



# **East African Community E-Commerce Strategy**

Adopted by EAC Council 12<sup>th</sup> July 2022

## **Abbreviations**

2FA	2-factor authentication
2SV	2-step verification
B2B	Business to Business
B2C	Business to Consumer
CFTA	Continental Free Trade Area
CISO	Chief Information Security Officer
EAC	East African Community
EACO	East African Communications Organization
EACS	East African Community States
EAPS	East African Payment System
ECOWAS	Economic Community of West African States
FSDRP	Financial Sector Development and Regionalization Project
GDPR	General Data Protection Regulation
GIZ	Gesellschaft für Internationale Zusammenarbeit
ICT	Information Communication Technology
ISO	International Organization for Standardization
MFA	Multi-factor authentication
MSMEs	Micro, Small and Medium Enterprises
NTBs	Non-Tariff Barriers
PKI	Public Key Infrastructure
SMEs	Small and Medium-sized Enterprises
UNCTAD	United Nations Conference on Trade and Development
UPU	Universal Postal Union
WTO	World Trade Organization

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# 1 Introduction

## 1.1. Background

### 1.1.1. The decision giving rise to the strategy

The development of the EAC e-commerce strategy is an initiative of the EAC Sectoral Council of Trade, Investment, Finance and Industry (SCTIFI) following its directive on 31<sup>st</sup> May 2019. The regional e-commerce strategy for EAC Partner States will contribute to enhancing capacities for growth, improve legal and regulatory frameworks and increase trust in digital trade. The strategy also aims to strengthen cross-sectoral and public-private collaboration in developing regional approaches to cross-border e-commerce.

The e-commerce strategy has been developed with the support of the German Federal Ministry for Economic Cooperation and Development (BMZ) the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. Furthermore, the Secretariat would like to acknowledge the support from USAID and the Kingdom of the Netherlands through TradeMark East Africa (TMEA), for facilitating the national and regional validation sessions of the draft strategy.

### 1.1.2. The reasons for having a strategy

The EACS recognises the potential of ICT through a dynamic and functioning digital economy in contributing to socio-economic growth in the region. In global regions where e-commerce is more advanced than the EAC region, it has been noted to contribute to socio-economic development. Specifically, e-commerce has been noted to contribute to reduction of rural-urban developmental disparities, and greater inclusiveness in terms of demographics<sup>1</sup>. In regions where small and medium enterprises (SMEs) form the bulk of the economy and employment, e-commerce through its potential to expand their reach and productivity of businesses is notable, as smaller firms can access markets previously beyond their reach<sup>2</sup>. In regions where intra-regional trade has been difficult to stimulate, e-commerce has potential to create impetus with the elimination of cross-border trade challenges<sup>3</sup>.

The EACS further recognises the complexity of issues that need to be addressed to unlock and nurture e-commerce potential in the region as well as the need to coordinate and harness capabilities of diverse stakeholder groups. EACS also considers the need for an institutional coordination mechanism of regional e-commerce matters as vital for success of e-commerce initiative. The strategy therefore proposes such a blueprint for implementation and monitoring mechanism. It further provides for a collaboration and coordination platform linking public and private sector stakeholder groups to relevant

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<sup>1</sup> UN-ESCAP (2018) Embracing the E-commerce Revolution in Asia and the Pacific

<sup>2</sup> SMAIL, Y. (2020). Mobilising E-Commerce for Development in Africa through AfCFTA. Geneva: CUTS International, Geneva.

<sup>3</sup> ISMAIL, Y. (2020). Mobilising E-Commerce for Development in Africa through AfCFTA. Geneva: CUTS International, Geneva.

institutions both at national and regional levels.

### **1.1.3. The programme of work undertaken**

The EAC e-commerce strategy has been developed in two phases. Under the first phase, an in-depth e-commerce assessment exercise covering all Partner States was conducted in 2020. The assessment engaged broad categories of stakeholders among them national institutions, academia, public and private sectors to identify challenges, gaps, assess progress of e-commerce activities and capture stakeholder perspectives on various aspects of the e-commerce ecosystem.

The second phase entailed the development of a regional e-commerce strategy to provide a framework of implementation with specific actions targeting identified gaps and challenges. The second phase draws significantly from the findings of the assessment in phase one. To further complement these findings and strengthen opportunities for impact, the second phase also incorporated findings from recent studies and assessments conducted jointly with Development Partners such as UNCTAD, the World Bank and Partner States.

Lastly, a stakeholder consultation exercise was conducted, and a draft strategy presented with a view to ensuring relevance and effectiveness.

