



E-Commerce in the SADC Sub-Region

Strategy Framework

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List of Abbreviations

AISI	African Information Society Initiative
BtoA or B2A	Business to Administration
BtoB or B2B	Business to Business
BtoC or B2C	Business to Customer
COMESA	Common Market for Eastern and Southern Africa
DRC	Democratic Republic of Congo
EAC	East African Community
ECCAS	Economic Community of Central African States
ECGLC	Economic Community of the Great Lakes Member States
EDI	Electronic Data Interchange
EU	European Union
FTA	Free Trade Agreement
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
ICT	Information and Communication Technologies
IP	Intellectual Property
IT	Information Technologies
ITU	International Telecommunication Union
PPP	Public-Private-Partnership
REC	Regional Economic Community
RIDSP	Regional Indicative Strategic Development Plan
RFP	Request for Proposal
SOE	State Owned Enterprises
SME	Small and Medium Enterprises
SMME	Small, Medium and Micro Enterprises

SACU	Southern African Custom Union
SADC	Southern African Development Community
SWOT	Strength, Weakness, Opportunity and Threat
TRIPS	Trade-Related aspects of Intellectual Property Rights
UNECA	United Nations Economic Commission for Africa
UNCITRAL	United Nations Commission on International Trade Law
USD	United States Dollar
WTO	World Trade Organisation

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Introduction

ICT represents an extraordinary potential in terms of economic growth, social development, employment growth and the expansion of world and regional trade. E-Commerce is an outstanding catalyst for trans-national trade and the development of regional stock exchanges, provided that there is a favorable environment, coordination between national policies and the different stakeholders, an existing infrastructure as well as logistics which allow trade agreements to be concluded and fulfilled.

Due to an awareness of the importance of ICT and the global Information and Knowledge society, in contributing to development including poverty eradication, food security, inclusive health education, reduction of unemployment, and increased exports, most of the Member States of the Southern Africa Development Community (SADC) have developed national ICT strategies based on the framework of the African Information Society Initiative (AISI) launched by the Economic Commission for Africa (ECA) in 1996. At the regional level, the e-SADC Strategic Framework was undertaken as part of the e-SADC Initiative in the context of the SADC-UNECA multi-year programme where SADC ICT work is guided by the SADC Protocol on Transport, Communication and Meteorology (1996), the SADC Declaration on Information and Communication (2001), the Regional Indicative Strategic Development Plan (RISDP) and ECA's AISI.

This e-commerce strategy is part of the e-SADC strategy recommendations and aims at developing regional trade through e-commerce, not as a new form of trade, but rather as a new medium for conducting trade in goods and services, a facilitator, building on traditional commerce by adding the flexibility and speed of electronic communications to make it easier to identify suppliers and facilitate trade, negotiation and contracting. It involves the sale or purchase of goods and services by businesses, individuals, Government or other organizations.

This SADC e-commerce strategy study was conducted in two phases:

- Phase 1: Assessment of e-commerce readiness in the SADC sub-region based on desk research, interviews and field visits to six Member States: Angola, Botswana, Democratic Republic of Congo (DRC), Lesotho, Mauritius and South Africa; and
- Phase 2: Development of a sub-regional e-commerce strategy framework and action plan supported by a mid-term review workshop where the findings of the first phase and a draft of the strategy were presented.

A specific report was prepared for each phase.

In order to appreciate all e-commerce aspects, the study considered the following topics: (a) State of Infrastructure; (b) Legal Matters/Regulation; (c) Trust, Confidence and Security; and (d) Human Resources.

Recognizing the significance of ICTs in socio-economic development, SADC has undertaken various ICT initiatives since the late 1990s. However, despite the numerous efforts, enormous challenges still existed to enable the sub-region to realise an integrated knowledge economy. These challenges, as cited in respective national strategies, included issues such as, legislation, regulation, infrastructure, resources etc. This report presents the strategy with its vision and mission statements and the plan of action. The first part is a synthesis of the SADC e-commerce assessment including a strength, weakness, opportunity and threat (SWOT) analysis and an introduction to the concept of e-commerce.

1. Objectives of the Study

The e-commerce study in the SADC sub-region has two main objectives:

- To assess e-commerce readiness in the SADC sub-region; and
- To develop a sub-regional e-commerce strategy for action.

Phase 1: Assessing e-commerce readiness in the SADC sub-region

The assessment of e-commerce readiness in the SADC sub-region was based on desk research, interviews and field visits in six Member States: Angola, Botswana, DRC, Lesotho, Mauritius and South Africa.

During this phase, a set of indicators were collected in the Member States.

Phase 2: Developing a sub-regional e-commerce strategy for action

The development of a sub-regional e-commerce strategy framework and action plan was supported by a mid-term review workshop where the findings of the first phase and a draft of the strategy were presented. The assessment of SADC Member States' e-readiness allowed for the definition of the components of an e-commerce strategy for the SADC sub-region based on a SWOT analysis and on the outputs of the Member States' assessments. An operational action plan is attached to the strategy in order to facilitate the implementation.

This strategy is presented below.

2. The Concept of E-Commerce

According to the World Trade Organization (WTO), "e-commerce or electronic commerce may be defined as the production, advertising, sale and distribution of products via telecommunication networks" (WTO 1998). E-Commerce involves all commercial activities carried out on electronic networks, including promotion, online sale of products and services, customer care, etc and is not limited to the Internet. Any commercial transaction completed totally or partially by electronic means is considered electronic commerce. Electronic commerce includes inter-company relations as well as relations between companies and administrations and exchanges between companies and consumers. This definition includes not only purchases and sales carried out through a website but also purchases via an interactive telephone system (Audiotel type) and between companies, through direct and automated computer-to-computer relations such as Electronic Data Interchange (EDI). This definition does not require that payment be made online.

The use of online payment systems may be necessary for Business to Consumer (BtoC/B2C) and sales to end users. However, some companies expanding existing direct sales business using e-commerce continue to use more conventional methods of payment on delivery such as check or cash on delivery. In the case of Business to Business (BtoB/B2B), payment at time of order or cash on delivery is unusual. For transactions between companies, payment often occurs on a regular basis, sometimes months later based on credit.

