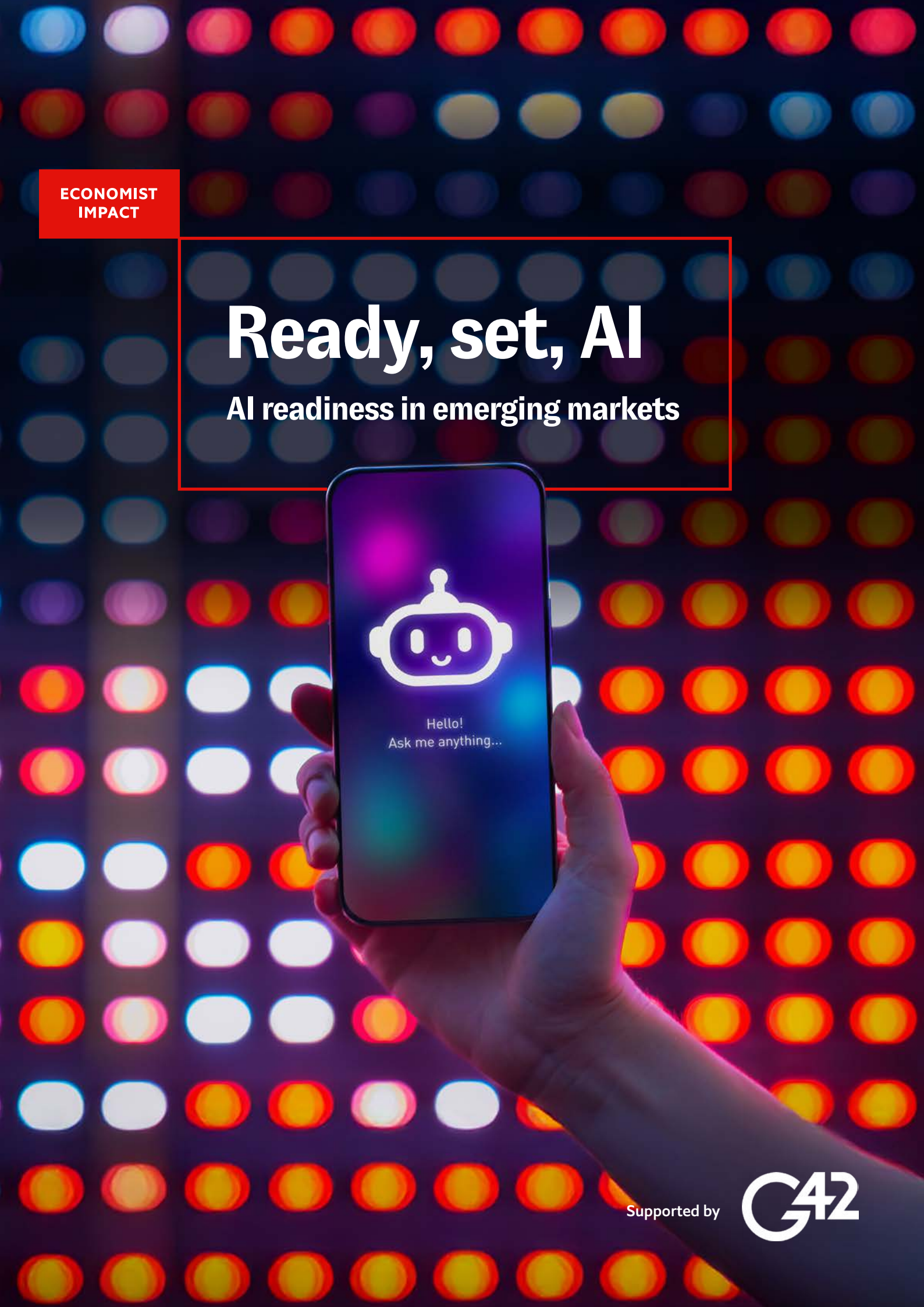
ECONOMIST IMPACT

Ready, set, AI

AI readiness in emerging markets



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About the research

Ready, set, AI: AI readiness in emerging markets is an Economist Impact report supported by G42, It explores the current state of artificial intelligence (AI) readiness in emerging markets, identifies key gaps in that readiness and explores measures that companies are adopting to level up. The analysis in this report is supported by findings from a research programme consisting of a literature review, in-depth interviews and a survey conducted between July and August 2024. The survey gathered insights from 700 directors and senior managers from seven emerging markets: Azerbaijan, Egypt, India, Indonesia, Kazakhstan, Kenya and Turkey. Survey respondents were from medium-sized to large companies, where they have visibility over AI strategy and implementation. Survey results were validated through interviews with experts in the field. Our thanks are due to the following people, in alphabetical order (by first name), for their time and insights:

- **Anurag Banerjee,** Co-Founder and CEO, Quilt.AI
- **Ambassador Bitange Ndemo,** Kenyan Ambassador to the Kingdom of Belgium and the European Union
- **Dr. Chinasa T. Okolo,** Fellow, Centre for Technology Innovation, Brookings Institution
- **Doszhan (Dos) Zhussupov,** CEO, CerebraAI
- **Mark Manantan,** Director of Cybersecurity and Critical Technologies, Pacific Forum
- **Dr. Merve Ayyüce Kızrak,** AI Specialist
- **Mohit Kapoor,** Group Chief Technology Officer, Mahindra Group
- **Noha Shaker,** Secretary General and Founder, Egyptian Fintech Association
- **Samir Rustamov,** Associate Professor in the School of IT and Engineering at ADA University, Co-Founder of NeuroTime
- **Wendy Gonzalez,** CEO, Sama

This report was produced by a team of Economist Impact researchers, including:

- **John Ferguson,** project director
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- **Alexandra Smith,** project analyst

About G42

This report was supported by G42, a global leader in creating visionary artificial intelligence (AI) for a better tomorrow. Born in Abu Dhabi, and operating internationally, G42 champions AI as a powerful force for good across industries. From molecular biology to space exploration and everything in between, G42 realises exponential possibilities, today.

Introduction: Ready, set, go?

How we live, work and play are rapidly changing. From improving customer experience via chatbots to helping warehouse managers pre-empt supply chain disruptions, artificial intelligence (AI) has demonstrated its power to transform how individuals, businesses and nations operate. Across the globe, companies and countries are investing in and preparing for AI, but what does this technology mean for businesses in emerging markets?

AI's potential spans multiple sectors and use cases in emerging markets, from education and healthcare to financial inclusion and business productivity. It has the power to drastically change lives in these markets—for example, by using data-driven analytics to track crop yields, or by leveraging chatbots to provide medical advice to underserved communities. At the business level, fledgling firms in emerging markets can use AI to scale up productions and promote innovation, enabling them to compete with companies in more developed markets and advance economic activity. At the national level, AI development and adaptation can make emerging markets more competitive on the global stage.

