

# Aid for Digital Trade: Needs and Responses



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## **E-commerce and the digital economy: challenges and needs in Southern Africa**

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## In a nutshell ...

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1. How '**advanced**' is **Southern Africa** in the digital arena?
2. How can a robust digital economy **benefit** Southern Africa?
3. What are the **main barriers** that limit Southern Africa's digital potential?
4. What **interventions** are required to lay the foundation for a digitally connected Southern African trading region?
5. Looking ahead – and **some take away** points for Southern Africa



# 1a. Digital preparedness of six SADC countries

*Networked Readiness Index 2016 (WEF and INSEAD)*

NRI (1-7 scale)	Botswana 3.5 (101/139)	Lesotho 3.3 (115/139)	Malawi 2.7 (132/139)	Mozambique 3.0 (123/139)	Zambia 3.2 (116/139)	Zimbabwe 3.0 (122/139)	South Africa 4.2 (65/139)	Mauritius 4.4 (49/139)
Political & regulatory	4.1	4.0	3.5	3.2	3.9	3.0	5.0	4.6
Business & innovation	4.1	3.9	3.4	3.5	4.8	3.2	4.3	4.7
Infrastructure	3.1	2.4	2.7	1.9	2.0	2.3	4.9	4.3
Affordability	2.9	5.0	2.0	4.8	2.5	3.8	5.2	5.5
Skills	4.6	3.8	2.7	2.1	3.6	4.1	4.4	5.3
Individual usage	3.2	2.1	1.5	1.9	2.0	2.5	3.9	4.3
Business usage	3.4	3.1	3.1	3.2	3.6	3.1	4.2	3.8
Government usage	3.6	2.9	2.8	3.3	3.3	2.9	3.3	4.3
Economic impacts	2.8	2.4	2.5	2.7	2.7	2.3	3.4	3.2
Social impacts	3.4	3.1	2.7	3.1	3.3	3.2	3.3	4.2

## 1b. How advanced is Southern Africa in the digital arena?

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Some broad trends and challenges:

- Southern African **tracks behind** and **countries** in different stages of journey
- **Mobile penetration** rate generally much higher than internet penetration rate
- BUT **high cost** of mobile and other devices, and ICT services
- Significant **digital divide between urban and rural areas**
- **Limited ICT knowledge and skills**, particularly in **government**
- **Erratic power and other infrastructural problems**
- **ICT policies and regulations** often out of date and/or **poorly implemented**
- **Regional integration is weak** : ICT policies and regulations not harmonised across the region

## 2. How can a robust digital economy benefit the Southern African region?

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### a. Implications for business and trade:

- ' **Leapfrog**' traditional development patterns and to more easily access **regional/global trade opportunities**. (Think the mobile revolution in Africa.)
- **Easier and more affordable Internet access: huge opportunities for small businesses**
- Technological advances help to **drive the services sector**, which already has great potential to grow in Southern Africa.
- Technological improvements in **e-government services** will help to **streamline regulatory and administrative bottlenecks** that impede business in the region.

**“Without fast and affordable Internet access, there are few pathways from poverty to prosperity in the 21<sup>st</sup> century.”**

Rwandan President Kagame addressing the World Economic Forum in Davos, Switzerland, January 2017

## 2. How can a robust digital economy benefit the Southern African region? Cont.

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### b. Implications for the achievement of the **Sustainable Development Goals**:

A robust digital economy helps to promote sustainable development by:

- Triggering the **'leapfrog' effect**, thereby hastening development in individual countries and the region as a whole (SDG 1 No poverty)
- Closing the **urban/rural digital divide** (SDG 11 Sustainable cities and communities)
- Creating greater **economic inclusivity** by opening up opportunities to **SMEs, women and the youth** (SDG 4 Quality education SDG 5 Gender equality, SDG 8 Decent work and economic growth)
- Extending the reach of **education and health services**, thereby contributing to heightened well-being in the region (SDG 4 Quality education)
- **Nurturing entrepreneurial talent** and making cities, towns and communities more self-reliant and sustainable (SDG 11 Sustainable cities and communities)

### 3. What are the main barriers that limit Southern Africa's digital potential?

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- **Insufficient access to and high cost of the Internet** due to, e.g.
  - Insufficient rollout of telecommunications networks, particularly in less dense, rural areas
  - Expensive computer and mobile devices
  - Expensive Internet services
- **Limited ICT knowledge and skills**, especially in government
- Limited **knowledge of market opportunities** for digital/digitally enabled goods and services
- **Erratic power supply and** other infrastructural problems (roads, ports, etc.)
- **ICT policies that are often out of date and/or poorly implemented**
- **Lack of harmonisation of ICT policies**, laws and regulations across the region
- An **undiversified export base** and relatively **weak integration** into regional and global markets
- **Short-term thinking** at the political level that does not take sustainability into account





## 4. What interventions are required to lay the foundation for a digitally connected trading region?

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### a. Government(s) and WTO (Aid for Trade):

- Appoint an '**ICT champion**' to drive the transformation process
- **Consult widely** when formulating policies and regulations
- Ensure ICT policies and regulations are **compatible** across other industry sectors (e.g. **transport, finance, energy**) and the **region** as a whole
- **Reduce unnecessary red tape (Aid for Trade?)**
- **Extend national ICT network coverage**, especially to rural areas (**Aid for Trade?**)
- **Review (regional) trade policy** to encourage the freer flow of ICT goods and services, and data
- **Open ICT sector to more private sector competition**
- Overhaul **education system** to embrace digital technologies
- **Overhaul and/or expand infrastructure and logistics facilities (Aid for Trade?)**