There are four stages involved in e-commerce transactions: (1) searching; (2) negotiating/ordering; (3) payment; and (4) delivery. Using e-commerce does not mean completing all the stages online. If one of these stages is carried out online, the transaction can be considered to be e-commerce.

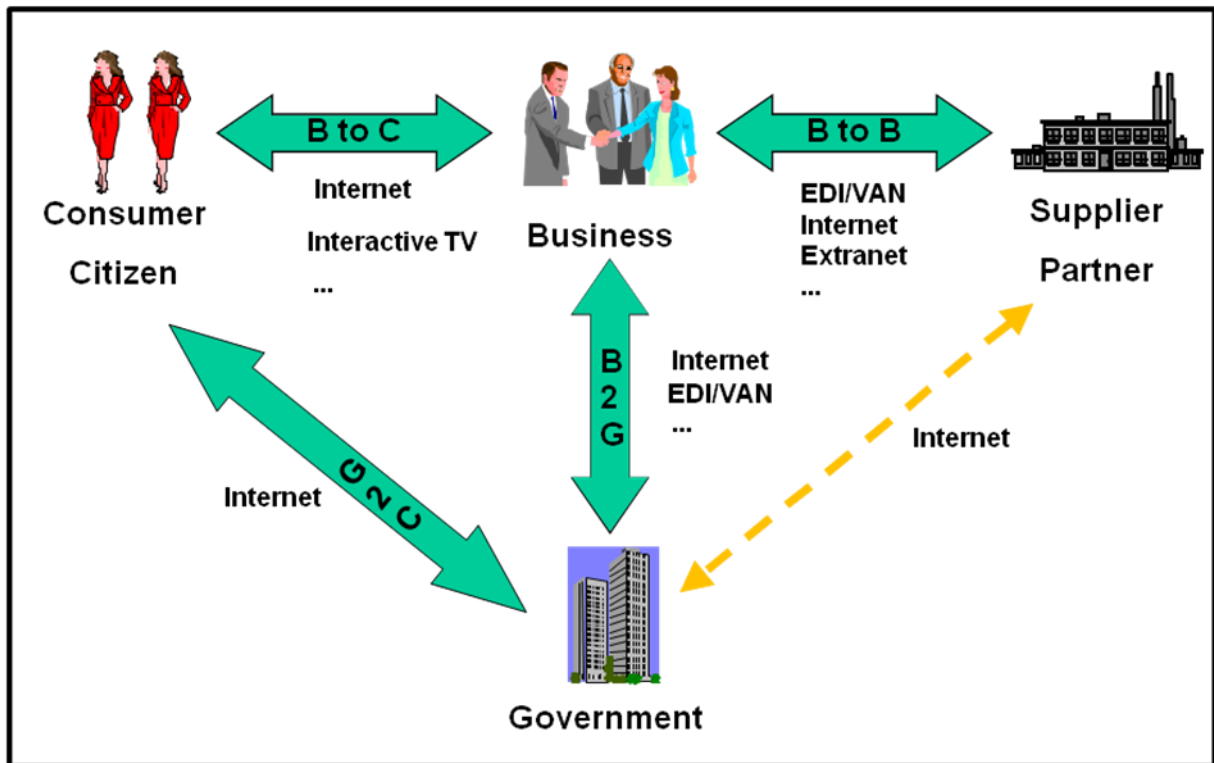
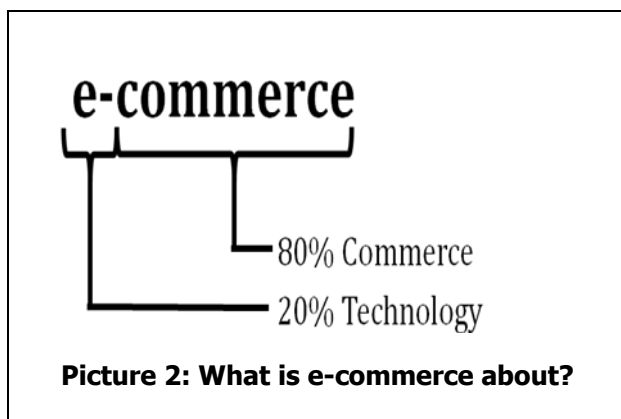


Figure 1: Different Types of E-Commerce

The advantages of e-commerce are numerous. Its most important contributions are:

- (1) the enhancement of potential markets at the national, regional and international levels;
- (2) sales development;
- (3) targeting specific markets;
- (4) decreasing transaction costs; and
- (5) decreasing logistics costs.



It is true that e-commerce is first of all electronic and requires the development of a website. However, the entire process of e-commerce is a complex process requiring rigorous planning and preparation. Consideration must be given to the products and services offered, how to deal with a virtual client, how to design, develop and maintain the website or the portal, how to implement the required security and how to secure supply and storage logistics before the transaction and delivery afterwards.

It is relatively simple to master the process of development and the implementation of an e-commerce platform. What is difficult is the management of the logistics and interactions of all the operators who may be involved in the e-commerce platform as different players will be involved at different stages and with different elements such as:

- the institutional site with the presentation of the company;
- the site as a catalog to showcase the company's products; and
- the transactional site to actually carry out and complete commercial online transactions.

In fact, e-commerce is 20% technology and 80% commerce, i.e. conventional commerce with all its non-technological aspects such as transport, logistics, payment collection, etc.

Regional E-commerce strategy is seen as the tool to transcend national borders and enable businesses and consumers to get the most out of the national markets through improving access to an increasingly large range of products and services. It supports the generation of efficient flows of harmonised trade data across the SADC region, easier reconciliation of customs data between the points of transit origin and destination.

However E-commerce between Member States cannot be successful if secured infrastructure, effective regional mechanisms to ensure protection of the legitimate e-commerce interests is not put in place. It requires harmonized cyber legislation and mutual recognition. Mutual recognition will support e-exchanges in the region, develop trust and confidence and facilitate conflict resolution.

3. SWOT Analysis

Based on the findings of the e-readiness assessments in the selected SADC Member States, a SWOT analysis was carried out as detailed in Table 1.