Emerging markets have already shown considerable appetite for catching up with their developed counterparts. Despite historical lags in technological advancements, they have demonstrated their capacity to leapfrog technologies and bypass stages in technological development and are now adopting some advanced technologies at a faster rate than developed markets.[1] In Southeast Asia and parts of Africa, for example, the need to expand financial inclusion has driven the development of digital payments and e-banking services.[2] In India, widespread smartphone use led to the creation of the unified payment interface, increasing access for underbanked communities and facilitating vital transactions between businesses and customers.[3] In Kenya, the combination of online banking and smartphone penetration led to the rise of mobile banking. This has been transformational in boosting financial inclusion, helping to increase the proportion of adults with access to financial accounts from just 26% in 2006 to 84% in 2021.[4] In the age of AI, emerging markets have an opportunity to leapfrog legacy challenges like outdated infrastructure and investment gaps and make rapid technological progress.

Despite this promise, a digital divide persists between emerging markets and their developed counterparts. Indeed, many emerging markets have fallen behind in technological advancement, often lacking sufficient infrastructure, skilled talent and investment to keep up. Political and economic contexts, compounded by challenging geographies, have also constrained foreign investment in these markets, where currency volatility, regulatory uncertainty and political instability can deter long-term commitments.[5] These factors have made it difficult to build the stable foundation needed to support sectors such as AI, further widening the technological gap between emerging and developed economies.

With the AI landscape fast evolving, emerging markets are now at risk of being left behind[6] as businesses in these markets are not fully equipped to implement and adopt AI. Only 12% of business leaders in emerging markets surveyed by Economist Impact describe their businesses as completely ready to implement and adopt AI within their business practices, and just 37% say their companies have started to implement needed changes.

Promisingly, only a very small share of surveyed business leaders (7%) say they are not at all ready for AI. The majority (40%) are aware of the extensive changes they will need to make to be ready for AI adoption and are already preparing to make those changes (though they are not yet at the implementation stage). Understandably, larger companies with more than a thousand employees are more "AI ready" than smaller companies,[7] likely reflecting resource availability.[8] A greater share of large companies are also working to develop their own custom AI tools, compared with their smaller counterparts (53% versus 39%, respectively).

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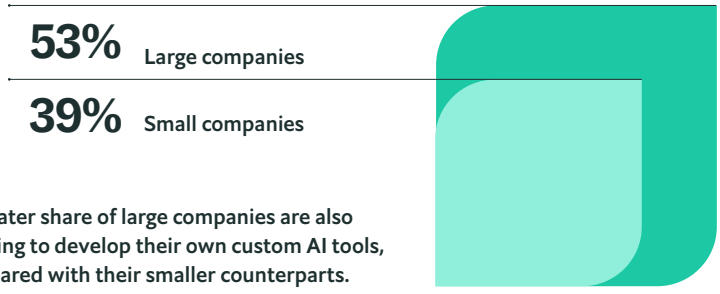
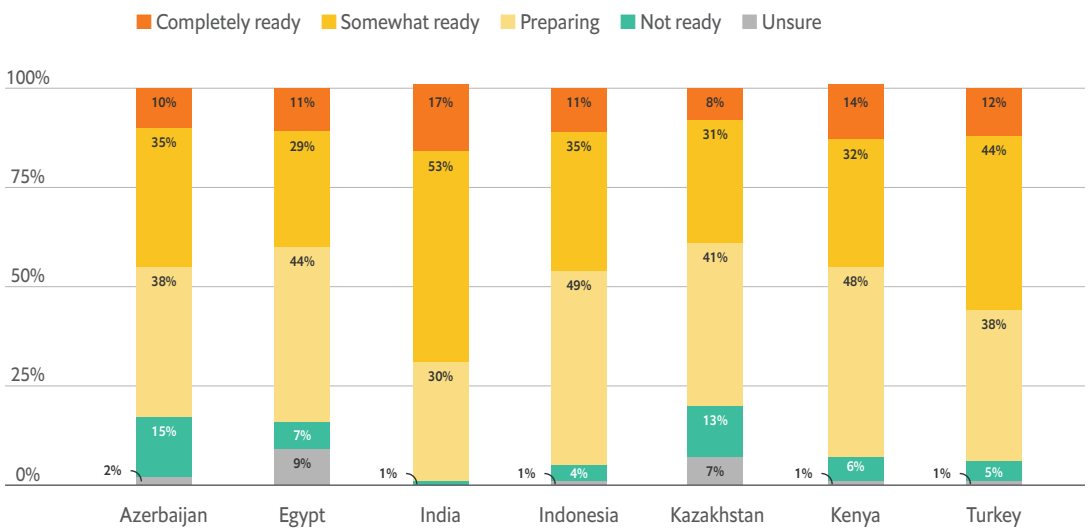


A greater share of large companies are also working to develop their own custom AI tools, compared with their smaller counterparts.

Figure 1. Are you ready for it?
Degree of AI readiness by country (% of survey respondents)



Source: Economist Impact (2024)

But what does AI readiness mean for these business leaders? To each organisation, readiness may look slightly different depending on use cases, the types of AI deployed and the contexts in which they operate. Most research on AI readiness has focused on common pillars like infrastructure, strategy, talent availability and funding. Intel,[9] for example, divides its AI readiness evaluation into foundational, operational and transformational elements, while the Oxford Insights[10] model evaluates government readiness by assessing government strategy, advancements in the technology sector, and existing data and infrastructure at the national level. Borrowing from existing definitions and frameworks, this report defines AI readiness as an organisation's ability to adopt and implement AI-driven systems to support the achievement of its overall goals, with a focus on three core components: infrastructure, talent, and policy and strategy.

This report highlights that the AI race requires speed, strategy, investment, and a willingness to foster innovation and collaboration across sectors. In the chapters that follow, we explore the obstacles faced by business leaders in emerging markets, the policy measures they are implementing and the ways in which they are trying to empower their employees. The report also investigates how these businesses see value in and are using AI solutions, despite the associated challenges. The report concludes by discussing the approach businesses in emerging markets will need to adopt to boost their AI readiness.

Chapter 1. Roadblocks ahead

AI readiness varies considerably among business leaders in emerging markets, which is not surprising given the challenges they face. One of the most chronic challenges is insufficient infrastructure, as businesses must overcome disparities between legacy information technology (IT) infrastructure and AI infrastructure requirements to be AI ready. In addition to internet connectivity and on-premise data centres, AI depends on specific hardware and software, including high-quality data, high-capacity computational systems, and processing capabilities and machine learning (ML) frameworks.[11] "Certainly, the infrastructure is necessary," explains Wendy Gonzalez, CEO at Samasource, a US-based training data company. "You need your graphics processing, you need cloud computing, you need good processing capacity—these components can be crucial drivers of the ROI [return on investment]."

