

TRAINING WORKSHOP ON TRADE IN SERVICES
NEGOTIATIONS FOR AU-CFTA NEGOTIATORS
24-28 August, 2015, Hotel Hilton, Nairobi, Kenya

SERVICES IN THE REGIONAL AND NATIONAL CONTEXT: ICT/BPO Services in Senegal

Sékou Falil Doumbouya
Abdoulaye Ndiaye
David Primack

ILEAP | INTERNATIONAL LAWYERS AND
ECONOMISTS AGAINST POVERTY

JEICP | JURISTES ET ÉCONOMISTES
INTERNATIONAUX CONTRE LA PAUVRETÉ

Summary methodology

- Review of Key Definitions
 - Business Process Outsourcing (BPO) and Information Technology Services (ITS)
 - Trade in BPO/IT Services
- Secondary and primary data (via questionnaire et Interviews)
 - Economic Importance of BPO and IT Services
 - Implications for development
- Factors Shaping Export Success in IT and BPO Services in Senegal

Review of Key Definitions

What are BPO/IT Services ?

- As for services in general, no « legal » definition of the sector, but rather a list of activities and a definition of trade in services in the sector
- This has an advantage and a disadvantage for trade policy
- Disadvantage
 - Problems of Interpretation
 - No correspondence between IT/BPO Services exchanged and standard statistical classifications used for trade negotiations
- Advantage
 - Trade policies in BPO/IT Services not being constrained by a particular concept
 - Classification systems are quickly overtaken by reality

Fragmentation of goods

Example: Production of cars



Fragmentation of services

Example: Hospital service fragments



- Call Centre for customer service etc.

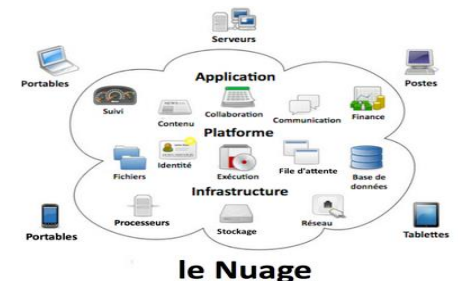


- Medical Transcription service

- Payroll management



- Web hosting services/ application service providers (ASPs)



Example of Information Technology and Business Process Outsourcing Services

- **1. Information Technology Services**
Software Development Services, Data processing and Database Services, IT Support Services, Web-hosting and Application Service Providers (APSS)
- **2. Business Process Outsourcing**
Customer Interaction Services, Reservations for Airlines, Subscription services, Payroll Services, Insurance Claims Adjudication
- **3. More Independent Professional or Business Services**
Human Resource Services, Finance & Accounting Services, Marketing Services, Product Design and Development

Review of secondary data
and
Collect/Analysis of primary data

Economic Importance

- Dynamic area of trade in services involving several African countries:
 - Morocco, Egypt, South Africa, Tunisia, Senegal, Mauritius, Ghana, Kenya
- Global Market estimated in 2013 (KPMG & HFS) to
 - 648 billions dollars for IT services
 - 304 billions dollars for BPO services
- Another estimate: category "other commercial services, transport and travel services excluded" of the Balance of Payments

Cross-Border Trade in Services, Senegal

(exportations in millions of dollars and %)

	Value	Share	Annual Percentage Growth		
	2010	2010	2005–2010	2009	2010
Exports					
Total cross-border	871	100.0	6	-24	2
Transportation services	46	5.3	-18	-67	-3
Travel	453	52.0	13	-15	-2
Other commercial services (excluding construction)	372	42.7	6	-21	9
Communication services	176	20.3	11	-36	41
Insurance services	10	1.2	6	-1	-22
Financial services	4	0.5	-10	11	-5
Computer and information services*	6	0.7	50	18	-4
Royalties and license fees	1	0.1		401	-2
Other business services*	174	20.0	7	-10	-8
Personal, cultural, and recreational services (2009)*	1		241	83	
<i>Memorandum:</i>					
Total commercial services	940	–	7	-23	3