<p>Strengths</p> <ul style="list-style-type: none"> • Existing trade agreements between SADC Member States • Multiple membership to RECs • Existing ICT strategies 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Lack of e-commerce strategy at the national level • Lack of infrastructure • Lack of cyber legislation • Lack of trust • Poor transport/logistics • Existing websites are not known • Poor regional trade integration • Restrictive foreign exchange regulation • No free movement of goods amongst all the Member States • Poor power supply
<p>Opportunities</p> <ul style="list-style-type: none"> • Harmonization of cyber legislation • Will to develop e-commerce and increase trade between Member States • Ongoing improvement of infrastructure 	<p>Threats</p> <ul style="list-style-type: none"> • Lack of commitment from the Member States • Exports directed towards Europe rather than SADC sub-region • Laws and strategies of the various Member States are undertaken without consultation

Table 1: SWOT Analysis

Strengths

The major strength of the region in e-commerce lies in the **existence of trade agreements**. These trade agreements are a facilitator of e-commerce development and increased exchange between Member States. However, the current SADC agreements as described in Annex 1, are difficult to implement such that Member States find it easier to use other regional agreements such as the Southern Africa Customs Union (SACU) or the Common Market for Eastern and Southern Africa (COMESA) for trade.

Most SADC Member States have **multiple memberships to** Regional Economic Communities (RECs). This situation may be considered a threat or a weakness in some regards, but it can also be an opportunity for e-commerce. This multiple membership to RECs may facilitate e-commerce among Member States using the SADC e-commerce platform and facilities, based on the most practical trade agreements even if from another REC. Also, this multiple membership to RECs is currently an opportunity to enlarge the trade area of SADC Member States through the free trade area (FTA) which includes the EAC, COMESA and SADC (Tri-Partite).

All Member States have **ICT strategies** aimed at improving ICT infrastructure and usage in order to facilitate e-commerce. As e-commerce becomes common practice, this in effect will represent the implementation of e-strategies.

Weaknesses

There are several weaknesses regarding e-commerce and trade in the region:

- Lack of e-commerce strategies at the national level;
- Lack of infrastructure;
- Lack of cyber legislation;
- Lack of trust;
- Poor transport/logistics;
- Existing websites are not known;
- Poor regional trade integration;
- Restrictive foreign exchange regulations;
- No free movement of goods amongst all the Member States; and
- Poor power supply.

Lack of e-commerce strategy at the national level

Setting up e-commerce strategies at the Member State level will support e-commerce development. Unfortunately, most of the SADC Member States do not have e-commerce strategies with the exception of Mauritius and South Africa which in turn have advanced in terms of e-commerce.

Lack of infrastructure

The lack of infrastructure was highlighted as a challenge in almost all the Member States. This infrastructure issue was not only related to access to ICT but also and mainly to transport infrastructure such as roads, railways, harbors, airports, post offices, etc. Developing infrastructure was key for trade and e-commerce services, product research and negotiation and ordering services, as well as conventional transport and services as this was the channel for delivering goods.

Poor transport/ logistics

Transport infrastructure should develop simultaneously with transport services such as trucking services, transport connections, trains, passenger and cargo flights, postal services and parcel delivery, etc. It is these services related to the transport infrastructure that will support trade and e-commerce.

Logistics services such as delivery services, warehouses, tracking of parcels, etc. are also a key issue for e-commerce. Several countries and mainly in the North, have been able to develop e-commerce thanks to logistics services such as express delivery companies in addition to efficient postal services. In several countries, such delivery companies and postal services have enlarged their services to include logistical aspects such as warehousing and order preparation and packaging. These types of services have allowed small e-commerce companies to scale up easily as they do not have to rent additional warehouses and hire additional personnel at short notice and can focus on business development.

Lack of trust

Lack of trust is often due to a lack of cyber legislation or to mind-set or both. Lack of trust resulting from a lack of cyber legislation can be overcome by creating legislation and enforcing it. Lack of trust due to mind-set will require an awareness campaign showing successful examples where customers are satisfied with online purchasing and the products received, which fulfill expectations. There also must be clear examples where cheating e-commerce operators are punished.

One of the major issues regarding trust is a "general" lack of confidence towards "African e-commerce websites" and the perceived high risk of not receiving purchased goods or theft of electronic payment details. Many people are thus reticent to carry out online transactions on African websites.

This issue could be overcome by developing a label or using a third party to guarantee the websites and online transactions so that Internet users feel more confident dealing with those guaranteed e-commerce websites.

Lack of cyber legislation

Cyber legislation is a way to make electronic exchanges at least as reliable as conventional trade, thus it is a key element of e-commerce as it guarantees electronic exchanges, agreements and e-contracts. As mentioned above, several Member States do not have any cyber legislation and due to this, they may not be able to undertake electronic exchanges.

There is need for harmonized legislation between Member States and mutual recognition so that for example an electronic signature from country A will be recognized by country B. If there is no mutual recognition, a client from country A dealing with a supplier from country B will have to have two e-signatures, one for his own country and a second one for country B, so that in case the supplier reneges on the deal/sale, the client will be able to sue in the relevant courts as this should be under the jurisdiction of the supplier's country.

There is also need for additional laws defining the jurisdiction in case client and supplier are from different Member States or a regional arbitration body for e-commerce.

Poor communication on existing websites

One of the reasons for people using e-commerce on foreign websites and not domestic ones is that local websites are not known due to poor communication by the websites and their owners but perhaps also due to a lack of interest from users. Communication is crucial since without communication, the website cannot become known and will not generate any activity or income.

Poor regional trade integration

Regional trade integration is poor in the SADC region; most Member States except DRC, Swaziland, Tanzania and Zimbabwe, target Europe for exports much more than they target other Member States in the region.

Restrictive foreign exchange legislation

Member States in the region do not have convertible currency and cannot use their own money to buy from overseas and sometimes require authorization from the respective central banks to be able to transfer money. It is therefore impossible to use local credit cards for online purchases.

However, some Member States such as Angola do not have restrictions on money transfers and the annual limit is USD150,000 (One Hundred and Fifty Thousand US Dollars), whilst other Member States, such as those in SACU (Botswana, Lesotho, Namibia, South Africa and Swaziland) have free currency exchange amongst themselves.