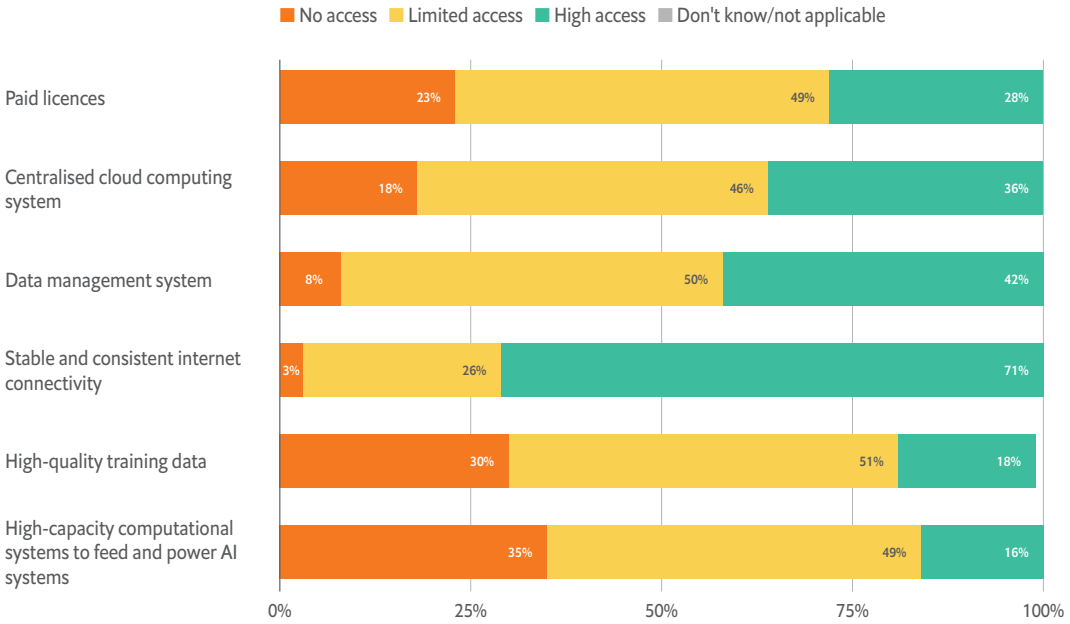
"Quality of data is the main issue alongside data culture."

Doszhan Zhussupov, CEO, CEREBRA

According to 20% of our survey respondents, inadequate infrastructure is a significant obstacle to businesses adopting AI in emerging markets. IT basics are not a problem: over 70% of respondents report access to a consistent and stable internet connection, which is crucial for using AI systems. However, meeting the complex infrastructural requirements is more challenging. For example, respondents described limited or no access to good-quality training data (81%) and high-capacity computational systems to feed and power AI systems (84%). "Quality of data is the main issue alongside data culture," emphasises Dos Zhussupov, CEO at CerebraAI, a US- and Kazakhstan-based medical technology company. "For example, lots of companies, government agencies and people store data, but they do this inconsistently," Mr Zhussupov explains. "Moreover, data that is accessible is typically not up to standard and is not structured at all."

Samir Rustamov, associate professor at the School of IT and Engineering at ADA University and CEO of NeuroTime, a natural language processing company based in Azerbaijan, elaborates on this point using Central Asian markets as an example. "AI systems are based on data-driven algorithms," he explains, "which means high-quality data is essential, and most countries, including Azerbaijan and Central

Figure 2. Concrete obstacles
The extent to which survey respondents can access AI infrastructural prerequisites (% of survey respondents)



Source: Economist Impact (2024)

Asian countries, are struggling to access reliable data." To improve this, Professor Rustamov notes that countries in the region and beyond are investing in developing initial data strategies and fostering public–private collaboration to enhance data quality.

Underdeveloped digital infrastructure is a pervasive issue in emerging markets. It is also a deterrent to investors looking to import vital technologies, who recognise that a lack of government investment in budget-strapped markets, complex regulations and geographical challenges all make infrastructure development difficult.[12] This has prompted governments to begin taking action to create more conducive environments.

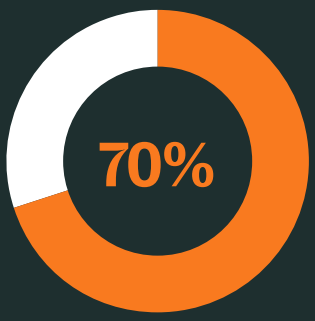
Indonesia has already taken steps to improve its digital infrastructure through its National Strategy for Development of Indonesia's Digital Economy 2030, launched in 2023.[13] After consultations with both public- and private-sector stakeholders, the strategy focuses on specific sectors where AI-backed technologies are expected to have substantial impact, including healthcare, education, mobility and transport. To manage these changes, the government is looking at four areas for improvement, including infrastructure and data.

In Kazakhstan, where nearly 40% of the population lives in rural areas, there is a major gap in digital infrastructure between localities.[14] To bridge this divide, the government has sought partnerships with private-sector actors in telecommunications and technology through its Digital Kazakhstan programme, which aims to "accelerate the pace of development of the [Kazakh] economy and improve the quality of life of our citizens."[15] These efforts (and others) to improve digital infrastructure readiness in emerging markets will be key to keeping up in the global AI readiness race.

Chapter 2. Assembling the AI team

While physical capital is needed to develop and adopt AI solutions, human capital is equally important. As AI becomes more commercialised and readily available, the sought-after employee profile is changing. AI talent is no longer solely about hard (and often hard-to-find) skills such as complex mathematics and programming, which were crucial for navigating early AI development. Today, softer skills such as critical thinking, creativity and communication are also vital—very human skills that AI tools struggle to emulate.[16] These skills, integrated with more technical competencies like data literacy, system programming and training, will be critical to ensuring that employees in technical and non-technical roles can adapt and capitalise on agility.[17]

Research shows that almost 70% of CEOs globally expect AI to require most of their workforce to develop new skills.[18]



Beyond these initial skills, employers need to focus on skills development throughout employees' careers. Indeed, lifelong learning has become a core tenet for businesses that are successfully adopting AI solutions, reflecting the growing need for an adaptable workforce. Research by PwC shows that almost 70% of CEOs globally expect AI to require most of their workforce to develop new skills.[18] The recent surge in generative AI—which is used to create or generate various types of content, like text, images and audio—illustrates this particularly well.[19] Research by McKinsey & Company shows that nearly 90% of employees are in non-technical jobs but use generative AI to help with routine tasks, highlighting employees' need to adapt to new AI tools, regardless of skill level.[20]

