
Overview of single digital market vision for East Africa

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1 Background and context

Digital technologies have had a transformative impact across the world, and this trend is accelerating as more of the global population comes online. Countries in East Africa have already made large strides towards digitising their economies, but together they could move faster and further. As a single digital market (SDM), East Africa would be the 8th largest market in the world by population, and together the region can work to help to harness the benefits of digitisation, while mitigating the potential downsides.

The World Bank, supported by consultancy firm Analysys Mason, is working with governments, regional institutions, private sector and other partners in East Africa on an initiative to help define the region's aspirations for a SDM and to agree on a concrete set of objectives, investments and reforms needed to make the vision a reality. The initiative is supported through financial assistance provided by the Swedish International Development Agency (SIDA), and is a priority project in form of a regional working group under the World Economic Forum Internet for All initiative.

The first step is to develop a 'vision' for the single digital market which defines the aspirations and outcomes of an East Africa SDM. This vision will be used as the basis for a 'digital agenda' that outlines a roadmap of actions and policy reforms that can be implemented across the region to achieve the vision. Input from all stakeholders in assessing the current state of markets, and designing the vision, is crucial to the success of this project.

2 Benefits of a single digital market

Growth in the digital economy can have a significant impact on a range of social and economic goals, including:

- increasing inclusive economic growth and job creation
- reducing levels of poverty and improving livelihoods
- improving access to government and business services
- increasing gender and digital inclusion.

The aim of a single digital market would be to develop a regional digital economy and to remove barriers to doing business and accessing services across national borders. The result will be to improve digital outcomes in East Africa, with increased inclusion for all citizens, and businesses able to use the larger regional platform to compete worldwide.

This has the potential to stimulate the digital economy in each country, and drive synergies that will benefit the region as a whole. It will give the innovative and emerging companies in the region a larger platform to grow and develop beyond the region, and it will lower the cost and increase the services available within the region to ensure that the benefits reach those at the bottom of the pyramid. It will help governments deliver services to all their citizens, and it will help all companies, large and small, traditional or new, to enter the digital economy.

All countries can benefit individually from a SDM, as the most digitally advanced nations will be able to reach a much larger market for digital services, and the less advanced countries will benefit from greater access to services, infrastructure and investment to support their own digital development. The vision will also address barriers to the East Africa region interacting productively with the rest of the world, for example by removing barriers to international payments or the use of cloud services from other regions.

3 Single digital market vision

The SDM vision will be refined based on consultation with regional stakeholders, however a proposed vision statement is provided below.

A single digital market is one in which local, regional and global barriers to providing and accessing digital content and services are eliminated, and in which a digital economy and inclusive society thrive, with benefits for all citizens, businesses and governments.

The SDM Vision can be broken down into three components, each of which builds on the next:

- **Single connectivity market.** This would provide access to necessary capacity, speeds and quality of service to support the free flow of data and online services across the region. The result would be increased availability and take-up of Internet access and limited or no variation across the region in terms of connectivity price or performance.
- **Single data market.** This would both promote the development of data-driven services and remove barriers to the transfer of data across the region. As a result, data could flow freely across the borders of the region in order to be processed, analysed, stored or used (subject to compliance with appropriate regulation).
- **Single online market.** This would promote consumers' ability to access services and make online purchases across the region, and remove the barriers for firms wishing to deliver goods and services across borders. The result would be a single online market encompassing the entire region, driving business growth, consumer choice and innovation.