No free movement of goods amongst all Member States

Free movement of goods is not allowed amongst all the Member States in the sub-region and there are in existence high custom duties or non-tariff related barriers when importing from other Member States in the sub-region.

To facilitate trade between Member States, SADC has set up free trade agreements for products with attendant rules on origin which several Member States have found to be very cumbersome and difficult to comply with and have thus resorted to not using these agreements.

Several Member States in the sub-region have trade agreements in the framework of other RECs with easier to "comply to" rules of origin and are trading according to these trade agreements. This is the case with SACU Member States i.e. Botswana, Lesotho, Namibia, South Africa and Swaziland.

Poor power supply

Power and energy are key prerequisites for e-commerce as they are essential for the utilisation of the Internet/electronic communications and transport equipment. As long as most of the SADC Member States have issues regarding power and energy, this will inevitably have a negative effect on Internet access and e-commerce usage.

Opportunities

Harmonized cyber legislation and mutual recognition are key to international and/or regional e-commerce. Mutual recognition will support e-exchanges in the region, develop trust and confidence and facilitate conflict resolution.

The lack of cyber legislation in most of the SADC Member States represents an opportunity as the legislation can be designed in accordance with an agreed regional framework and thus be harmonized from the beginning and avoid the difficulties associated with changing/amending laws for harmonization purposes.

Threats

The main identified threats are:

- Lack of commitment from Member States;
- Exports directed towards Europe more than to SADC sub-region; and

- Laws and strategies in the various Member States are undertaken without consultation with others.

Lack of commitment from the Member States

A high level of commitment is a key factor for the success of all strategies, policies and projects especially for ICTs and e-commerce. In addition to commitment, a sub-regional e-commerce activity should be managed by an institutional structure with authority and mandate over all parties involved and especially those in charge of trade, transport, logistics, ICT, legislation, etc. as the e-commerce strategy addresses all these issues. E-Commerce projects should thus not be visualised as purely technology or ICT projects.

Exports directed towards Europe rather than SADC sub-region

As mentioned above, most of the Member States of the region target Europe more than they target other Member States in the region.

Laws and strategies of the different Member States are established without consultation

The last identified threat is that of lack of harmonization of legislation in the region and mainly the lack of pro-active behavior in this area. In fact, most Member States in the sub-region are considering setting up laws and specific legislation for e-commerce but doing so without coordination with other Member States. Even those that have already set up a legislative framework are not supporting others, despite the fact that harmonization is key in making e-commerce successful.

4. Vision/Mission Statements

Vision

The Vision of this strategy is to “foster sub-regional economic integration and promote socio-economic development”.

This vision is in line with the SADC stated Vision:

The SADC vision is one of a common future, a future in a regional community that will ensure economic well-being, improved standards of living and quality of life, freedom and social justice and peace and security for the peoples of Southern Africa. This shared vision is anchored on the common values and principles and the historical and cultural affinities that exist between the peoples of Southern Africa.

Mission

Given the complexity of the e-commerce supply-chain, the strategy focuses **on two aspects:**

- ◆ Enhancing B2B trade between the various Member States; and
- ◆ Promoting B2C e-commerce inside Member States.

(Please note that Government to Citizens (GtoC/G2C) could be assumed as B2C at the strategy level.)

This mission is in line with the SADC objectives 1, 4, 5, 6, 7 and 8 of Article 5 of the Treaty:

- Achieve development and economic growth, alleviate poverty, enhance the standard and quality of life of the people of Southern Africa and support the socially disadvantaged through regional integration;
- Evolve common political values, systems and institutions;
- Promote and defend peace and security;
- Promote self-sustaining development on the basis of collective self-reliance, and the interdependence of Member States;
- Achieve complementarity between national and regional strategies and programmes;
- Promote and maximise productive employment and utilisation of resources of the Region;
- Achieve sustainable utilisation of natural resources and effective protection of the environment;
- Strengthen and consolidate the long-standing historical, social and cultural affinities and links among the people of the Region.

5. Strategy

The strategy aims at increasing trade between Member States via e-commerce and is based on four Pillars:

- **Pillar 1:** Enabled E-Commerce Environment;
- **Pillar 2:** A Capacity Development Programme for E-Commerce in Each Member State;
- **Pillar 3:** Strengthening E-Commerce Sub-Regional and National Infrastructures; and
- **Pillar 4:** Institutionalised Framework to Implement, Evolve and Govern the Current Strategy at Regional Level.

Pillar 1: Enabled E-Commerce Environment

Pillar 1: Problem Statement

E-commerce is very limited in the SADC region mainly due to:

- The lack of offer and demand; and
- The lack of trust and confidence.

These two issues are inter-related as the lack of demand may also be a consequence of the lack of trust and confidence. During the field visits, several interviewees advised that even if they were using e-commerce with European and US websites, they preferred not to do so with African sites due to a lack of trust and confidence.

This lack of trust and confidence was attributed to a general poor data, information, knowledge and infrastructure security and a fear of not receiving the goods or not benefiting from services. Many users were afraid of using fake websites or having their credit card pirated. In addition to that, the lack of cyber legislation and specific e-commerce laws in most of the Member States rendered e-commerce transactions very risky including the lack of harmonization amongst Member States. Most of the Member States in the region did not have specific e-commerce strategies to develop and promote e-commerce and this did not augur well for e-commerce development in the sub-region.

In the sub-region, there were several e-commerce sub-activities such as payment, logistics, trade issues, etc managed by other SADC committees and/or programmes. The Payment issues were managed by the "Committee of Central Banks Governors" and the "SADC Monetary Union" programme. The Committee of Central Banks Governors was mainly established to answer the need for a specialized body in the SADC to promote and achieve closer cooperation among central banks within the Community. This committee was already dealing with the harmonization of central banks laws and banking activities and was advocating for the free and easy movement of funds within the region. COMESA had already approved a regional payment and settlement system to manage movement of funds between COMESA Member States. This system was though not restricted to COMESA Member States but open to other Member States.