The challenge is that emerging markets are plagued by a long-standing talent shortage. This lack of high-skilled talent is the leading barrier preventing most survey respondents' companies from implementing AI in their workstreams (45%). In emerging markets where equal access to advanced education lags behind more developed contexts, a lack of basic education is further limiting progress. Mark Manantan, director of cybersecurity and critical technologies at a Hawaii-based policy institution, Pacific Forum, highlights this point: "Many emerging economies that consider AI as a transformative tool are still playing catch up as far as their educational and research institutions

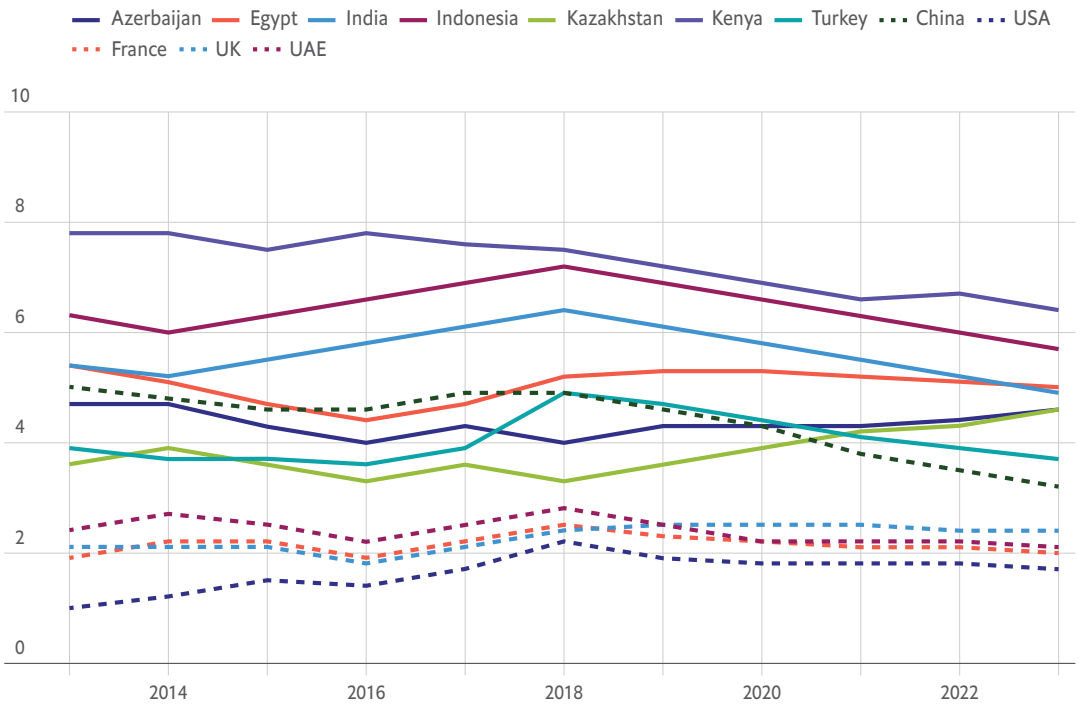
> **"Many emerging economies that consider AI as a transformative tool are still playing catch up as far as their educational and research institutions are concerned. They suffer from inadequate pool of teachers who are knowledgeable on the subject matter. Others simply do not have access to learning modules and materials."**
>
> Mark Manantan, Director of Cybersecurity and Critical Technologies, Pacific Forum

are concerned. They suffer from inadequate pool of teachers who are knowledgeable on the subject matter. Others simply do not have access to learning modules and materials." But STEM and university education are not the only routes towards upskilling for AI. Mr Manantan emphasises the importance of other skills, like creative and critical thinking, in creating a well-rounded, AI-ready workforce, which can be acquired through shorter, more informal courses. Such modes of learning can allow for more agile upskilling alongside employees' day-to-day tasks. In Indonesia, for example, Microsoft launched AI TEACH to equip those in vocational education with the necessary competencies to succeed in an AI-centric world.[21]

Further exacerbating the talent gap is the looming risk of human capital flight. Emerging

Figure 3. On the move

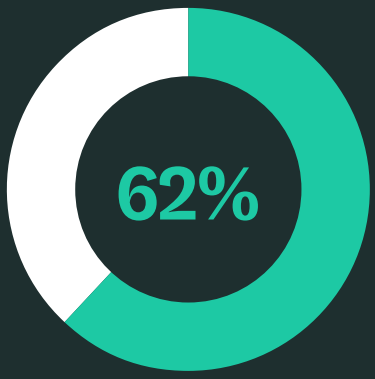
Fragile States Index: human capital and brain drain indicator (score, 0-10)



Source: Fragile States Index (2024)

Note: The Human Flight and Brain Drain Indicator considers the economic impact of human displacement (for economic or political reasons) and the consequences this may have on a country's development. A score of 0 indicates low levels of brain drain.

Over half of our surveyed business leaders are actively recruiting skilled talent through partnerships with academic or research institutions or are planning to do so over the next 6-12 months.



markets often face the challenge of brain drain, where the most well-educated and talented individuals leave for higher paying jobs abroad.[22] In 2022 the number of Indian students who left the country to pursue higher education reached a six-year high of 770,000 people.[23] In Turkey, a combination of high inflation and political turmoil have driven talent out of the country. In 2022 a total of 139,531 Turkish citizens emigrated, among whom the largest demographic was young people aged 25 to 29.[24]

Recognising that AI implementation will remain slow without local talent pools, companies are already taking steps to address talent scarcity. Over half of our surveyed business leaders are actively recruiting skilled talent through partnerships with academic or research institutions or are planning to do so over the next 6-12 months. In emerging markets, AI-related degrees and study programmes are also being introduced as universities adapt to growing market demand. As Professor Rustamov notes, "most universities are now launching master's degrees related to data science, AI and ML." However, governments will need to play a role in ensuring that national strategies not only support the development of STEM skills through university investment, but also foster an environment that encourages graduates to use their skills locally. "We are losing talent because of giant companies that hire our most talented students," explains Professor Rustamov.

Where universities cannot fill the gap, the private sector is stepping up. In Kenya, where a lack of high-skilled talent is a top concern for businesses, Google offers AI-focused training to employees of small and medium-sized Kenyan businesses through its Hustle Academy.[25] Turkey, meanwhile, has implemented a programme through its Accelerator Network that offers an open source platform for local companies to market products.[26] In countries that lack local expertise and resources, these public–private partnerships (PPPs) and collaborative efforts can help to fill vital gaps in infrastructure and talent, as well as providing guidance and training where necessary.