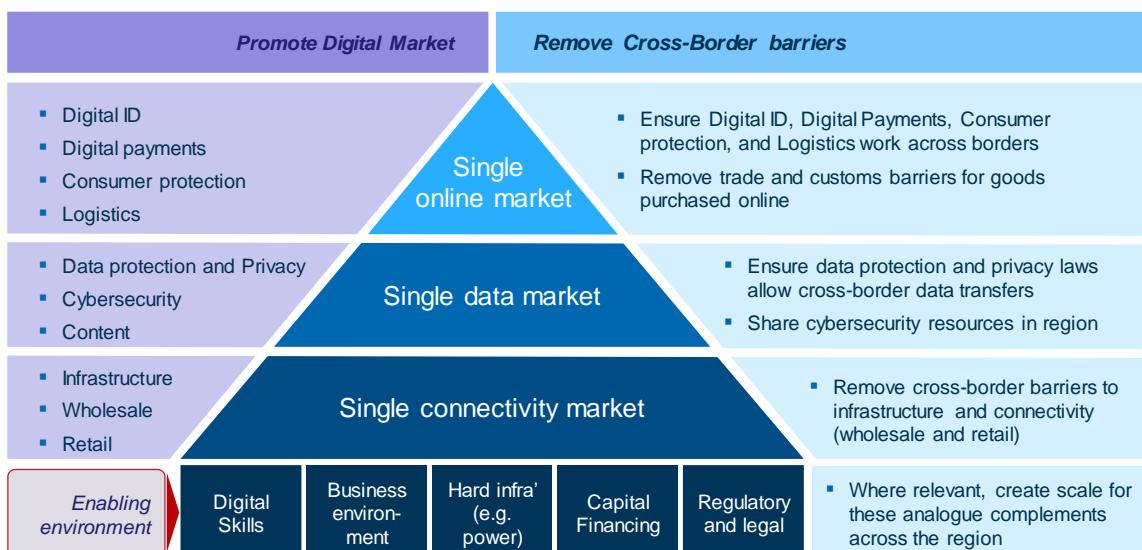
A single data market, ensuring the free flow of data, is an important layer between creating a single infrastructure market and an online services market. In particular, online services such as e-commerce, health and education are built on data, and the only way they can be delivered efficiently throughout the region is if the underlying data can flow freely across borders.

These three components of a single digital market need to be underpinned by an **enabling environment** that helps to promote the development of a digital economy, such as teaching digital skills, creating a favourable business environment (including fostering innovation), developing hard infrastructure, and facilitating capital financing, as well as the general legal and regulatory environment.

The digital agenda will identify ways that nations can help to promote each of these SDM components within their country, while also removing barriers to cross-border delivery. Taking digital payments as an example, countries can help to promote financial inclusion within their territory to improve consumer readiness for using online services, while also removing barriers to cross-border payments, which will help to promote a single online services market.

Figure 1 below provides an overview of the proposed SDM Vision and conceptual framework.

Figure 1: Overview of proposed SDM Vision and conceptual framework [Source: Analysys Mason, 2017]



4 Next steps towards a Digital Agenda for East Africa

The World Bank is consulting with key stakeholders in East Africa in the development of the vision and digital agenda. The consultation events will be used to provide a more detailed overview of the proposed single digital market framework and to receive feedback from stakeholders. The meetings will also provide an opportunity to review the main challenges and opportunities in the digital economy within each country, and the wider regional digital market, and to begin to define the priority interventions needed to overcome these challenges and harness the opportunities.

This initiative focuses on six countries in East Africa (Burundi, Kenya, Rwanda, South Sudan, Tanzania and Uganda). The SDM Vision includes a number of indicators against which a ‘current state assessment’ will be carried out in these countries, based on desk research, surveys, and consultations with stakeholders from each country. Following the consultations, the SDM Vision

will be built upon and refined, taking into account lessons learnt and feedback on the suitability of potential indicators.

The Digital Agenda for East Africa (DAEA), to be published later in 2017, will then translate the SDM Vision into a pragmatic set of actions and policy reforms that can be implemented across the region, with a roadmap to progress from the current situation in the region to meet the SDM Vision, as illustrated in Figure 2 below. The DAEA will detail a number of enablers that can be influenced (e.g. through policy tools or investment) in order to reduce cross-border barriers to the regional digital economy, but also to stimulate the digital economy within each country.

A robust data framework, with quantifiable indicators, will be used to define the SDM Vision, assess the current situation, and monitor progress towards the vision through the DAEA.

Figure 2: Overview of SDM Vision and digital agenda development process [Source: Analysys Mason,2017]