## **1.2. Strategy status**

### **1.2.1. The relationship of the strategy to EAC policies and national policies**

The EAC e-commerce strategy will compliment various strategic national and regional initiatives for economic and human resource development as well as those for infrastructure. The strategy seeks to enhance and contribute to several other national and regional strategic initiatives targeting development of a regional digital economy.

- Various regional trade enhancement policies
- EAC regional intellectual property policy
- Intra EAC initiatives for transport and energy infrastructure
- The Roadmap Report on globalizing Africa eTrade in support of the African Continental Free Trade Area<sup>4</sup>
- Burundi Digital Economy Assessment (2020)
- Kenya's Digital Economy Blueprint (2019)
- Uganda's National 4IR Strategy (2020)
- The Smart Rwanda Master Plan (2015-2020)
- Rwanda National Digital Talent Policy (recently launched programme)
- Rwanda e-Commerce Policy (2020?)

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<sup>4</sup> [https://africaplc.com/wp-content/uploads/2021/05/AfricaPLC-eTrade-Report\\_050721-Final-Release.pdf](https://africaplc.com/wp-content/uploads/2021/05/AfricaPLC-eTrade-Report_050721-Final-Release.pdf)

- Tanzania's Third Five Year National Development Plan 2021/22 – 2025/26
- Tanzania Digital Health Strategy 2021-2024

The regional strategy will further build on efforts and contribute to various different ongoing efforts being made across the region and targeting the development of robust digital economy. The coordination mechanisms and the stakeholder platform will contribute stakeholder collaboration and enhance coordination of various public agencies and institutions supporting e-commerce at national and regional levels.

It will also help galvanise a common vision into a roadmap, with a clear course of action to be taken to promote e-commerce in the region.

### **1.3. Document structure**

This e-commerce strategy is divided into 5 parts. Part one presents the background and how the the strategy relates to other national and regional policy strategies. Part two lays out the rationale for the strategy and the contextual analysis of present status of e-commerce in the region. Part three outlines the strategic vision and mission, and sets the goals for the strategy.

Part four provides the strategy map. It lists the priorities to be addressed within specific areas of e-commerce. Under each priority, it lists specific actions or measures that need to be undertaken to address them, identifying stakeholders best placed to contribute to the measure and where appropriate outcomes and any risks that may arise.

Part five covers the implementation and monitoring framework, provides a timeline of actions, initiatives and necessary resources. It provides a management and governance mechanisms for implementation and monitoring. This includes a set of key performance indicators for each goal, an assessment of risks indicating anticipated level of threat and mitigation approaches that can be put in place.

## **2 Contextual Analysis**

### **2.1. Adoption of E-commerce in the EAC**

The East African Community region continues to experience what can be considered as early stages of e-commerce and the digital economy, albeit at a slow pace due to a myriad of challenges. Adoption of the e-commerce in the region manifests disparities with some countries having made notable progress in eliminating barriers while others lag behind. Kenya and Rwanda lead the region while Tanzania and Uganda have been noted to also make relative progress. Burundi and South Sudan have lagged behind but both are noted to have started laying critical infrastructure in major urban centres in recent years.

A number of notable challenges are observed as inhibiting development of e-commerce in the region. Key among these is low access and use of internet as well as poor digital skills. These are driven by high costs of internet and digital devices. Lack of awareness of the potential of e-commerce and how technology can be harnessed for personal and economic productivity further contributes to challenges. Cultural aversion to the use of technology and trust in e-commerce, e-payments and foreign or distant merchants also delay uptake. Absence of broadband infrastructure and electricity in rural areas has also limited uptake of internet use especially for the smaller town and rural areas. Across the region, there are initiatives and efforts to address key infrastructure networks, though there is still room for improvement.

Where e-commerce has taken off, other sets of challenges exist. Notable among these include poor enforcement of consumer protection regulations and low access to

electronic transaction frameworks; complex cross-border trade administrative procedures; and lack of harmonisation of customs rules and procedures, high costs of delivery services, absence of mechanism to address digital goods and data localisation procedures. Where regulations and policies are in place, enforcement has been noted to be absent.

Despite these challenges, potential gains from e-commerce development are well understood and Partner States recognise the need for an urgent framework to accelerate its growth in the region.

## **2.2. E-commerce Stakeholders**

The e-commerce ecosystem involves a variety of entities with widely varying specialisation and technical expertise, but all contributing to its overall effectiveness and productivity. The actions of these participants combine to bring about an effective space for the conduct of e-commerce trade.

There are several key players in the ecosystem. These players can be grouped as either public or private sector players. They include but are not limited to e-commerce marketplace providers, sector regulators, tax and Customs Authorities, standard bodies, payment service providers, e-commerce IT service providers, logistics and courier firms and consumers. The e-commerce players are interconnected and interlinked in functions to fulfil the needs of consumers and traders in the e-commerce platforms.