In Egypt, where almost 80% of survey respondents state that their country presents untapped opportunities for AI innovation and growth, PPPs are already having an impact. Technology company Huawei and the United Nations Educational, Scientific and Cultural Organisation (UNESCO) have partnered with the Egyptian Ministry of Education and Technical Education to build on past initiatives to bring information and communications technology (ICT) education to more than 950,000 educators.[27] Governments can build on these existing PPP models to elevate technological advancement from basic ICT education to more advanced AI skills development.

India, which has seen the largest level of private investment in AI of the surveyed markets–about US$1.39bn in 2023–is looking to PPPs to boost its readiness.[28] With the launch of IndiaAI, the government has committed to working with private sector partners to improve tech infrastructure by deploying 10,000 GPUs.

Additionally, through this initiative, the country will implement its FutureSkills programme to expand the reach of AI education in the form of both formal graduate education and more informal online courses."[29]

An effective talent strategy will also require changes at the top of a business. The third most significant challenge facing business leaders is a lack of clearly outlined roles and responsibilities in implementing AI policy (29%). Surveyed business leaders are conscious of this and are attempting to resolve it by hiring chief technology officers, chief information officers or similar to oversee AI deployment. Over 90% have already actioned this or are planning to do so in the next three years. Building the optimal workforce will require both top-down and bottom-up approaches, working in tandem.

Chapter 3. Playing the long game

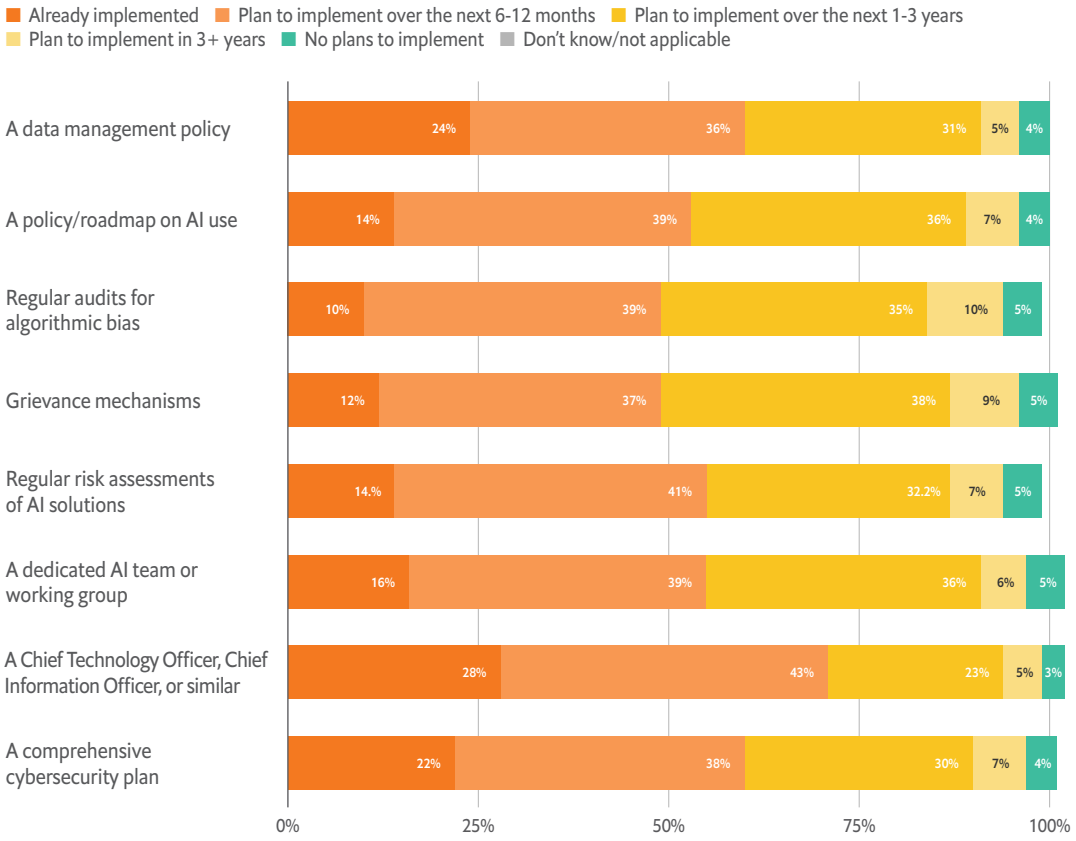
Given how quickly the AI landscape is changing and the potential long-term impact on businesses and workstreams, business leaders will need to craft forward-looking and agile strategies that allow them to implement the necessary workforce and infrastructure changes to benefit from AI. According to one study by McKinsey & Company, 27% of current work hours in Europe and 30% in the United States could be automated with the help of generative AI alone.[30] With this type of change occurring rapidly in developed markets, businesses in emerging markets have an opportunity to capture these efficiencies. However, this will require effective strategies.

Businesses in surveyed emerging markets are already developing crucial, internal policies, though implementation is still limited. These include hiring chief technology officers, chief information officers or similar to oversee AI deployment (28%); establishing data management policies in compliance with national data protection regulations (24%); and establishing comprehensive cybersecurity plans to protect data and flag threats (22%). Limited implementation to date could stem from budget challenges or competing internal priorities, highlighting the need for businesses in emerging markets to investigate AI's potential and reorient strategic priorities accordingly.

A critical starting point is designing and implementing an internal policy or roadmap on how employees should use AI. However, our survey found that only 14% of respondents have taken this first step. This lack of internal AI policies may reflect a lack of national AI policies. Almost half of business leaders feel that their countries are still in the early stages of AI readiness (48%), while almost a third say that their government does not provide sufficient support for and investment in AI technologies (28%). Many companies look to their governments for guidance on best practices in AI or for regulatory constraints that could affect their policies. When companies operate in environments without guidance or with minimal to no regulation, they may struggle to craft holistic policies. In markets with authoritarian governments and strict laws governing surveillance, data sharing and cybersecurity, companies may be unable to create forward-looking policies altogether. As Mr Zhussupov emphasises, "there is no regulation. It is an AI grey zone, meaning you could either be compliant or non-compliant with legislation, so there are always risks."

