several Facebook applications felt the questionnaire was quite repetitive for specific questions on WhatsApp, Instagram and Facebook, and the interviews were not completed. These interviews were not included in the final dataset.

Interview length was influenced by the following factors:

Communication network delays: Some respondents took more or less time due to communication or network delays during calls. In longer interviews, many questions were repeated.

Respondent's ease of understanding the questions asked: For some respondents, several questions were difficult to understand and needed to be repeated.

User segment: The interviews were shorter for non-social media users vs. social media users or Facebook app users.

Time of the call: Some respondents were more receptive to take the survey in the later hours of the working day or during the weekend. The teams experienced lower respondent cooperation during work hours.

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