Nairobi Forum
Democratizing trade information across the continent

19 November 2020

Cyril Chalendard (ITC)
1. **Limited continental integration**
   
i) Level of intra-continental trade: 17% (vs. Europe: 69%).

ii) Because of important trade costs.
Factors hindering the development of international trade

Trade costs breakdown

- Transport costs
- Logistics costs
- Border costs
- Information and transaction costs
- Trade policy barriers
- Other costs

Source: World Trade Report (WTO, 2018)
I. Continental trade

1. Limited continental integration
   i) Level of intra-continental trade: 17% (vs. Europe: 69%).
   ii) Important trade costs

2. High transaction cost
   i) Limited availability of trade-related info
      a. 1/3rd of countries do not have a functioning trade promotion portal
      b. Only 50% of countries display online (relatively aggregated) trade stats

=> Unexploited export opportunities
=> Lack of evidence-based policymaking
Factors hindering the development of international trade

Trade costs breakdown

Source: World Trade Report (WTO, 2018)
II. African Trade Observatory

AU Heads of State and Government
Decision Assembly/AU/2 (XVIII) to establish a Continental Free Trade Area (CFTA) and to endorse the Boosting Intra-Africa Trade (BIAT) Action Plan was adopted on January 18th, 2012.

Lead organization: African Union
Implementing organization: International Trade Centre
Funding organization: European Union
Main objectives of the ATO

Collect, process and analyse trade and trade-related information from member states and other sources.

Create an online Dashboard with relevant and detailed trade information on intra-African trade and opportunities for the public and private sectors.

Monitor and evaluate the implementation process and impact of the AfCFTA and the BIAT.

Provide a secured online “Tariff Negotiation Tool” to countries involved in tariff negotiations.
III. Improving the availability & quality of data

- **ATO data collection system**

  - REC stands for Regional Economic Community (e.g. EAC, COMESA etc)
  - Automation of data transfer from customs to the ATO
  - To generate innovative and updated indicators => real-time, granular & comprehensive data
  - Installed in 3 countries (Comoros, Madagascar and Uganda) – planned in Zambia

Fit the needs of institutions
Create synergies

Sustainability
IV. Providing trade intelligence to African businesses

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Create an online Dashboard with relevant and detailed trade information on intra-African trade and opportunities for the public and private sectors.

Provide a secured online “Tariff Negotiation Tool” to countries involved in tariff negotiations.
A web platform designed to simplify SME’s market research in the context of AFCFTA implementation.

- Provides access to trade intelligence
- To compare challenges and opportunities of the African markets
- To explore market access conditions and business partners to expand business within the continent
ATO Dashboard – beta version

Welcome to the African Trade Observatory dashboard

Free access

Compare

Compare trade and market access information across countries, products or markets.

Choose an exporter
Choose a product
START

Explore

Find detailed trade and market access-related information for a country-product-market combination.

Choose an exporter
Choose a market
Choose a product
START

Monitor

Monitor state of intra-African integration over time.

Choose an exporter
V. Monitoring African integration

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Analyzing African trade flows

Monitor

Trade
- Pattern
- Performance
- Integration
- Opportunities

Market Access
- Tariffs
- Taxes
- Cross border time
- Other procedures

AfCFTA Policy Outlook
- Tariff reduction
- Tax revenue simulation
- Trade simulation
Next immediate steps

Public release of the first 2 modules (Compare & Explore, beta version) during the next African Union Extraordinary Summit (December 2020).

ato.africa
Thank you for your attention

cchalendard@intracen.org
NAIROBI FORUM

Trade Beyond Covid19: Unpacking the AfCFTA for East Africa /Kenya MSME’s

E-commerce in the context of COVID-19

A presentation by: Sébastien Ioannitis-McColl
Date: 19 November 2020
Agenda

1. E-commerce and the African context
2. Offer & demand
3. Logistics
4. Communication
5. Marketing & Branding

The AfCFTA seeks to create an integrated African market of 1.27 billion consumers, expected to reach 1.7 billion by 2030. In some African countries, <18% of households have access to the Internet throughout the continent and <5% of the population currently buys online.
Growth opportunity for Africa