As governments work to design national policies and regulations, it is important that local contexts and innovation are carefully considered. As Bitange Ndemo, Kenyan

Figure 4. Policy problems
The extent to which businesses have implemented AI policy-related measures (% of survey respondents)



Source: Economist Impact (2024)

ambassador to the Kingdom of Belgium and the European Union and Kenyan tech expert, argues, "Innovation precedes regulation, and as such, we should not be rushing into regulatory policymaking. We need to allow space and encourage innovation by creating sandboxes for experimentation." A sandboxing approach can allow for innovators to innovate in a safe space without the full regulatory burden, foster further collaboration and create an environment unique to specific sectors that may have stringent regulatory requirements.[31]

One notable example of AI regulation that took years to come to fruition is the AI Act,[32] which was introduced by the European Union in early 2024 and is the first AI legislation of its kind. The AI Act is a regulatory framework governing AI development and use in Europe, with a focus on ensuring accountability and privacy in AI deployment and development.[33] While some organisations and countries have pushed for similar AI regulation in emerging markets, others have argued that this may constrain their ability to experiment with AI, a point emphasised by Noha Shaker, founder of the Egyptian Fintech Association. A balanced approach will be crucial to foster innovation in a secure way.

With little government guidance in many emerging markets, some companies are forging their own path. Tech Mahindra, an Indian multinational technology firm, saw the shift towards AI as an opportunity to bring about

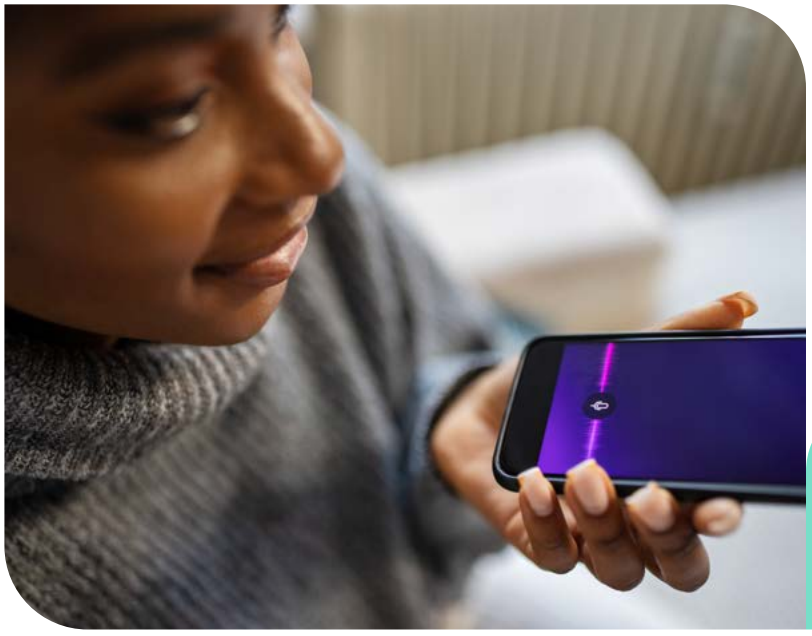
change. To craft an AI strategy that works, CEO of Singapore-based Quilt.AI, Anurag Banerjee, underscores the need to have clear guidance for employees: “it’s all about measurement and incentives.” As the AI revolution began, Tech Mahindra took steps to retrain 8,000 employees and institute a new roadmap to identify business areas where AI could enhance performance.[34]

Internal AI policies should also be flexible enough to adapt to the fast-paced nature of the technology environment. Dr Chinasa Okolo, Brookings Institute Fellow at the Centre for Technology Innovation, explains that “to cope with an area that is constantly evolving and changing, companies should take an adaptive approach rather than an approach that involves building from scratch as things change. This will be essential to ensuring they can adapt and be flexible when necessary.”

Despite slow implementation and limited national guidance, respondents highlighted that they plan on implementing policy-related measures to support AI readiness in the medium term. Businesses are taking a phased approach, affording them time to develop the necessary infrastructure, skills and priorities to manage AI effectively and responsibly before developing concrete internal policies.

Chapter 4. Progress update

Businesses see significant value in AI solutions. However, in addition to workforce and infrastructure challenges, the lack of a clearly defined return on investment for AI solutions presents an obstacle (29%). This is particularly salient in markets with lower AI adoption. Professor Rustamov highlights the case of Azerbaijan, where "there is uncertainty on return on investment, and many businesses find it difficult to measure a return on investment for AI projects." In response, the government has started developing an investment calculator to help companies estimate AI benefits and growth projections to increase uptake.[35]

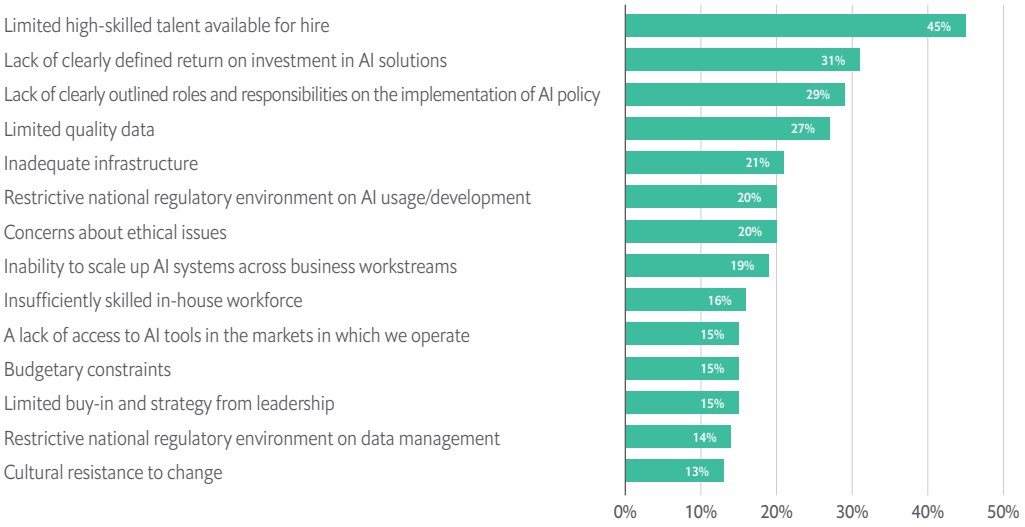


Mohit Kapoor, chief technology officer at an Indian multinational conglomerate, the Mahindra Group, argues that creating key performance indicators for AI is essential for making a convincing business case. Describing his own experience at Mahindra Group, Mr Kapoor explains that "there are four points we use to determine if AI is working: net revenue, cost reduction, customer experience and satisfaction, and risk reduction." Developing clear processes and metrics will help companies assess progress and the business value of implementing AI systems.