The public sector stakeholders play a key role in building an enabling environment in terms of legal framework as well as building digital capacity and enforcing e-commerce regulations. Private sector players on the other hand provide the necessary investment required to grow e-commerce.

Stakeholders in the region have at their disposal resources that they can leverage on to further grow the sector. These include ICT technology, human capital and a growing, discerning and youthful population. However, the cost of contracting people with relevant IT skills to support e-commerce is relatively high particularly for MSMEs. In addition, a large population does not necessarily translate to market potential if the customers' purchasing power is low, their spending habits do not favour online shopping and if they have inadequate digital skills to transact online.

Some of the key challenges that stakeholders face that hinder the growth of e-commerce include non-harmonised tax regimes, one window system incompatibility, poor to non-existent home numbering addressing system, poor road infrastructure, gaps in digital skills and inadequate coordination amongst stakeholders.

Public-private sector coordination and dialogue is low resulting in missed opportunities for synergy and compounded impact of on-going initiatives. Specifically, broad public-private sector dialogue and collaboration is crucial for creating an enabling environment for e-commerce, including identifying skill gaps, awareness, access to internet and use, financial support for start-ups and e-commerce platforms as well as in policy formulation and enforcement to address gaps.

Inter-agency government coordination is also poor, requiring a mechanism for jointly addressing complex challenges in e-commerce. Key areas for strengthening of inter-agency coordination include policy formulation and enforcement of policies and regulations, trade facilitation and market access enhancement.

To address the main challenge facing the stakeholders, this strategy requires stakeholder collaboration to be strengthened through an institutional framework and an online system

accessible to all e-commerce-system members thereby reducing or even eliminating barriers to cross-border e-commerce and implementation of regulations.

## **2.3. E-commerce Policy and Regulation**

### **2.3.1. General e-commerce regulatory framework (in the EAC)**

E-commerce requires the adaptation of existing business policies and practice, not least in enterprise development and the introduction of new legal and regulatory frameworks to govern its interfaces. Appropriate, effective and enforced legal and regulatory frameworks inspire trust and confidence among buyers and sellers. They also promote integrity and security of e-commerce transactions. In the recent past the EAC has witnessed the growth of online platforms which in turn has led to the growth of small packages sold across borders. This growth in trade has created challenges to policymakers ranging from physical management of parcel trade, risk management to collection of taxes and tariffs.

Adoption of e-commerce is growing. The outbreak of the Covid-19 pandemic has reinvigorated policymakers, regulators and businesspersons to adopt electronic means of operation. An appropriate effective and enforced legal and regulatory framework will ensure an orderly functioning of e-commerce in the region. The implementation of regulation and policy varies across Partner States leading to gaps in some areas resulting from different levels of development across the States. Existing e-commerce legislation does not address the cross-border aspect of e-commerce. Limited knowledge and understanding, and the lack of capacity amongst key stakeholders are impeding the development of a trustworthy environment of e-commerce transactions.

To address these challenges, interventions in this strategy aim to achieve the following outcomes:

- Enhancement of the policy legal and regulatory frameworks across the EAC
- Enhancement of the capacity of institutions to support e-commerce
- A harmonised regional policy for e-transactions with internationally accepted principles
- Elimination of barriers to e-commerce, encouragement of its uptake and use of e-transactions to ease the doing of business
- Enhancement of safety and confidence of consumers in e-transactions
- Increased investment and economic participation through e-transactions
- Effective coordination of all the stakeholders

### **2.3.2. Regulatory measures specific to e-commerce**

Some Partner States have not enacted comprehensive legal and regulatory frameworks for e-commerce. To facilitate e-commerce, it is also important that legal and regulatory frameworks are harmonised or interoperable with those of other Partner States. It should be noted that EAC adopted two cyber-law frameworks in 2013. These covered e-



transactions, e-signatures, computer crime, data protection, consumer protection, intellectual property, competition, taxation and information security<sup>5</sup>.

Commercial relationships work within systems of laws, regulations and standards that enable transactions to take place efficiently and securely. These systems of laws, regulations and standards cover diverse aspects of trade from health requirements through to taxation and consumer welfare. Comprehensive legal frameworks for e-commerce should include arrangements for electronic signatures and transactions, financial transfers, data management, consumer and data protection, cyber security, international trade documentation and other cross border requirements.

Online security is a major concern to e-commerce users and is a major hindrance towards entrenching a culture of trust. Weak and non-existent policies on cyber security pose a challenge to e-commerce.