Some players in the industry in Senegal

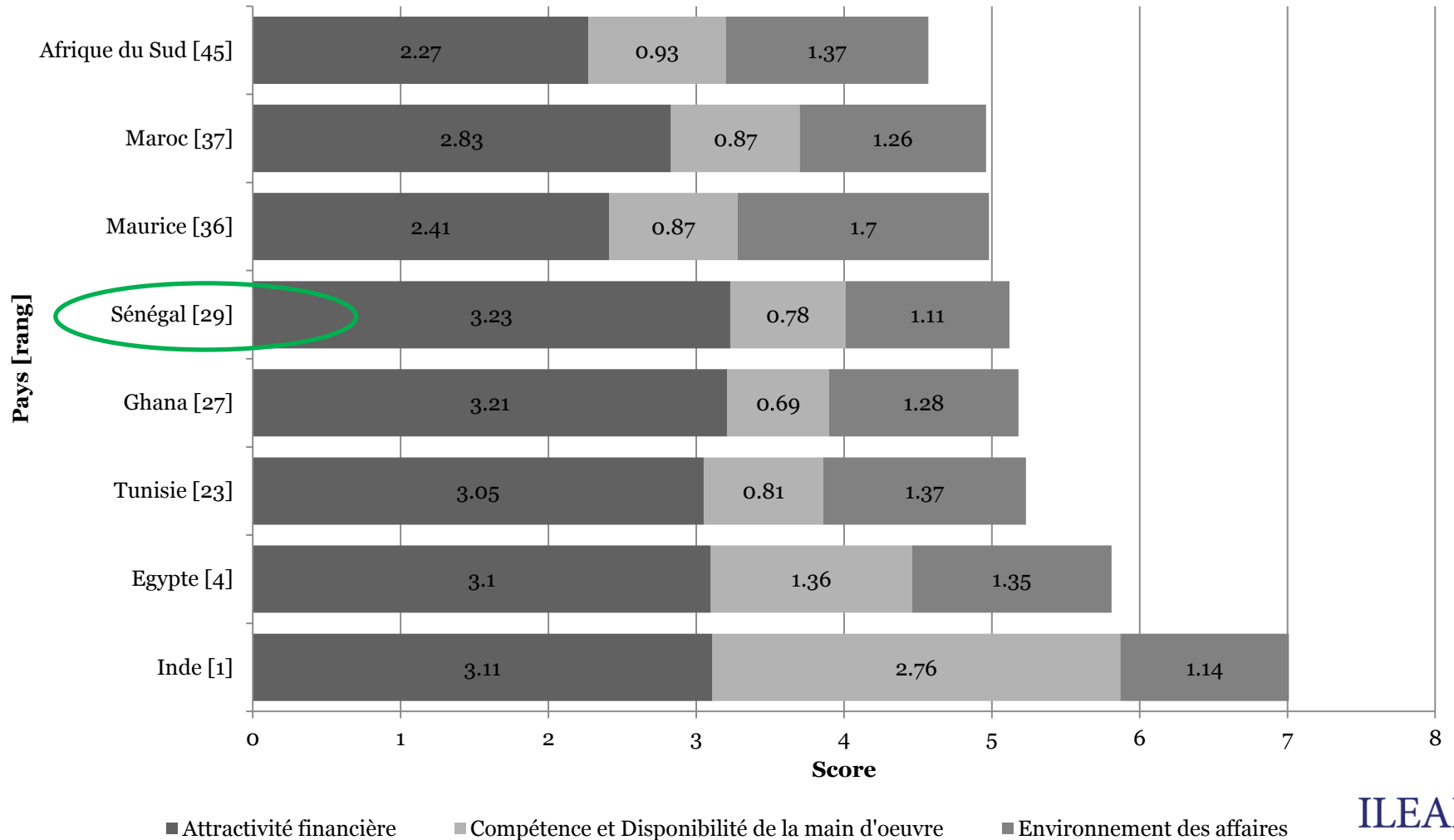
Services	Players
IT Services	ARC Informatique, Homeview, FINETECH, 2SI, GSIE, People Inputs, Solid, Sesam, GAINDE 2000 Orbus, Sonatel, PCCI
BPO Services	
Customer Interaction Services	PCCI, Call Me, Computers Frontiers Senegal, IBEX, Africatel AVS
Back-Office Operations	PCCI, Computers Frontiers Senegal, IBEX, FINETECH, Africatel AVS
Other services	PCCI, IBEX, Call Me

Implications for development

- Inputs in agricultural, manufacturing and other service activities production
 - GAINDE 2000 used by customs administration and importers of goods
 - Services for farmers' access to real-time prices
 - Products for money transfer companies
- Contribution to the MDGs
 - mSchool, mWater, mSanitation from Manobi
- 10% increase in mobile penetration has generated 0,44% of growth in Senegal: role of VAS (2004-2011)

Key Factors of Success

Evaluation Framework based on the Global Index of AT Kearney Global Services Location of (2011)



