

# Digital Economy is THE ECONOMY

ICT Developments are Crucial in the 21<sup>st</sup> Century Trade-In Goods and Services

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## Introduction

- Services (for the first time) account for more than 50% of the GDP in Southern Africa
- Services growth will be instrumental in achieving SDGs through driving inclusive growth, increasing competition, improving female participation
- ICT is interdependent with Services Sectors and it is the “enabler” for them – essential for inclusion in digital economy
- Financial Services, Tourism, Transport and Logistics, Agriculture and Utility Services, Mining & Engineering, Professional Services, Government Services, Education and Health
- **By 2025, half of all value in the global economy will be generated digitally**

## Current Status and Predictions

- Internet use in Africa lowest (27.7%) compared to global average (49.6%) in 2017
- Smartphone use in Africa (37%) compared to global average (56%) in 2017
- eCommerce in Africa is expected to grow from US\$1B in 2016 to US\$75B in 2025
- Cross-border eCommerce - 29% annual global growth; Africa grows faster, albeit from a low starting point
- Cross-border data flow grew from 4.7Tbps in 2000 to 211.3Tbps in 2014
- “Moore’s Law is not slowing down” (Intel, 2017) – the rate of efficiency gains by technology is not slowing, as some predicted

## Issues

- Perceived political intervention jeopardizes the ICT markets in Africa (examples Zimbabwe, Malawi)
- Stakeholder consultation is not effectively conducted
- Regulation of communication services avg index Africa = 38.6
  - By contrast, avg index for the OECD 19 countries = 10.5

## Priorities

- Universal Access, Availability, Affordability (Public Access WiFi Points)
- ICT Regulation / policy making -absolutely necessary for a healthy economy (independent authority)
- Competitive Policy (open, transparent, fair to new market entrants)
- Cyber-Security and Consumer Protection
- Multi-Stakeholder Consultation (support SMEs, underprivileged)

Capacity building is still the critical goal - Training of public sector staff is key:

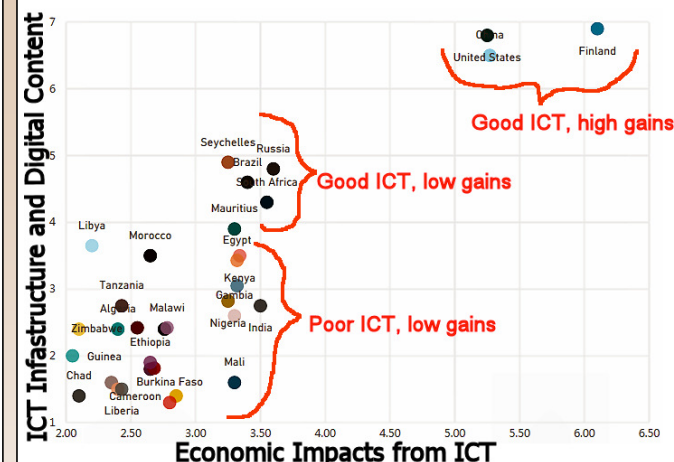
- Open Government
- Smart Cities
- Health Services
- Open Learning (eLearning)

Youth dividend vs the digital divide:

- Training in schools – digital literacy from education entry point
- All jobs now require digital literacy
- Important for inclusive growth since the digital divide is a key marker of unemployment in Africa

## Quality of ICT Infrastructure and Economic Impacts from ICT

(source: adapted from Souminen)

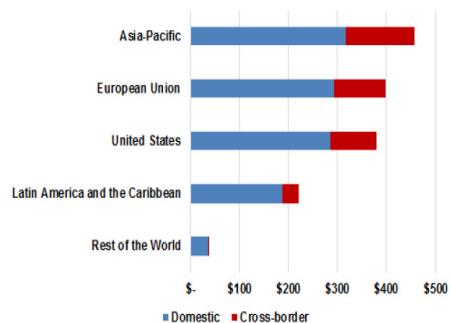


## Conclusions

- ICT Developments are taking place around the world
- **Africa must not fall behind**
- PPPs will be instrumental in multi-stakeholder consultation and developing transparent level playing field for all participants
- Developments are necessary to complement the technology in
  - Infrastructure
  - Trade regulations
  - Trade facilitation and export promotion
  - Taxation incentives for cross-border traders
  - Free-trade (CFTA)

## Cross-border ecommerce 20-40% of all ecommerce by 2017

Domestic and Cross-Border Ecommerce Marketplace in 2017 (in millions of US\$), by Country/Region



Source: Paypal, Modern Spice Routes.