E-commerce reconfigures the way sectors and markets work with a high potential for job creation, economic growth
Offer & demand

Issues

• Lack of knowledge about buyers' preferences
• Lack of knowledge of competition
• Lack of strategy and unique positioning
• Lack of communication resources and efforts
• Lack of online buyers
Cross-border trade requires a better knowledge of markets, what buyers need and want, at what price, at what quality and at what time
Offer & demand

Key demotivators for online purchase

Example in Rwanda

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>I don’t know about online shopping</td>
<td>41</td>
</tr>
<tr>
<td>Online sites are expensive</td>
<td>18</td>
</tr>
<tr>
<td>I doubt the authenticity of the merchandise available online</td>
<td>16</td>
</tr>
<tr>
<td>Delivery times are very long</td>
<td>16</td>
</tr>
<tr>
<td>Online shopping requires technical skills</td>
<td>15</td>
</tr>
<tr>
<td>I cannot check the quality / authenticity of products online</td>
<td>15</td>
</tr>
<tr>
<td>I don’t have a credit / debit card</td>
<td>14</td>
</tr>
<tr>
<td>I have no guarantee that what I order is what I will get</td>
<td>13</td>
</tr>
<tr>
<td>I do not trust Internet</td>
<td>11</td>
</tr>
<tr>
<td>It is difficult to return or exchange a product once you…</td>
<td>11</td>
</tr>
<tr>
<td>It is not safe to put your personal information online</td>
<td>8</td>
</tr>
<tr>
<td>I do not trust the safety of payment transactions</td>
<td>8</td>
</tr>
<tr>
<td>It is difficult to get a refund once you have made a purchase</td>
<td>5</td>
</tr>
<tr>
<td>I cannot touch/feel the product before I buy it</td>
<td>5</td>
</tr>
<tr>
<td>Payment with credit / debit card is a difficult</td>
<td>4</td>
</tr>
<tr>
<td>I can’t find the product online</td>
<td>3</td>
</tr>
<tr>
<td>Customer service is not adequate</td>
<td>3</td>
</tr>
<tr>
<td>I am not connected to Internet</td>
<td>0</td>
</tr>
</tbody>
</table>
Logistics

Issues

• High cost of logistics
• Challenges with timely delivery
• Challenges with delivery at the right place
• Lack of addressing system in Africa
• Lack of skilled drivers with a good knowledge of cities
Logistics

Solution 1 – Addressing and accurate delivery (last mile delivery)

- Solutions like What3words
- GPS-based solutions
- Shippers to be equipped with GPS-enabled devices
- Real-time tracking of shipment

Never get lost

With the what3words app, it’s easy to find, share and save precise locations.

Easily find a what3words address for anywhere in the world

We have divided the world into 3m squares and given each square a unique combination of three words. what3words addresses are easy to say and share, and as accurate as GPS coordinates.

51.520847, -0.19552100 ↔ /// filled.count.soap
Logistics

Solution 2 – E-commerce Service Centre (ECSC) / E-fulfilment centre

- Consignment of suppliers’ goods
- Trained and skilled staff handling logistics and returns
- Minimization of costs of shipping through consolidation
- Stronger negotiation power (due to volumes) to negotiate better prices with logistics partners
- Allows suppliers to focus on core activities
Promotion

Issues

• High cost of promoting one’s website, when one’s brand is not well-known

• Difficulty to be found on the Web by buyers

• When found, difficulty to be trusted by buyers?
Promotion

- Selling thru online marketplaces (while keeping your own site)
- Subject to conditions of sales by the marketplace and transaction fee
- Need to develop more African marketplaces and the overall ecosystem

ITC’s solution: Marketplace Africa
- Available at: https://ecomconnect.org
- Features
  - List of marketplaces per country, with product categories
  - Traffic on these marketplaces
  - Marketplace popularity index