SADC had from its inception committed itself to pursuing policies aimed at economic liberalization and development. In 1992, the Member States recommitted themselves to a concerted effort to achieve deeper regional integration as a mean of achieving economic growth and reducing poverty. In preparation to move towards the implementation of programmes of regional integration, SADC restructured its institutions to accord them an improved focus with an emphasis on a common agenda. SADC's road to monetary union was outlined in the Regional Indicative Strategic Development Plan which was a broad strategic plan for implementing programmes for achieving key milestones that would ensure the realization of Monetary Union in SADC. These key milestones included as a first step of the attainment of a SADC FTA by 2008. This milestone was reached when the Heads of States and Government in SADC launched the FTA in August 2008. The objective of the FTA was to liberalize trade through removing tariffs and other non tariff barriers and also to include measures directly aimed at facilitating trade by reducing red tape and paperwork at the borders and providing a framework for improving the movement of goods throughout the region. The next milestone was the launch of a Customs Union by 2010 and a common market by 2015 which would be followed by the establishment of a SADC Central Bank by 2016 and eventually a SADC currency by 2018.

Currently EAC, COMESA and SADC members are discussing a free trade area amongst the three RECs' members. The decision to develop a Tripartite FTA Roadmap and to roll out this Tripartite FTA was endorsed by Heads of State and Government at their first Tripartite Summit held in Kampala in October 2008.

Pillar 1: Specific Objectives

The objectives of the enabling e-commerce environment are to:

- Harmonise legislation;
- Increase Member States' commitment;
- Increase confidence; and
- Create a proof of concept.

Pillar 1: Activities

In order to achieve these objectives, the following actions are recommended:

- Promote the development of national e-commerce strategies;
- Promote sound harmonized legal frameworks for e-commerce:
 - Implement the African Union Convention on cyber legislation;
 - Develop and adopt a harmonized framework or protocol for e-transactions, cyber-criminality, personal data protection, authentication, electronic certification, cryptography, and consumer protection;

- Adopt existing international standards such as United Nations Commission on International Trade Law (UNCITRAL) Model Law on e-commerce; and UNCITRAL Model Law on electronic signatures;
 - Harmonize legislative framework for the exchange of electronic documents and the recognition of electronic signatures;
 - Harmonize framework for Contract Law and Intellectual Property (IP) Protection;
 - Align electronically delivered goods and services regulation with the existing regulation of products delivered by traditional methods;
 - Review the rules of origin;
 - Promote a legal and regulatory framework to ensure trust and confidence in M-commerce and M-payment applications; and
 - Consider current General Agreement on Tariffs and Trade (GATT), General Agreement on Trade in Services (GATS) and Trade-Related aspects of Intellectual Property Rights (TRIPS) obligations.
- Initiate banking system reform to align laws and regulation to integrate e-commerce requirements such as e-signatures and authentication, m-banking, e-payment and e-transfer;
 - Promote a sub-regional fiscal and monetary platform to facilitate e-commerce development within the sub-region;
 - Increase confidence to support and encourage e-commerce practice; and
 - Create a proof of concept by implementing a sub-regional e-commerce gateway or platform that could also serve as a best practice portal and showcase the feasibility of such a project and its contribution.

Activity 1: Development of national e-commerce strategies

Regional e-strategies are not only linked to national e-strategies, but address regional communications policy, financing and regulatory issues in a way that promotes harmonization. Implementation however takes place at the national level and should be supported by country-specific strategies. The development of e-commerce strategies at the national level is thus a key element for the success of the SADC region e-commerce strategy.

Some of the key issues addressed in a national e-commerce strategy include:

- ***Legal, Regulatory and Policy Development***

This initiative will focus on addressing critical e-commerce policy and regulatory issues. This initiative will be dealing with: Intellectual Property, e-commerce authentication and certification infrastructures), benchmarking, international and regional harmonisation, privacy and consumer protection and industry cluster groups.

- ***Infrastructure and Telecommunications Technology***

This initiative will deal with: market access, convergence of broadcasting and telecommunications regulation, security of networks and related cyber security measures, standards for interoperability/interconnectivity, International Telecommunication Union (ITU) and Internet Service Providers.

- ***E-Government***

This initiative could be made up of the following sub-units: judicial and legal services, online Government processes, network security, education and Human Resource development, Government website and portal and business facilitation.

Activity2: Harmonizing cyber legislation

As most Member States do not have this type of legislation yet, SADC could take advantage of this situation and start by defining the guidelines for harmonization so that Member States

could take into consideration the guidelines when drafting their laws. SADC Member States could agree on best practice legislation in the region and build on it towards a regional one. Examples of two existing models in the sub-region are in Mauritius and Angola.

Another challenge in the sub-region is that of multiple memberships to REC's. This could be a bottleneck to the harmonisation process and as such, the UNICITRAL model is recommended.

In addition to harmonizing cyber legislation, SADC Member States should mutually recognize each other's electronic signatures in order to facilitate electronic exchanges and e-contracts. When there is no mutual recognition of e-signatures, companies and individuals conducting cross-border e-commerce will need to have several e-signatures, one for the originating country and one for each of the transacting destination countries.

Activity 3: Increase confidence

Confidence is a key element in commerce and negotiation and is more critical when it concerns e-commerce as the negotiation is undertaken with a virtual client/supplier.

One of the ways to increase trust and confidence is through setting up a regional label. This label, once mentioned on a website would confirm that a website was not a fake one and that the merchant was a well-established company which could be relied upon. This label could also be linked to some insurance in case of non-delivery.

Activity 4: Create a proof of concept

It is vital to have proof of concept showing that e-commerce is feasible and can be successful at the sub-regional level.

A regional e-commerce platform could be developed in three phases:

- ◆ B2B catalogue to allow state owned enterprises(SOE)/companies to present themselves and their products so that each company searching for a specific product would be able to identify regional companies selling it;
- ◆ A quotation request function, in order to allow companies aiming at buying specific products to request quotations which would be provided by several merchants; and
- ◆ Dynamic Market Place so that this platform would be a real market-place with offers and demands and commercial transactions.

Expected achievements and timeline

Results could be achieved within three years

Indicator of success

The number of companies in the catalogue; and
The number of Request for Proposals (RFPs).

