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BRIDGING THE DIGITAL DIVIDE: OPPORTUNITIES AND CHALLENGES IN SOUTH AFRICA'S EMERGING DIGITAL ECONOMY

The digital economy represents an evolution of traditional economic models, characterised by the exchange, production, and use of digital goods and services. This growing sector is expanding at a rate that surpasses that of conventional economies, creating new avenues for participation that were previously unavailable.

As South Africa takes on the G20 presidency, it does so during a pivotal moment when the focus on the digital economy's potential for post-pandemic recovery is intensifying. The recent UN Summit of the Future and its **Global Digital Compact (GDC)** emphasise essential goals for equitable and just global digital cooperation. These initiatives highlight the importance of fostering digital economies that are inclusive, people-centred, and capable of addressing the development needs of both local communities and international stakeholders.

The Paradox of the Digital Economy

The expansion of the digital economy in emerging markets presents numerous benefits, such as higher wages compared to traditional local jobs, access to broader job markets, and opportunities for startups. However, a paradox is at play: while digital innovation offers an opportunity to address socio-economic disparities, it can also exacerbate existing inequalities.

In this digital landscape, economic opportunities primarily favour producers of goods and services, sidelining those who are merely consumers.



Although the digital economy is experiencing rapid growth in the Global South, it still functions within the constraints of the existing global economic system, where producers from the Global North dominate the market.

In Africa specifically, the digital economy has the potential to alleviate unemployment by granting ordinary citizens access to opportunities that were previously unavailable. However, because it remains tied to the global economy, access is still monopolised mainly by those in the Global North or those with better access to resources. If this moment is not capitalised upon, young Africans face the risk of being excluded from the growth of the global digital economy. This exclusion would only worsen the challenges of dwindling job opportunities for a cohort of Africans who are more educated than previous generations, yet find themselves increasingly unlikely to secure employment in formal sectors.

Barriers to Inclusion in the Digital Economy

In its role as G20 president, the South African government has shown a strong interest in engaging with G20 members to explore ways to leverage digital innovations for inclusive development. This initiative particularly emphasises the need to enhance internet connectivity, develop digital public infrastructure, and create digital innovation

ecosystems that support Micro, Small, and Medium Enterprises (MSMEs). Public-private partnerships play a significant role in operationalising these programmes and consequently mitigating the effects of the digital divide on South Africa's digital economy.

In the context of these commitments, data from Afrobarometer's Round 9 surveys conducted in South Africa in 2022 highlight crucial barriers that must be addressed. Overcoming these challenges is essential for the country to fully capitalise on the potential of the digital economy in its post-pandemic recovery efforts.

Lacking internet infrastructure and a reliable electricity supply significantly hinders access to the digital economy. In areas considered not commercially viable for telecoms service providers, such as South Africa's rural areas, there is limited access to internet infrastructure. In South Africa, respondents who reported no lived poverty overwhelmingly indicated that they accessed the internet a few times a week or every day. In contrast, only about half of the respondents experiencing high levels of lived poverty reported similar access to resources. Furthermore, these barriers to internet access are exacerbated by the ongoing instability of the electricity supply in South Africa.

Smartphone ownership in South Africa is impressively high at 93%, providing a significant portion of the population with internet access. However, the scenario changes when it comes to desktop ownership, as 48% of respondents indicate that they lack access to a computer in their household. This disparity highlights a critical limitation in engaging with the digital economy. While smartphones facilitate online interactions, computers offer substantial advantages for more complex tasks such as data analysis, content creation, and utilising sophisticated software, all of which are vital for effective business operations and professional activities. Therefore, the gap in computer access may hinder broader participation in the digital economy. With that being said, even if users have access to smartphones and computers, South Africa's data costs remain quite high in comparison to those of other countries and pose a significant barrier to access.

Who bears Responsibility

In today's rapidly evolving digital landscape, there is a pressing need for joint responsibility, particularly through fostering public-private partnerships focused on enhancing internet infrastructure and ensuring access to data and new technologies. Policy-making and implementation efforts should focus on regulatory frameworks that encourage innovation and investment in technology.

To effectively address the needs of young South Africans, it's essential to implement targeted initiatives aimed at improving digital proficiency. This should be integrated into the basic education curriculum across all schools, not just those with well-resourced facilities. By doing so, we can better prepare children for the jobs of the future, equipping them with the skills necessary to thrive in a technology-driven economy.

Furthermore, ensuring access to funding for innovative projects is crucial for individuals who actively contribute to their communities through digital innovation. Our efforts to upskill young South Africans must focus on fostering a generation of digital producers rather than merely consumers. This strategic approach will empower them to leverage the digital economy fully, driving positive change in their lives and communities.

While the digital economy holds immense potential to alleviate socio-economic inequalities and create job opportunities for Africa's youth, it equally presents significant hurdles for those who cannot access its benefits. The digital divide remains a critical issue, as many individuals lack essential resources, including devices, reliable electricity, internet connectivity, and the necessary skills to thrive in this evolving landscape. Without addressing these fundamental barriers, governments across Africa risk further limiting their citizens' economic prospects and perpetuating a divide that reflects broader global inequalities. For a truly inclusive digital future, concerted efforts must be made to ensure that all populations can participate in and benefit from the digital economy.

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