Another alternative framework

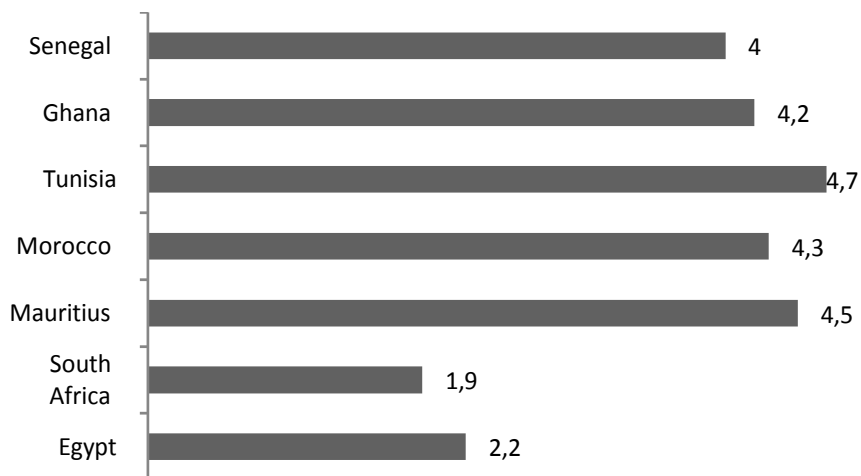
- The « Fundamentals » (endowments)
 - Infrastructure for
 - service delivery: telecommunication networks
 - (good delivery: roads and ports)
 - Factors of production
 - exports of skills- intensive services
 - (labor-intensive manufacturing exports)
 - Institutions governing trade in
 - Services: Telecommunications Regulatory Authority/
Association of BPO/IT providers
 - (customs authorities)
- Investment, labor mobility, and trade policies
- Proactive policies in IT/BPO services

Endowments: Infrastructure

- SONATEL, the incumbent operator, co-owns several submarine fiber optic cables
 - Atlantis (2000)
 - SAT3/WASC/SAFE (2002)
 - ACE (2013?)
- Senegal: Main gateway for Internet transit in West Africa
- International Internet bandwidth per user: 5 363 bit/s (2012)

Endowments: Skills

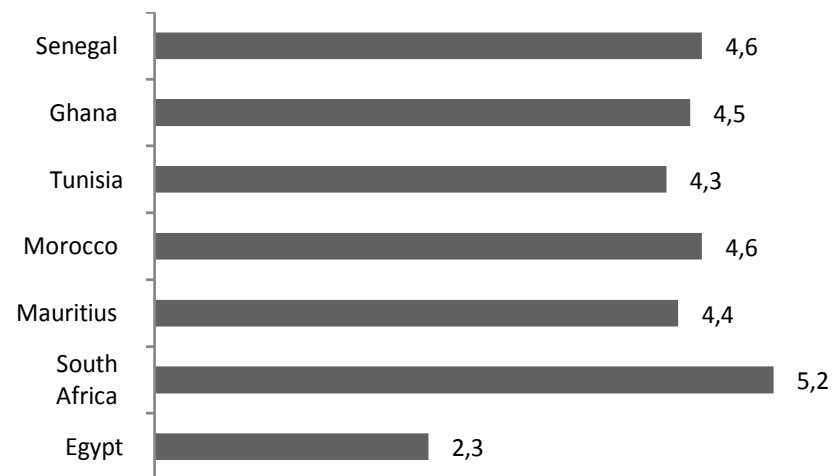
Figure 5e: Quality of Math and Science Education (2013-14, scale 0-7)



Rating scale: 1 = school quality is very poor compared to most other countries, 7 = excellent, among the best in the world, 4 = medium/indifferent

Source: World Economic Forum, Global Competitiveness Report, 2014.

Figure 5f: Quality of Business and Management Schools (2013-14, scale 0-7)



Rating scale: 1 = school quality is very poor compared to most other countries, 7 = excellent, among the best in the world, 4 = medium/indifferent

Source: World Economic Forum, Global Competitiveness Report, 2014.

Endowments: Institutions

- Existence and role of the independent telecom regulator
 - ARTP
- Adoption in 2008 of a range of laws on
 - Data protection, cyber criminality, e-commerce,..
- Private Sector
 - OPTIC
 - Influencing relevant commercial policies based on the needs of IT/BPO operators

Policies affecting trade, investment and labor

- Commitments at WTO in 1995 to liberalize telecom sector
- Deepening of multilateral commitments in mode 3 on telecom in 1997
 - Full pre-commitments to future liberalization (end 2003)
 - WTO Reference Paper on Telecom
- Reduction of import tariffs on IT material from 26% to 5% in 1999
- Innovations with the 2011 Code of telecom
 - ARPT updates the list of VAS (not predefined)
- move to harmonize salaries between daytime and nighttime workers

Proactive Policies

- Incentives

- Inclusion of ICT/teleservices as an eligible sector
 - under the 2004 Investment Code
 - the regime of "free export enterprise" (threshold 80% of production exported)
- Inclusion of telecom services in the EIF Action Matrix
- Setup of the first accelerator and incubator for IT entrepreneurs in francophone SSA
 - CTIC Dakar
- Request of Senegal in 2015 to accede to the EU Convention 108 (Protection of Individuals with regard to Automatic Processing of personal data)