Targets

To be agreed

Pillar 2: A Capacity Development Programme for E-Commerce in Each Member State

Pillar 2: Problem Statement

There are several capacity-building activities to consider/implement and several stages of maturity. The table below shows the various areas to cover:

Table 2: Capacity Building Schemes

	Phase 1	Phase 2	Phase 3	Phase 4
Stakeholders	Awareness	Readiness	Active promotion	Business as usual
Legislator	Seminars	Law passed	Harmonised laws	Business as usual
Financial sector	Seminars	Payment system audits	Payment cards, currency exchange laws, etc.	Business as usual
SMEs (Manufacturing, Distributors, Retailers, Suppliers)	Training	IT system updates, e-reorganisations	E-marketing campaigns	Business as usual
Logistics actors	Training	IT system updates, e-reorganisations	E-marketing campaigns	Business as usual
IT companies	Training	Proficiency in building e-platforms	Expanding	Business as usual
End Customer	Discovery	Increased confidence	Exploring new services	Business as usual

Table 2: Capacity building schemes

To initiate the process, in addition to training courses and awareness-raising activities as mentioned above, it is important to capitalize on each other's experiences, successful or failures. It is therefore important to set up knowledge-sharing platforms in order to benefit from each other's experiences and benefit from best practice. This platform would consist of (1) discussion groups, meetings and networking opportunities during which e-commerce stakeholders will share experiences; and (2) best practice identification space for knowledge sharing. As SADC Member States would have to develop the same e-service applications, it would be a good opportunity to set up an e-database/bank of e-services applications for sharing developed e-service applications. The terms and conditions for this common database would have to be agreed upon by the respective Member States.

The development of the practice of e-commerce, facilitation and incentives for its use are key to its success. Indeed, starting an e-commerce project as a new project in a country or region with no history of e-commerce is not easy and requires incentives and facilitation. SMEs are one of the e-commerce main actors albeit with limited resources and as such would need some incentives and facilitation to adopt e-commerce. For example, facilitation and incentives could mean subsidizing SMEs' e-commerce projects investments (website

development, promotion, new employments, organization, process re-engineering and developing “governmental” market places etc) that companies can rely on to undertake e-commerce, capacity building and courses on how to manage e-commerce projects and attendant benefits.

When SMEs conduct e-business, they are not the sole beneficiary, the country as a whole benefits. Country exports and imports via better sourcing in order to achieve more profits and enhance employment opportunities.

Changing habits and innovating is not always easy; and using e-commerce for the first time can be demanding, even for clients. Thus, the development and appropriation of e-commerce practices need to be planned both in the short and long term.

In the short term, specific activities and incentives should be set up. First of all, it is worthwhile to organize information days and activities explaining the advantages of e-commerce to potential clients, presenting e-commerce in general and websites already in use in order to demonstrate that e-commerce is credible. E-Commerce websites should also offer promotional prices to attract clients.

In the longer term, Governments should take specific measures to develop a digital culture and to demystify the use of Internet and e-transactions. This can be facilitated by according pupils the opportunity to access the Internet at school, by offering “mandatory” e-services to students for applying to university or for registration and also by offering some governmental online services or facilities for online payment. Using Internet and computers could also be facilitated by availing equipment and services through tax rebates, subsidizing equipment for families and offering financial tools and loans to families to allow them to purchase computers.

In order to develop e-commerce among Member States, it should first be promoted at a national level, so that awareness is created on the utilization of the Internet for purchasing and procurement. This awareness creation effort should include all e-commerce stakeholders such as Governments, SMEs and individuals, parliaments and other stakeholders:

- **Governments** will setup e-services (G2C and B2G) and facilitate e-commerce activities with incentives and specific services, facilitation tools, etc;
- **Legislative stakeholders especially parliaments** who will be responsible for creating establishing the necessary legislative environment for e-commerce are amongst the main players. Specific parliamentary actions should be planned in order to raise awareness amongst members of parliament regarding e-commerce issues, the difference between e-commerce and other commercial activities, etc. so that any related legislation is passed with full knowledge of the subject; and
- **SMEs and individuals** are the real e-commerce players. They are both providers of e-commerce services, clients and operators. A good understanding of e-commerce by companies and individuals would allow the right services to be established: e-commerce platforms but also additional services for these platforms such as logistics, etc. By identifying opportunities, companies will be able to develop their own e-commerce platforms as an extension of their current activities or as new activities; they can also extend their activities to support e-commerce activities such as developing logistics services. Companies may also change their operating mode and manufacture upon request as opposed to manufacturing based on a forecast thus reducing their inventory and in turn improving their operating capital.

Companies and individuals are also the clients for e-commerce and companies will be able to improve their outsourcing through e-commerce utilization. They will be able to identify

additional potential suppliers they would not have been able to reach without the Internet and e-commerce and improve purchasing power by procuring at competitive prices or improved quality or even both.

All economic operators can benefit from e-commerce whether they are direct e-commerce operators with a website or acting as facilitators like banks and payment platforms, logistics operators, etc.

All these actions take place at the national level. However, SADC Secretariat can contribute by developing concepts, tools and training programs that will be implemented at the national level. SADC Secretariat will also be in charge of regional activities such as regional competitions and awards and e-commerce promotion activities at the regional level including promoting e-commerce websites.

Pillar 2: Specific Objectives

The specific objectives of this pillar are to:

- Increase e-commerce platforms;
- Develop and implement incentives to support the development of SMEs and SMMEs and their capacity to embrace e-commerce and promote non-traditional products and services;
- Create incentives for the development of a culture of e-commerce and for businesses, SMEs to take the lead; and
- Develop human capital.

Pillar 2: Activities

Regarding the increased e-commerce platforms objective, the activities to be developed are as follows:

- Design and implement regional and national awareness campaigns throughout society on e-commerce in general and legislation requirement;
- Raise awareness on existing laws and their implications for e-commerce;
- Devise and implement a sub-regional program to support SMEs and SMMEs development and e-commerce activities within the SADC;
- Create and implement regional e-commerce awards for SMEs and SMMEs;
- Develop and implement sub-regional technical & managerial capacity building programs on e-commerce for SMEs and SMMEs;
- Support incubation initiatives in line with e-commerce promotion of m-commerce development;
- Subsidise the building or sharing of e-platforms;
- Subsidise SMEs e-commerce platforms;
- SMEs e-commerce national readiness program;
- Develop a knowledge-sharing platform; and
- Setup an e-database/bank of e-services applications.