## 4. What interventions are required to lay the foundation for a digitally connected trading region?

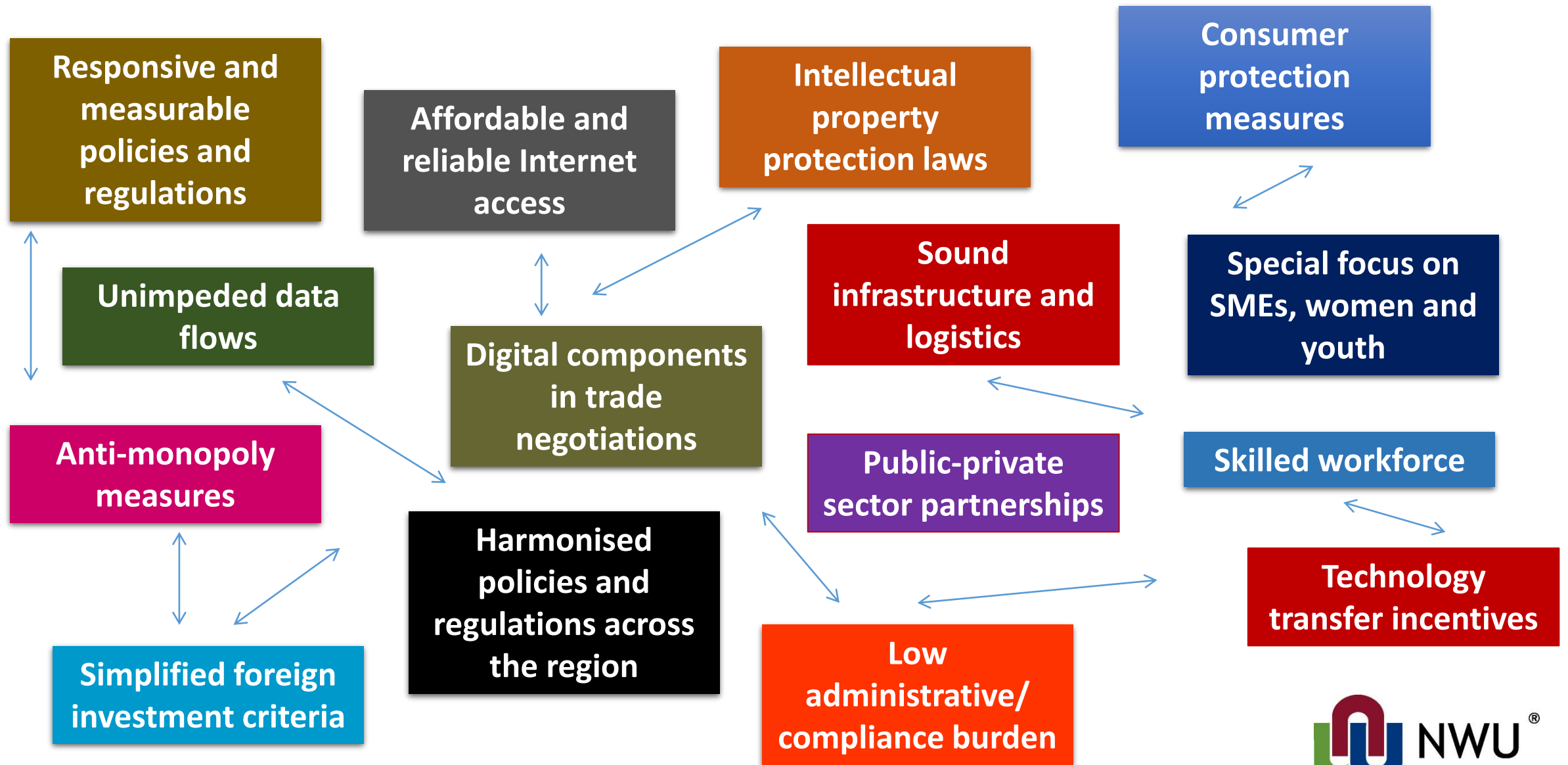
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### b. Private sector:



- Ensure the continuous **training and professional development** of own staff
- Extend opportunities to **young people** to enter the ICT field through internships, graduate programmes, etc.
- Provide **ICT-related training and mentorship** programmes for those in marginalised communities (**Aid for Trade?**)
- **Procure from small businesses** to boost their growth and sustainability prospects, and their ability to participate in regional and global value chains
- Provide **financial support** for promising entrepreneurial initiatives
- Engage with **government** in ICT policymaking forums and infrastructure development projects (**Aid for Trade?**)
- Engage with **research organisations, universities** and other institutions of higher learning to further ICT-related knowledge and expertise

## 5. Looking ahead ... some policy imperatives for Southern Africa



# Some take away thoughts:

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- Need **government commitment , leadership and political will - a champion** – as we have seen examples in Rwanda, Kenya and Mauritius - for the issues of **affordable and reliable Internet access, ICT training (skills and education)**, relevant policies, rules, regulations, e-government services, etc.: benchmark and learn from other countries ... **AND longer term thinking, e.g.: National Digital Economy Strategy** – aligned in the region: invest in digital skills, encourage free flow of data, online-health, on line education, etc.
- **Public-private partnerships** – join hands: the technology, innovation and entrepreneurial spirit is out there . Encourage business, especially SMMEs to embrace digitally enhanced business methods.
- **WTO:** e.g.- **Aid for Trade initiatives and Technical Assistance** — and how to change the thinking of governments – to be open minded – create an attractive environment and investment climate open for foreigners and FDI in ICT/ technically related sectors - so that technical transfer can happen – and countries not be left behind...
- **THE POTENTIAL OF ICT SHOULD REDUCE, NOT INCREASE THE DIVIDE IN COUNTRIES!**

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**Thank you**

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