In 2019 Africa had at least 631 business-to-consumer online marketplaces for physical goods. Those marketplaces had in total 1,902 websites (urls) in the 58 countries and territories of Africa. Although online marketplaces can be found in every African country, there are only few countries with relatively much marketplace activity.
Promotion
E-commerce Trustmark

Offered by partners worldwide as both national as well as global trust mark
To its core lies the Global Code of Conduce (GCC)
Developed the e-commerce Foundation,
Promotion
Reaching out to the customers

Economical solutions to reach out to buyers with advanced profiling (demographics, geographics, psychographics and lifestyle)
Marketing & Branding

Issues

• Increased competition from African suppliers

• Challenged with being visible among this crowd

• Challenges with being chosen as THE one
Number of times on average profits are multiplied when a company develops a strong brand

McKinsey
"The art of marketing is the art of brand building. If you are not a brand, you are a commodity. Then price is everything and the low-cost producer is the only winner."

Main challenge for a weak brand
Vulnerability of a product/service considered as an interchangeable commodity

— Philip Kotler —
B2B customers across industries recognize that brand influences their decision

Marketing & Branding
Attitude of suppliers towards branding

(1) Ignorant
Micro-businesses serving local markets with no ambition for growth

(2) Users
Businesses of early growth which may not be entirely aware of the potential of branding

(3) Low cost producers
Phase of the need for a strategic orientation: some formal branding activities, but low price is the most important tool for good sales

(4) Differentiation producers
Utilize branding to back up their core strategic orientation. Strategically oriented to branding, operating in broader market

Source: "The role of branding in SMEs: Different perspective on the market", Slovene study, 176 SMEs surveyed
Branding is first a strategic endeavour: knowledge of customers needs and wants, expected outcomes, purchasing habits and occasions; knowledge of competitors; knowledge of the context/environment; defining a positioning that is unique and meeting customers’ needs better than the competition. A logo is just the tip of the branding iceberg.
ITC’s ecomConnect platform and tools

https://ecomconnect.org

An e-commerce community engagement platform for everyone

ecomConnect Community Management Platform
Connect with your peers across the world, Ask the expert, Share information, e-learning and data on e-commerce
Thank you

International Trade Centre (ITC)

Sébastien Ioannitis-McColl
Expert in e-commerce, marketing, branding
Project Manager

ioannitis@intracen.org
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Trade Beyond Covid19: Unpacking the AfCFTA for East Africa /Kenya MSME's

Trade Promotion Organisations - Building Bridges for the AfCFTA

Miyoba Lubemba, Snr Programme Officer- Institutional Strengthening, ITC
Date: 19th November 2020
Important Terminology

TPO- Trade Promotion Organisation

CCI- Chambers of Commerce and Industry

BSO- Business Support organisations

TISIs- Trade and Investment Support Institutions
Relevance of CCIs and BSOs

Chambers of Commerce are an essential and credible intermediary between government, business and the general public.

Impact of TPOs

TPOs contribute to 5%–6% rise in GDP per capita and 7%–8% rise in exports (ITC study on ETPOs in collaboration with University of Geneva)
ITC’s Benchmarking Model illustrates essential Organisational best practices

https://www.tisibenchmarking.org/
Leadership and Direction

1. Clear *Mandate*, collective purpose, inclusive membership and industry recognition

2. *Governance* structures and rules are appropriate and independent

3. *Strategy* is relevant, responsive to local and global conditions, industry trends

4. *Accountability* and risk management including audit controls

5. *Credibility* with stakeholders, collaborative strategic partnerships and alliances
Resources and Processes

1. Appropriate **human resources** and structure with competitive skills and capabilities

2. Solid **business model** and resource mobilisation for sustainable service delivery

3. Organisational **records** and knowledge management for innovation

4. Appropriate physical assets and **infrastructure**, including IT

5. Internal and external **communication**, clear and regular
Products and Service Delivery

1. **Service offering** based on client needs diagnostic, client data, business environment and export market prospects