Of course, this challenge is not exclusive to emerging markets. Leading technology companies such as Alphabet, Amazon, Meta and Microsoft have all admitted that it may take years for them to see a return on this investment. This suggests that it should not deter businesses in emerging markets.[36]

Figure 5. Overcoming obst-AI-cles

Leading challenges preventing surveyed businesses from implementing AI in their workstreams (% of survey respondents)

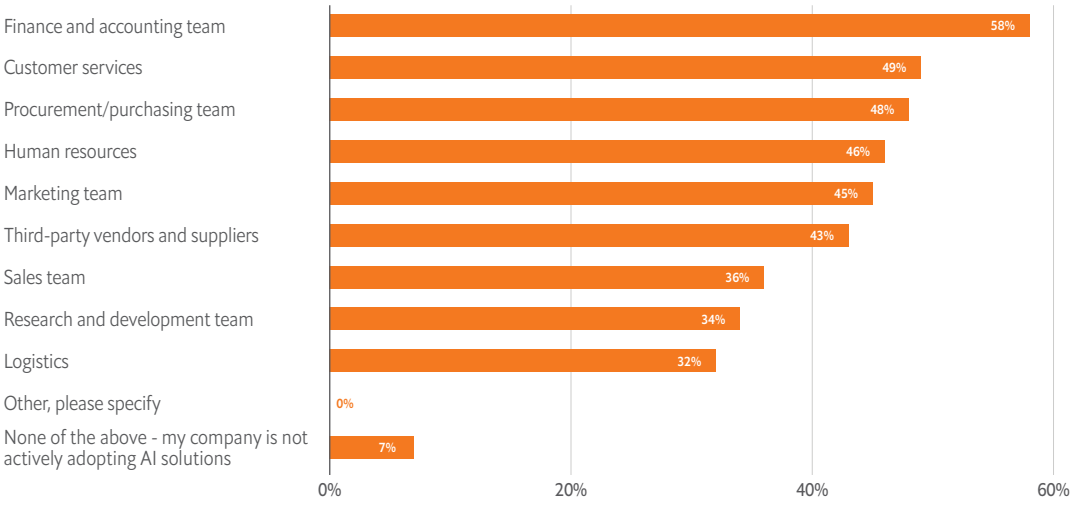


Source: Economist Impact (2024)

Despite these looming challenges, the benefits of AI solutions are enticing. Respondents cite increased productivity and efficiency (59%), improved customer satisfaction (42%) and cost reductions (38%) as the leading benefits of adopting AI. Deployment so far has spanned business functions from finance and accounting (58%) and customer services (49%) to procurement and purchasing (48%) and human resources (46%).

Figure 6. Across the AI board

Top business functions within surveyed businesses that are actively adopting AI solutions in their workstreams (% of survey respondents)



Source: Economist Impact (2024)

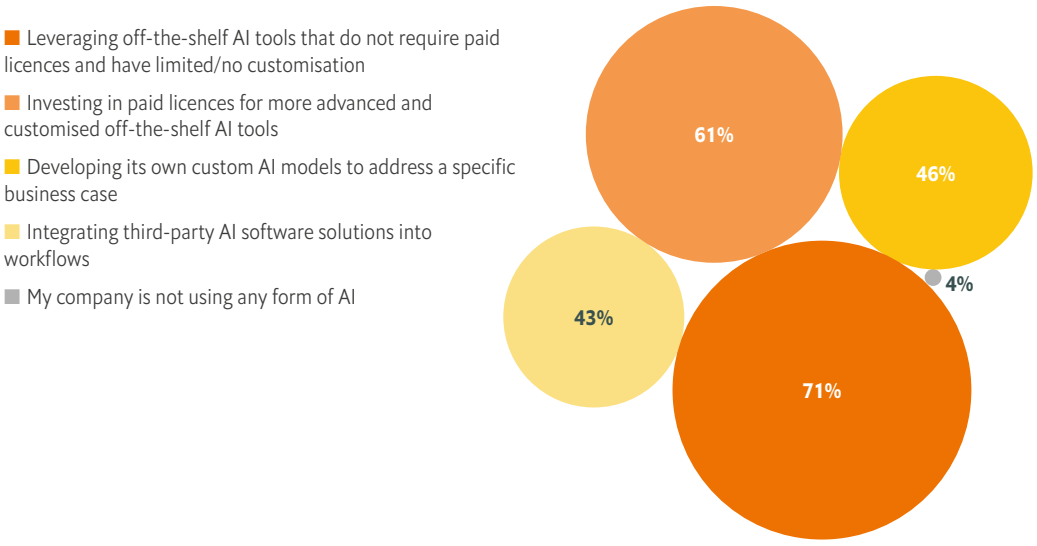
Excitement about these benefits is evident in the extent to which businesses in emerging markets have adopted AI tools to date. The majority of surveyed respondents' businesses are already using off-the-shelf tools, which do not require paid licences (71%) and are relatively easy to access without significant cost, capital or skill requirements.[37] Research shows that these tools are also quicker than custom models to implement (custom models are 1.5 times more likely to take five months or more to implement).[38]

Some businesses are developing their own custom models, including almost half of our survey respondents (46%). Custom AI systems can drive more personalised experiences for employees and customers and can have greater impacts on efficiency and decision-making. India-based travel company, MakeMyTrip, is currently developing a custom AI system to improve the language proficiency of online tools. This is a pertinent issue in emerging markets, given that the majority of internet content[39]—and therefore the majority of training data used for AI models—is in English, making tools useful only to English speakers.[40] In 2023 the company announced a partnership with Microsoft to develop an AI-powered, voice-assisted bot that can identify and respond to customer requests in local languages to make services more accessible.[41] The chatbot, named *Myra*, brings three specific benefits to customers: efficiency in booking, convenience through voice-driven bookings and comprehensiveness as a one-stop shop for travel needs.[42]

While developing custom AI models entirely in house may not be achievable for all businesses in emerging markets, 43% are collaborating with third-party providers to develop custom models. For example, Indonesia's largest telecommunications company, Telkom Indonesia, recently deployed Microsoft's developer tool, GitHub Copilot, to support coding and programming needs. Copilot has assumed 20% to 30% of the workload of the company's developers, freeing them up to work on other tasks.[43] Successful case studies like this, where businesses adapt AI to suit their needs, can boost confidence and encourage other organisations to adopt AI. By showcasing tangible benefits, these case studies help to drive broader adoption.

