Developing the Internet Economy

Africa Regional Internet Development Dialogue

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Promoting the African Internet Economy

Development of an **Internet sector** is critical

- Infrastructure for access to Internet
- Companies creating and hosting content

Ultimate goal should be to develop an **Internet economy**

- Bring traditional companies and sectors online to increase efficiency and revenues
- Also focus on developing e-government and other social services

**Internet platforms** can help to act as intermediaries

- These can help businesses go online and operate
- Examples include payments, support for entrepreneurs, and employment support
Internet Development Cycles

Infrastructure
- International capacity
- Mobile broadband

Demand-side
- Local content
- Entrepreneurs & innovation

Business
- Adoption and usage
- Internet Economy

Mobile coverage > adoption

Individual use > business use
Internet Sector vs Internet Economy

<table>
<thead>
<tr>
<th>Share of GDP</th>
<th>Share of GDP growth</th>
<th>Share of E-Commerce</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet sector</td>
<td>Rest of economy</td>
<td>Internet sector</td>
</tr>
<tr>
<td>B2C</td>
<td>B2B</td>
<td></td>
</tr>
</tbody>
</table>

Note: The ICT sector averages 6% of OECD economies. For Kenya it is 3.8%.

Note: For 12 large countries, 75% of economic impact of Internet is in traditional industries.

Note: Total global e-commerce is USD 22 trillion per year, of which only 10% is B2C.

A number of Internet platforms are emerging

<table>
<thead>
<tr>
<th>Mobile Money (M-Pesa)</th>
<th>Bank accounts, merchant payments, M-Kopa solar, M-Akiba bonds, …</th>
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</thead>
<tbody>
<tr>
<td>Innovation</td>
<td>Innovation hubs, Venture Capital for Africa, Africa Technology Foundation, DEMO Africa, Mara Mentor</td>
</tr>
<tr>
<td>Employment</td>
<td>1task1job, Jobberman, HyperionDev, …</td>
</tr>
<tr>
<td>ICT platforms</td>
<td>Kooba (data centre), Angani (CDN), MTNPlay and AfricApp (app stores), Mi-Fone (mobile devices), AdsBrook (ad platform)</td>
</tr>
<tr>
<td>Online platforms (e-commerce)</td>
<td>500Shops (websites), Africa Courier Express, Surebids (vouchers),…</td>
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The Internet economy is beginning to grow

<table>
<thead>
<tr>
<th>Category</th>
<th>Examples</th>
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<tbody>
<tr>
<td>Business-to-consumer</td>
<td>OMG Digital (media), SafeMotos (motorcycle taxis), Iroko Partners (video), Jumia (e-commerce), ZayRide (taxis)</td>
</tr>
<tr>
<td>Business-to-business</td>
<td>Twiga Foods (vendor supply), Dropifi (customer engagement), Kudobuzz (content marketing), BenBen (property management), Esaja.com (business directory), TorQue (cloud-based inventory)</td>
</tr>
<tr>
<td>E-Agriculture</td>
<td>Esoko (market information), Farmer’s Friend (agricultural advice), iCow (cow rearing), Tech4farmers (agribus tech), Farm Fresh (sales)</td>
</tr>
<tr>
<td>E-government</td>
<td>Irembo online platform (Rwanda), Hduma Kenya</td>
</tr>
<tr>
<td>Social services</td>
<td>Asoriba (church management), ClaimSync (health claims), Tap&amp;Go (bus payments), Jamii (micro-health insurance), Rekindle (learning), ConnectMed (online consultations)</td>
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</table>
Progress towards an Internet Economy

Concentration in a few countries

• Not all countries have fully developed Internet Sectors
• Nor the Internet platforms to build an Internet Economy

Progress still needs to be made

• More growth in the building blocks
• More companies online and engaged (see right)

Source: World Bank, Enterprise Surveys, focusing on registered manufacturing and services firms with at least 5 employees, covering a number of years
Roadblocks – gaps in the Internet Sector

Availability and adoption in Rwanda

1. Increase coverage of broadband infrastructure

2. Address demand-side gaps
   - Affordability
   - Content and services

3. Improve user experience
   - Increased bandwidth
Roadblocks – gaps in Internet Economy

- Startups
- Online Business
- Business Environment

- Issues that impact ability to start new businesses
- Conditions for online business offerings, regardless of sector, including developing Internet platforms
- General ease of doing business, online or offline
T-shaped policy proposal

Internet Economy

Breadth of policy across the entire government to create Internet economy

Depth of policy to create an Internet sector as the foundation for the Internet economy
Conclusion and questions

**Internet Sector**
Is important in its own right, and also to create a platform for developing an Internet economy

What are the key pieces to develop a strong Internet sector?
What policies are important to create the Internet sector?

**Internet Economy**
It is critical to bring all parts of the economy, government, and social services online

What are the key pieces to do this?
What policies are important to create an Internet economy?
Thank you.

Michael Kende
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<table>
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<tr>
<th>Topic</th>
<th>Questions</th>
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</table>
| 1. Business adoption and usage of Internet | • How do the requirements for businesses to go online differ from bringing individuals online?  
• What is the value proposition for businesses to go online, and what are the roadblocks?  
• Is B2B e-business picking up in countries in Africa that you know? Why, or why not? |
| 2. Innovation and entrepreneurship          | • What are the most attractive opportunities for entrepreneurs today in Africa?  
• What are challenges for entrepreneurs today, particularly who target the B2B sector?  
• Are many Africans seeing the opportunities of entrepreneurship online? |
| 3. Internet policy                          | • What policies have been most effective in developing an Internet economy?  
• What roadblocks remain? |
Breakout Session 2 – Future Internet Economy

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<th>Topic</th>
<th>Questions</th>
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</thead>
</table>
| 1. Development of the Internet Sector | • How do you see the Internet sector developing in Africa— both for access and content?  
   • What are the key policies needed to help achieve this vision? |
| 2. Innovation and Entrepreneurship | • How do you see entrepreneurship developing in Africa?  
   • What are the key policies needed to help achieve this vision? |
| 3. Development of the Internet Economy       | • How do you see the Internet Economy developing in Africa?  
   • What are the key policies needed to help achieve this vision?  
   • Are we having the beginning of an online business boom or is this just a mirage? |