

Concept notes

UNECA-CA -GSMA joint webinar on “The Role of mobile services in Enabling E-commerce in Central Africa and policy implications”

1. context and background

The digital economy in ECCAS is expanding rapidly, driven by the ongoing strong adoption of mobile services. Overall mobile subscriber penetration in the sub-region has gone from just 18% at the start of the last decade to 42% by the end of 2019, while the number of mobile internet users reached 46 million by the same date, representing almost 25% of the subregion’s population. This trend is facilitating the creation and consumption of new digital services, which are transforming the way people communicate, live and work.

E-commerce is a key component of the digital economy, allowing buyers and sellers to interact and transact online regardless of time and location. This has the potential to generate significant social and economic benefits, particularly in emerging countries where the service often creates jobs and stimulates economic activity by encouraging investments and opening new markets to otherwise isolated rural communities. Women and young entrepreneurs increasingly use e-commerce platforms to grow their businesses, thereby reducing inequalities and helping local value creation.

E-commerce has grown significantly over the last two decades, facilitated by widespread internet access, the growing uptake of digital payments and changing consumer lifestyle mainly led by the emerging middle class at global level. The rapid adoption of smartphones and mobile internet services gives added impetus to this trend, with m-commerce accounting for an increasing share of overall e-commerce transactions - mobile now accounts for around two-thirds of total retail e-commerce sales. While e-commerce penetration is highest in developed regions, key factors such as favorable demographics and increasing access to connectivity and mobile payments platforms underscore the growth potential in developing regions.

Globally, e-commerce continues to see strong growth, with total sales currently estimated at around \$3 trillion. In relative terms, e-commerce sales as a share of total retail sales is rising rapidly. Forecasts suggest e-commerce is set to account for 22% of global retail sales by 2023, up from 14% in 2019. By 2023, total e-commerce sales are expected to total \$6.5 trillion, more than double the 2018 total.

In ECCAS, retail services are still predominantly traditional and informal. However, there is growing momentum towards modern and more formal channels, with e-commerce playing an increasingly important role in the evolving retail landscape. Across the sub-region, established retailers and entrepreneurs increasingly use online channels to reach new customers as well as overcome fundamental barriers to modern shopping, such as the shortage of retail space. E-commerce development therefore presents a great opportunity towards economic diversification in central Africa.

Mobile technology is a key driver of e-commerce services in ECCAS. In addition to being the primary platform for most people to access the internet, given the lack of fixed broadband infrastructure, mobile technology is also facilitating online payments through mobile money, addressing the challenge of low bank card penetration and risks associated with cash-on-delivery. At the end of 2019, there were 17 live mobile money services in ECCAS, serving nearly 50 million registered accounts.

Meanwhile, several e-commerce providers have emerged across the sub-region in recent years, serving both domestic and global markets. In addition, as is the case in other emerging regions, social commerce is gaining momentum in ECCAS, helped by the uptake of social media services and the low barrier to entry for small businesses. Facebook is by far the most popular social media service in ECCAS with a total user base of 11.4 million as of January 2020 and has also become the preferred platform for many e-commerce entrepreneurs across the region.

The current state of e-commerce services in ECCAS is, however, impacted by several factors, which have the potential to limit the ability of e-commerce services to scale. These include the lack of access to and affordability of mobile internet services for large swathes of the population, especially from low income segments; limited use of digital payments services; inadequate addressing systems in some urban areas and most rural areas; bottlenecks in customs clearance and overall international trade; and an often-challenging business and macroeconomic environment for start-ups.

Both Governments and the private sector in the sub-region have a significant role to play in addressing these challenges and stimulate investment in e-commerce services. Fundamentally, governments need to take a holistic approach to developing and implementing policies that underpin e-commerce services, recognizing that e-commerce growth can stimulate productivity and drive efficiency across of the economy. Mobile operators, while providing the connectivity that enables online activities, including e-commerce, need to strengthen digital payments through mobile money and support e-commerce start-ups using network and distribution assets, such as APIs and sales agents, to address some of the operational and commercial challenges of e-commerce.

It is in this context that ECA-CA, in partnership with GSMA, is organizing a virtual ad-hoc experts group meeting (AEGM) to discuss issues, challenges and opportunities facing the mobile services and e-commerce in Central Africa and identify key areas where action is required to increase access to digital services, in general, and e-commerce services, in particular, in the ECCAS region.

2. Objectives and ambitions of the meeting

The AEGM will review the ECA-GSMA joint study on *“The Role of mobile services in enabling e-commerce in Central Africa and policy implications”* and provide comments towards its finalization. The group of experts will, specifically:

- contribute to a better profiling of the state of development of e-commerce in Central Africa including the characterization (through case studies) of the key challenges in the business environment (logistics, trade barriers, fiscal policies and red tape ...) which can have a direct impact on the ability of e-commerce businesses to scale, fulfil transactions and realize the expected socioeconomic benefits,
- discuss approaches to addressing the challenges confronting the development of e-commerce in the sub-region,
- discuss on how to enhance digital and financial inclusion and strengthen mobile infrastructure and affordability of mobile services, promote market-led competition and improve local and global payment system interoperability for robust mobile services and inclusive e-commerce development in Central Africa,

highlight policy and regulations stand towards taking the right approach to data regulations and strengthening costumers' trust and boost overall confidence in e-commerce and other digital services,

- promote stakeholder collaboration and peer-learning through a policy dialogue between governments, regional economic communities, mobile operators, the development community and civil society to address the key challenges to e-commerce adoption in the sub-region.

3. Outcome and results of the AEGM

The AEGM, which is in line with ECA's commitment towards strengthening the digital economy as one of the avenues for the much-needed economic diversification in the ECCAS region, will come up with a set of recommendations and policy actions towards strengthening e-commerce and mobile services in Central Africa taking lessons from the socioeconomic impact of the current covid-19 pandemic and building on opportunities raised by the upcoming African continental free trade area. Experts will also provide ECA and GSMA with pertinent recommendations which will serve as the basis for finalizing the joint ECA-GSMA report on *"The Role of mobile services in enabling e-commerce in Central Africa and policy implications"*.

4. Participants, date and logistics

The AEGM will be held virtually through zoom or Teams. It will be held on 14 November 2020. Participants will include experts from the Ministries of Telecommunication and Trade from ECCAS countries, the private sector, actors from the civil society and the academia.

An electronic link will be shared with all the participants to enable them to attend the meeting. Discussions will be conducted in French.