Regarding human capital development, specific activities are:

Develop and implement regional training for relevant department or Government officials, banking staff, private-sector actors mainly SMEs, on e-commerce policy analysis, research and implementation;

- Develop and implement specific e-commerce training for decision-makers, officials in e-commerce, for judiciary, enforcement agencies, police force etc;

- Develop and implement technical and commercial training program on e-commerce in general, legislation and content development for SMEs, ICT firms etc; and
- Support the development of e-commerce curriculum and support e-commerce training in vocational, technical, and professional training institutes.

Expected achievements and timeline

Result could be achieved in three years

Indicator of success

- Training courses organized; and
- Curriculums set up in universities.

Targets

To be agreed

Pillar 3: Strengthening E-Commerce Sub-Regional and National Infrastructures

Pillar 3: Problem Statement

In order to be able to undertake e-commerce, basic ICT and transport infrastructure is required, between Member States and in the Member States themselves.

ICT infrastructure is related to connection, interconnection and access at affordable prices such as sub-regional broadband backbones and Internet Access Points.

The infrastructure should be supported by the relevant services in terms of transport and logistics.

Due to the increased penetration of mobile telephony, it is important to include m-commerce an e-commerce based on mobile when developing e-commerce.

Pillar 3: Specific Objectives

The specific objectives of this pillar are to:

- Improve interconnections in the sub-region in order to facilitate trade through e-commerce; and
- Facilitate access to e-commerce.

Pillar 3: Activities

- Promote sub-regional broadband backbones and Internet Access Points;
- Promote sub-regional peering framework;
- Promote inclusive cost-effective, affordable and secured ICT infrastructure and broadband network access;
- Support the deployment of ICT infrastructure beyond major cities and towns;
- Promote a public-private partnerships protocol to support local and external investment in ICT infrastructure;
- Support the elaboration and implementation of universal access strategy to connect those who are unconnected;
- Promote a regional electronic payment gateway and associated on-line and m-payment banking services; and
- Promote the harmonization of infrastructure regulatory issues such as: (i) interconnection and technical interoperability of networks; (ii) cross-border

connectivity and tariffs; (iii) open access; (iv) pricing and tariffs of networks; and (v) cross-border spectrum use and reduction of interference.

Expected achievements and timeline

Some of the above activities are achievable in a timeframe of three to five years whilst others will require additional time, particularly those related to infrastructure development in rural areas.

Indicator of success

- Increase in the number of towns and villages with Internet access;
- Increase of population with Internet access;
- Existence of a regional payment gateway;
- Affordable access to e-commerce; and
- Increased existence and use of e-commerce facilities and services.

Targets

To be agreed.

Pillar 4: Institutionalised Framework to Implement, Evolve and Govern the Current Strategy at Regional Level

Pillar 4: Problem Statement

Follow-up, monitoring & evaluation are key factors for the success of any strategy. For the success of this strategy, there will be need to create an implementation body which will be in charge of strategy follow-up at the regional level (SADC Secretariat) with strong links to the Member States.

In addition, a monitoring and evaluation mechanism should be put in place to assess and document implementation progress for further review and to assist late adopters. Development or customization of existing models could be facilitated through the establishment of electronic communication tools such as observatories. An e-commerce observatory could be created as a platform for knowledge sharing and can be used to update and equip interested e-commerce practitioners, Governments and other existing regional bodies such as sub-regional law enforcement and dispute resolution on, the many sub-regional and national activities. It is proposed that SADC Secretariat manages such regional e-commerce observatory.

Pillar 4: Specific Objectives

To implement, follow-up, develop and oversee the current strategy at regional level.

Pillar 4: Activities

In order to ensure strategy success, there is a need for a regional body to be in charge of the promotion of e-commerce. This regional body would be a SADC entity with representatives from the various Member States. Focal points in the Member States would constitute this body and would be responsible for coordinating its activities. This entity could be part of an existing one or a new entity, setup for a specific period of time and with the specific objective of developing e-commerce in the SADC region. In both cases, SADC Secretariat should ensure that this entity has enough capacity and dedicated resources to manage its activities.

The SADC Observatory for e-Commerce, which could be a component of the ICT observatory, would help overcome the challenge of the lack of data and indicators in most of

the Member States by undertaking capacity building activities, supporting data collection, and setting up a database.

The SADC Observatory for e-Commerce would operate in coordination with all the Member States to measure the progress of the implementation of the e-commerce strategy. This specific project should have dedicated resources at the SADC level, but will rely on a focal point or institution at Member States levels. Local observatories to be linked to the regional body could be considered. Such national institutions exist in some Member States.

The selection of national focal point or institution is critical for the success of the SADC Observatory. Selected e-commerce indicators such as ICT, trade, Human Resources etc will be collected, compiled and analysed. The role of the national focal point will be critical and therefore need adequate resource and skilled staff.

The SADC Observatory for e-Commerce will be responsible for selecting main indicators; including inputs, processing and frequency and the sources of each input and how to gather it in each country (survey or other) and defining how statistics and indicator stakeholders will cooperate. The SADC Observatory for e-Commerce should also provide training and capacity building as well as equipment to all Member States.

The observatory should also work in close relationship with the other SADC departments in charge of ICT and Trade to support Member States regarding all e-commerce issues including legislation setup and harmonisation, trade issues, logistical issues, etc. The activity of the observatory may be extended to e-commerce promotion as mentioned above.

Conducting sub-regional e-commerce will generate sub-regional, i.e. inter-country disputes. There will thus be a need for sub-regional enforcement authorities and a structure that will be in charge of regional dispute resolution. These two structures could be established for these specific purposes or incorporated into existing structures.

Expected achievements and timeline

Results expected in three years

Indicators of success

- Established e-business measuring tool; and
- Monitoring e-commerce flow on a quarterly basis.