Figure 7. The AI toolkit

Types of AI tools and solutions used by surveyed companies (% of survey respondents)



Source: Economist Impact (2024)

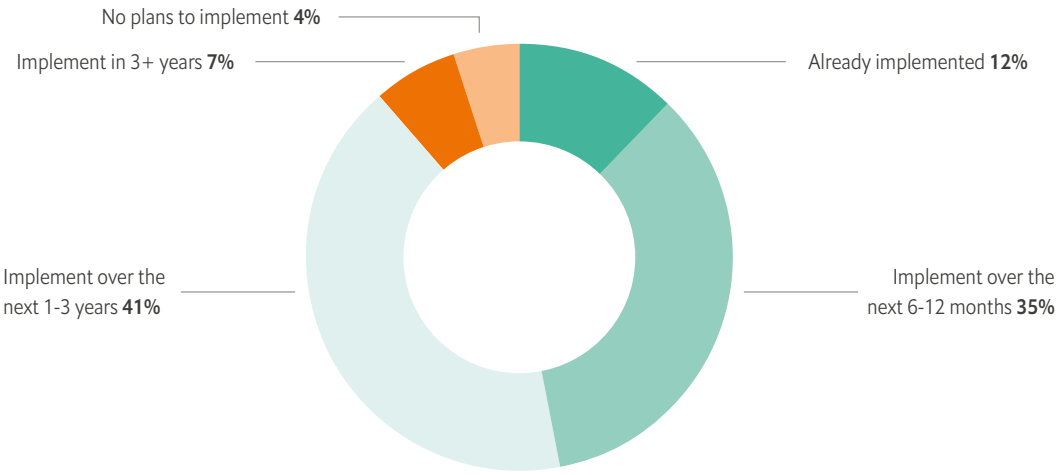
Chapter 5. What next?

The benefits of AI are clear, business appetite is building and the hurdles have been mapped out. For businesses, the next step will involve marrying the technical requirements of AI readiness with a mindset that encourages innovation and experimentation.

As discussed, there are several physical and human capital requirements that will need careful attention. Business leaders will need to invest in the technical drivers of AI readiness, such as infrastructure, high-quality data and workforce training. This should be targeted towards the most appropriate and beneficial use cases, leveraging existing data and resources. "How AI can help is going to largely depend on tailoring the AI to the use cases: what can AI do? The answer lies within the company," explains Mr Kapoor. "You don't need to ask the tool 'how far is Mars?' or 'what is my weight on the moon?' These questions are not important for the company. What is important are questions like 'where is my reimbursement?' or 'where are the 10,000 tires I ordered?'" Mr Kapoor highlights that many of these answers are already embedded in internal data within a company, which AI models can tap into.

Making the most of these investments will require business leaders to encourage a mindset and culture of adaptability, openness and exploration. Our survey found that organisations are already thinking about this. Over 40% of respondents are aiming to promote a culture of exploration within their organisations, so that employees can test potential AI use cases in workstreams in the next one to three years. Mr Banerjee emphasises the importance of exploration: "get everyone a generative pre-training transformer (GPT) that costs US$20 a month and have them play with it. Having internal competitions can make this exploration culturally a part of the systems of the company." A culture of exploration and freedom to experiment will be essential to equip employees to make the most of AI but organisations in some markets may be swimming upstream as about 57% of respondents agreed that there are broader cultural barriers that limit the acceptance and uptake of AI tools/solutions. Public and private sector organisations will need to be mindful to promote AI-backed systems in a way that does not alienate potential users and builds trust.[44] In the right environment, new use cases will arise that companies can adapt to suit their daily work, creating a ripple effect for efficiency. While it will take time to shift attitudes on AI, the financial investment will be small in comparison with the costs of shifting technical capacity.

Figure 8. Embracing trial and error
The extent to which business leaders are promoting a culture of AI exploration and testing (% of survey respondents)



Source: Economist Impact (2024)

These two core levers are mutually reinforcing: greater investment in the technical drivers of AI readiness provides tools for more experimentation, and successful experimentation can build a greater business case for investment in physical and human capital. Focusing on these two drivers in tandem can ensure that emerging markets become AI ready in a way that works best for their individual contexts, while also promoting public good. Business leaders in emerging markets will need to be wary of using AI for AI's sake, however.[45] Instead, they will need to understand the technical gaps needed for AI to flourish and the unmet needs of customers and clients, and then interrogate whether addressing one will help with the other. Only once this has been answered can a clear and useful business case emerge.

Governments in emerging markets will be instrumental in facilitating businesses' AI readiness and must focus on preparing for this role.

It is critical to recognise that businesses cannot do this in isolation. Governments in emerging markets will be instrumental in facilitating businesses' AI readiness and must focus on preparing for this role. Without understanding the technology, its promise, its use cases and its drawbacks within the local context, governments will not be able to adequately support businesses. A crucial first step is equipping the public-sector workforce with the necessary skills to understand and use AI-powered technology. Upskilling should prioritise building proficiency in basic AI tools, cultivating knowledge of AI ethics and developing a basic understanding of large language models.[46] Enhancing AI literacy among public-sector employees can foster the mindset required to create national strategies, guidelines and roadmaps that effectively support businesses in their AI efforts. It will also be essential for integrating AI-powered tools into public services. In the UK, research has shown that AI tools could free up civil servants' time by automating 84% of repetitive tasks across 200 government services, reducing the cost of bureaucracy.[47]

“AI is like a godsend to Africa and if we use it appropriately and have the appropriate data, we can do a lot more for the people.”

Ambassador Bitange Ndemo, Kenyan Ambassador to the Kingdom of Belgium and the European Union

Policymakers in emerging markets will also need to work on strengthening the three pillars of AI readiness discussed in this report. First, governments will need to invest in the necessary infrastructure. While emerging markets often face budget constraints and competing priorities, they may also be leaner and have less bureaucracy to navigate. This, combined with a lack of legacy infrastructure, may make it possible to adapt to advanced technologies faster than more developed markets.[48]

Secondly, policymakers will need to enhance national curricula to engage with AI. This should involve balancing a focus on STEM skills with a focus on softer skills, such as critical thinking and communication.[49] Employing this top-down approach across different stages of the formal schooling system can ensure that future workforces are prepared to meet market demands.

Finally, governments must turn their focus towards developing robust AI strategies to guide businesses. Encouragingly, the momentum in emerging markets is noticeable. Research shows that half of the AI strategies that were published or announced in 2023 originated from low- and lower-middle-income countries (LMICs). This diverges from past trends, where upper-middle-income and high-income countries dominated this space.[50] In 2023 Rwanda became the first low-income country to develop an AI strategy, alongside LMIC counterparts such as Tajikistan, Senegal and Benin. The next step is to explore regulation, taking care to balance innovation with safety. To this end, UNESCO has developed AI guidance that advocates a human-centred approach to balance the benefits of AI with its ongoing structural and ethical challenges.[51]

Businesses and governments in emerging markets have a unique opportunity to shape the AI future. By focusing on the key pillars discussed in this report—infrastructure, talent, and policy and strategy—governments and businesses in emerging markets can boost AI readiness, strengthen their workforces, boost local competitiveness and innovation, and craft better outcomes for people and systems. As Mr Ndemo emphasises, “AI is like a godsend to Africa and if we use it appropriately and have the appropriate data, we can do a lot more for the people.”

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