2. Client **segmentation** and service delivery effectively managed

3. Services are readily **identifiable** and well supported by accessible information

4. **Flexibility** and responsiveness to strategic priorities
Measurement and Results

1. Well articulated **results framework** with clear indicators

2. **Monitoring and evaluation** is regular, supported by relevant tools

3. **Data collection and reporting** is robust, consistent and reliable

4. Member and **client satisfaction** is monitored and feedback used to improve strategy and services
Game Changers for TPOs to Build Bridges
1. Put Enterprises First

Understand and prioritise **diagnosed** Enterprise Challenges, Service Needs and Opportunities in relation to AfCFTA

Focus support services on building Business Competitive Advantage and Export Readiness
1. a. Enterprise Analysis in Context

**Regional and Global (Export Market)**

- **Country**
  - Trade Policy
  - Commercial and Industrial Policy
  - SQAM Infrastructure and services
  - Logistics
  - Production inputs supply
  - Labour supply and quality, legal frame

- **Enterprise**
  - Strategic Competence
  - Production Competence
  - Marketing Competence
  - Resource Management Competence

- **Overall trade policy i.e. tariff structure**
- **Commercial practices**
- **Market structure and trends**
- **Technical Regulations including TBT, SPS and pvt stds.**
- **Competitive environment**
- **Global environment and trends**
1. b. Align Service Portfolio

1. Background Information & Context
2. Eco-System Mapping
3. Assess/Review Current Portfolio
4. Client Profiling, Segmentation & Prioritisation
5. Define Client Service Needs
6. Design Service Solutions
7. Service delivery cost/impact analysis
8. Prioritise service solutions
9. Develop M&E Framework
10. Develop service blueprints/manuals
11. Pilot New Services
12. Finalise & validate new service portfolio, service architecture
13. Finalise Business Plan
14. Promotion & communication of new portfolio

Continuous Review and Innovation
2. Prioritise Impactful Services

- **ADVOCACY & PUBLIC-PRIVATE PARTNERSHIPS**
  Competitive business environment and Market Access

- **BUSINESS & TRADE INTELLIGENCE**
  To help find, select and develop markets

- **BUSINESS & TRADE SUPPORT**
  To increase the capacity of local enterprises

- **TRADE PROMOTION & MATCHMAKING**
  To connect firms to markets and buyers
3. Build Critical Organisational Capabilities

- Strategic Focus and Result Orientation
- Client Relationship Management Systems
- Human Resource Skills and Competencies
- Knowledge Management Systems
- Data
- Technology and infrastructure
4. Establish Strong Networks and Collaborative Partnerships

- Market Connections
- Capacity Building
- Technical Cooperation
- Knowledge Exchange
- Financial Support
Which other actors offer services relevant for Exporters?

How can we Collaborate or Connect Exporters to services?

4. a. Map the Eco-System
5. Implement Robust Data Driven Digitalisation

- Implement smart data driven digitalisation
- Optimise machine learning for effectiveness and artificial intelligence for efficient service delivery and scale
5. a. Useful Digitalisation Reference Cases


Ghana Export Promotion Authority’s Market Hub [https://www.gepaghana.org/](https://www.gepaghana.org/)

Winner of ITC’s 2018 WTPO Award for Best Use of Information Technology
5. b. Useful Digitalisation Reference Cases

ASEAN SINGLE WINDOW: Interoperability in 10 countries

Connects and integrates National Single Window (NSW) of ASEAN Member States to expedite cargo clearance and promote electronic exchange of border trade-related documents.

Preferential tariff treatment is based on the Electronic Certificate of Origin exchanged through the ASW.

The ASW Live Operation is expanding to include other documents (e.g. ASEAN Customs Declaration Document (ACDD), electronic Phytosanitary Certificate (e-Phyto), electronic Animal Health Certificate (e-AH) and electronic Food Safety Certificate (e-FS) Certificate.

Source: https://asw.asean.org/
thank you!

Lubemba@intracen.org