Targets

To be agreed after the formation of the group

6. Plan of Action

This Plan of Action is derived from the Strategy

Pillar 1: Enabling e-Commerce Environment

The solutions proposed in this pillar are both regional and country-specific:

Strategic Objective	Risk	Impacts	Potential Solution	Implementation Partners	Stakeholders	KPI	Time-Frame
Harmonise Legislation	E-Commerce Strategy stays as a concept	No protection for stakeholders	Define a harmonised Cyber legal framework	National structure	Parliament and e-commerce merchants	Law passed	2013-2014
Increase Member States' commitment	E-Commerce will be only at the SADC Secretariat level	No progress	Create an approved country-specific e-commerce strategy (as part of the regional detailed strategy)	Each Member State Trade & ICT Ministry	SADC & representatives of the Member States	Budget	2013-2014

Improve specific e-commerce banking system	Lack of online payment systems	No B2C e-commerce or use of foreign payment systems	Initiate banking system reform to align laws and regulations to integrate e-commerce requirements such as e-signature and authentication, mobile-banking e-payment and e-transfer;	SADC Secretariat & each National/ Central Bank	SADC Secretariat & each National/ Central Bank	Reform approved and enforced	2013-2015
Create a proof of concept	We could build expensive platforms but will not be used	Budget loss	Build a pilot platform in 3 phases: B2B Catalogue (Y1-2) Quotation Requests (Y2) Dynamic Market Place (Y3)	SADC in association with the SADC Chambers of Commerce and Industry	SADC Secretariat, Chambers of Commerce and Industries, Professional associations	Numbers of Companies using it	2013-2015
Increase Confidence	Once infrastructure is ready, customers are still not confident in using it/unused	Budget loss	Mutual Recognition of e-signatures/e-contracts	Member State structures in coordination with SADC	SADC and Chambers of Commerce	Signature recognised	2013-2014
			Create a regional e-commerce Label				

Pillar 2: A Capacity Development Programme for E-Commerce in Each Member State

Solutions proposed in this pillar are Member State-specific:

Strategic Objective	Risk	Impacts	Potential Solution	Implementation Partners	Stakeholders	KPI	Time-Frame
Increase e-commerce platforms	No e-commerce platform	Business does not start	Devise and implement regional and national awareness campaigns throughout society on e-commerce in general and legislation	Industry plus Government	Industry plus Government	Number of platforms created	2014-2017
			Support incubation initiatives in line with e-commerce promotion of m-commerce development				2014-2017
			Raise awareness on existing laws and implications for e-commerce				2014-2017
			Create and implement regional e-commerce awards for SMEs and SMMEs				2014-2017
			Subsidise building or sharing of e-platforms				2014-2017
			Subsidise transformation of SMEs to be e-commerce ready				2014-2017
			SMEs e-commerce national				2014-

			readiness program				2017
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Develop Capital	Human	No resources	Market does not pickup	Develop and implement regional training of relevant department, Government officials, banking staff, private sector actors mainly SMEs, on e-commerce policy analysis, research and implementation	Industry plus Government	Industry plus Government	Number of trained People	2013-2017
				Develop and implement specific e-commerce training for decision-makers, officials in e-commerce, for judiciary, enforcement agencies and the police force				2013-2017
				Develop and implement technical and commercial training program on e-commerce in general, legislation and content development for SMEs, ICT firms etc				2013-2017
				Support the development of e-commerce curriculum and support e-commerce training in vocational, technical, and professional training institutes				2013-2017

Pillar 3: Strengthening E-Commerce Sub-Regional and National Infrastructures

Solutions proposed in this pillar are at a regional level:

Strategic Objective	Risk	Impacts	Potential Solution	Implementation Partners	Stakeholders	KPI	Time-Frame
Support the deployment of ICT Infrastructure & Services	No e-commerce	No progress	<ul style="list-style-type: none"> Promote sub-regional broadband backbones and Internet Access Points 	SADC Secretariat / CRASA	All Member States ICT Ministries	15 Quarterly Progress Reports	2013-2017
			<ul style="list-style-type: none"> Promote inclusive cost-effective, affordable and secured ICT infrastructure and broadband network access 				
			<ul style="list-style-type: none"> Support the deployment of ICT infrastructure beyond major cities and towns 				
			<ul style="list-style-type: none"> Promote public-private-partnerships (PPPs) protocol to support local and external investment in ICT infrastructure 				
			<ul style="list-style-type: none"> Support the implementation of universal access strategy to connect the unconnected 				
			<ul style="list-style-type: none"> Promote regional 				

			<p>electronic payment gateway and associated banking services for use with Internet and mobile phone payments</p>				
			<ul style="list-style-type: none">• Promote the harmonization of infrastructure regulatory issues such as: (i) interconnection and technical interoperability of networks, (ii) cross-border connectivity and tariffs; (iii) open access; (iv) pricing and tariffs of networks; and (v) cross-border spectrum use and reduction of interference.				

Pillar 4: Institutionalised Framework to Implement, Evolve and Govern the Current Strategy at Regional Level

Solutions proposed in this pillar are at a regional level:

Strategic Objective	Risk	Impacts	Potential Solution	Implementation Partners	Stakeholders	KPI	Time-Frame
Institutionalise the strategy	Strategy stays on paper	No progress	Setting up a regional body to implement the e-commerce strategic Plan of Action / e-commerce regional observatory	SADC Secretariat	All 15 Member States' Trade & ICT Ministries	Quarterly Progress Reports (RAG ^{1*} Reports)	2013
			Create detailed dynamic Strategy with a cost Plan of Action	SADC Secretariat	All 15 Member States' Trade & ICT Ministries	Approved funding	2013
Specific regional bodies	Once infrastructure is ready, customers are still not confident in using it / unused	No protection for stakeholders	<ul style="list-style-type: none"> Sub-regional Law Enforcement Authorities 	SADC Secretariat	All 15 Member States' Trade & ICT Ministries	Existing body	2013-2014
			<ul style="list-style-type: none"> Regional body for dispute resolution 	SADC Secretariat	All 15 Member States' Trade & ICT Ministries	Existing Body	2013-2014

¹ RAG: Red Amber Green Report, used to compare progress versus agreed plan