A National E-commerce Strategy for Egypt

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E-Commerce is Transformational

...Bringing both opportunities and risks for developing countries
The digital evolution has major implications for the implementation of the 2030 Agenda for Sustainable Development
Emerging markets growing fast

Online shoppers in the top ten e-commerce markets rose from 600 million to 1.2 billion between 2010 and 2016...and digitalization has only begun.

Internet-enabled devices to rise from 6-8bn to 25-50bn by 2020.

Source: UNCTAD, eMarketer, August 2016.
The e-commerce divide is huge

Proportion of internet users purchasing online and participating in social networks, selected countries, 2015. Source: ITU
## Current uptake of e-commerce - Key facts

<table>
<thead>
<tr>
<th>Fact</th>
<th>Percentage</th>
<th>Sector</th>
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<tbody>
<tr>
<td>Only about 5.3% of internet users 15+ years in Egypt shop online</td>
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<td>Even lower for women, older people and in rural areas</td>
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<td>Very few Egyptian enterprises current sell online:</td>
<td>17% of large firm</td>
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<td>3% of small firms</td>
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<td>Only 1 in 10 handicraft MSEs use the Internet; much fewer sell their</td>
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<td>products online</td>
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<td>Social media preferred channel for online marketing</td>
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E-commerce can boost economic growth
E-commerce can facilitate exports
E-commerce to stimulate rural development
E-commerce can generate government revenue.
E-commerce can create new jobs.
Inclusive Process

- The development of this strategy has involved:
  - Close collaboration with MCIT and other ministries
  - Desk research
  - Consultations with key stakeholders in public and private sector
  - Surveys and focus group discussions
  - Collaboration with the World Bank on payments and several other international organizations to ensure state-of-the-art recommendations

- Financial contribution by MasterCard gratefully acknowledged
Broad consultations
100+ government officials and stakeholders

<table>
<thead>
<tr>
<th>Ministry of CIT (lead)</th>
<th>Customs Authority</th>
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<td>Ministry of Trade</td>
<td>Social Fund</td>
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<td>Ministry of Finance</td>
<td>Jumia</td>
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<td>General Authority for Foreign Investment (GAFI)</td>
<td>Commercial banks</td>
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<td>ITIDA</td>
<td>MasterCard</td>
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<td>ITI</td>
<td>Visa</td>
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<td>NTRA</td>
<td>Google</td>
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<td>Central Bank</td>
<td>FedEx</td>
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<tr>
<td>Consumer Protection Agency</td>
<td>Greek Campus</td>
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<tr>
<td>Egypt Post</td>
<td>And more...</td>
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Strategy Development & Implementation Process

Integrated Assessment Framework
8 Pillar Areas
SWOT Analysis

STRENGTHS
- Political commitment
- Competitive IT and ITES sector
- Engineering and technology talent
- Tech-savvy youth
- Established postal sector
- Large market

WEAKNESSES
- Limited uptake of e-commerce
- Need for faster broadband
- Cumbersome customs procedures
- Cash-based society
- MSEs lack knowledge and value proposition

OPPORTUNITIES
- Boost exports & competitiveness
- B2B in global value chains, such as BPO
- Connect rural and urban markets
- Mobile payments
- Entrepreneurial digital start-ups
- Logistical hub

THREATS
- Regional and global competition
- Brain drain
- Re-shoring and automation
- Perception of security instability
Components of the Strategy

- Egypt's E-commerce Vision and Goals
- Overarching Objective
- 6 Sub-strategies
- Recommendations and Action Plan
- 6 Megaprojects

Strategy
By 2020, Egypt fully leverages the potential of e-commerce and the talents of her people to boost regional and international exports and domestic trade, to provide a channel for consumers and businesses to buy and sell, and to create jobs and innovation in the e-commerce ecosystem producing e-commerce products, services and applications.
Overarching strategic objective: Leverage e-commerce to increase the wealth of the nation through economic growth, export competitiveness and job creation

1. Raise B2C & B2B e-commerce volume to GDP from current 0.5% to 1.5-2%

2. Double the number of Egyptian businesses selling online

3. Increase significantly share of e-payments in e-commerce from current 8-10%

Egypt's Broad Goals for 2020
6 Key Sub-Strategies

1. Empower businesses through e-commerce
2. Incentivize the formalization of informal MSEs through e-commerce
3. Exploit the strengths and opportunities in the ICT sector for e-commerce
4. Boost growth in the logistics sector in support of e-commerce
5. Stimulate growth in the payments sector in support of e-commerce and financial inclusion
6. Build and protect consumer market for e-commerce
Sub-Strategy 3
Strengthen the ICT Infrastructure

Specific actions recommended

- Ensure access to cheaper, high speed broadband
- Continue improving fibre access
- Release spectrum for 4G mobile broadband
- Undertake study on the quality of service of broadband
- Reduce the price of international gateway licences
Leverage the IT sector
Specific actions recommended

- IT sector innovative small businesses
- R&D for innovative e-commerce
- Grow mobile apps developers
- Training SMEs, incubators and accelerators
- Strengthen startup institutions, ie. Greek Campus, TIEC
1. E-Commerce Business Facilitation Hub
3. Rural E-Commerce Development Initiative
4. Empowerment of youth and SMEs
5. E-Payments
6. Branding of Egypt as BPO destination
Megaproject 5: E-Payments

- Establish authentication framework such as 3D secure and universal bank adoption
- Create new payment method: electronic direct bank payment method ie. Deal, UPI
- Awareness raising and e-payment incentive measures such as lucky draws and national lottery
- Adoption of zero liability for customers in unauthorized transactions.

- Strengthen e-money products, including Mwallet.
Strategy Governance

- Minister of Communications & Information Technology
- Minister of Trade & Industry
- Minister of Finance
- Chairman of the Federation of Chambers of Industry & Commerce
- Chairman of the Central Bank

Strategy Implementation

Coordinator:
- MCIT (Central Department for Information and Decision Support)

Members:
- MoF
- ITI
- ITIDA
- Central Bank
- Federation of Chambers of Commerce
- Consumer Protection Agency

Program Management Unit

Project Implementation

Focal Point
Focal Point
Focal Point
Focal Point
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Conclusion

- E-commerce is an imperative for inclusive economic growth
- The potential for e-commerce growth in Egypt is high
- MCIT is well positioned to take the lead in realizing it
- To ensure net positive impact requires
  ✓ attention to both opportunities and challenges
  ✓ Cross-sector cooperation and effective collaboration within government and with private sector and others
- This strategy should help government leverage e-commerce for sustainable development gains
- UNCTAD looks forward to continue its partnership with Egypt
Thank you!

For more information contact ict4d@unctad.org

ICT Policy Review Programme
Division on Technology and Logistics UNCTAD