Critical areas for inclusion in a comprehensive approach to improving the legal and regulatory frameworks include:

- Data privacy, management and personal data protection
- Digital identity
- Consumer protection
- Taxation
- Cybercrime
- Financial regulation including the introduction of digital finance and payment mechanisms
- Intellectual property
- Electronic transactions, signatures and contracts
- Electronic payments
- The standardisation and authentication of fiscal, customs and cross-border trade requirements in trade agreements

## 2.4. Online Identity and Security

Cyber security is an emerging area of concern and a critical pillar of e-commerce.<sup>7</sup> Cyber security is a recurring endeavour that enjoins people, processes, technology and institutions including legal systems to ensure a secure cyber environment which is essential for consumer trust, financial fluidity and sustainability.<sup>8</sup> Cybercrime is the leading mode of fraud in technology, media and telecommunications sector at 20%, followed by government and public sector (17%) and health sector at (16%). It also features in consumer markets (16%) financial services (15%), industrial production and manufacturing (15%).

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<sup>5</sup> <https://unctad.org/webflyer/harmonizing-cyberlaws-and-regulations-experience-east-african-community>

The major online security threats include:

- phishing
- malware
- ransomware
- SQL injection
- cross site scripting
- e-skimming
- denial of service attacks

Data protection, privacy, trust and security online constitute key demand side pillars of the digital economy. Where consumers feel unsafe or exposed, uptake is likely to be affected. Investors will shun potential opportunities while criminals will exploit the cyber havens undeterred. The pressure on legal systems is thus significant. As the custodians of the enabling environment, the law enforcers' mandate to safeguard the market is continuously on the radar. The integrity of cyber space is their imminent mandate.

Owing to the fluidity and dynamism of cybercrime, a one-size fits all approach is untenable. A consistent, collaborative, proactive and expeditious approach is required to address and redress cybercrime threats and incidents. This strategy proposes compliance which is one best practice intervention solution.

Compliance can be mandatory and optional:

- a) Mandatory compliance
  - Industry Data Security Standard Payment Card (PCIDSS)
  - General Data Protection Regulation (GDPR), as for example Kenya's Data Protection Act (2019), Rwanda's Cyber-security and personal data protection policy
- b) Optional compliance
  - International Organization for Standardization (ISO)
  - Transport Layer Security (TLS)
  - Multi-Factor Authentication (MFA), 2-Factor Authentication (2FA), or 2-Step Verification (2SV)

To ensure that cyber security becomes a shared and collaborative responsibility between service providers and consumers, this strategy provides the following interventions:

- establish cyber security as a key value enabler in digital transformation
- build relationship of trust with every function of the organization
- implement governance structures that are fit for purpose (e.g. national CSIRTs and CERTs)
- evaluate the effectiveness of the cyber security function to equip the CISO with new competencies
- regularly updated websites

## 2.5. Trade Policy Regimes as They Relate E-commerce (EAC)

With the rise of e-commerce as a key driver of global trade, data and digital policy have become of strategic importance for many economies. Control over data is a growing priority for many countries which are increasingly regulating its collection, processing and transfer across borders in order to address concerns related to data privacy, cyber security or the promotion of local digital industries.<sup>6</sup> E-commerce policy measures are highly heterogeneous and cover a wide range of issues including customs duties, electronic signatures, paperless trading, consumer protection, dispute resolution, non-discrimination of digital products; data privacy etc.<sup>7</sup>

The development of the digital economy has brought many public and administration challenges to governments worldwide.<sup>8</sup> Among these is how an international taxation system that was designed for trade in goods and physical commercial presence of companies can work in a world where values cross borders at lightning speed and co-location is completely unnecessary for a business relationship. As more products become digital, policy makers are faced with an operational challenge – how to expand the application of existing rules into the new types of trade flows viz:

- customs duties on electronic transmissions (including what is an electronic transmissions) and
- corporate tax on companies that provide consumer services in a country but have no physical presence there.<sup>9</sup>

Electronic commerce is not always purely electronic. While online products can substitute for some physical goods (most notably in entertainment), many e-commerce transactions require movement of goods and/or people, whether within countries or across borders. Challenges arise at the interface between digital and physical infrastructures and therefore add to those that already exist within traditional trade relationships.

Cumbersome and inefficient customs and border arrangements present bottlenecks to the growth of regional e-commerce through ports, airports and border crossing points. These can occur at multiple interfaces within border systems, including inconsistent documentary requirements and interoperable documents interfaces that cause delays, raise costs and therefore deter the development of e-commerce. They are particularly problematic for small consignments with relatively low margins that have the most potential value for e-commerce MSMEs and start-up business.<sup>10</sup>

Cross border trade in the EAC concern to high extent small traders, many of whom are women and youth. The latter especially face a number of difficulties such as harassment, corruption, bribery, excessive charges, impounding of goods and difficulties in obtaining

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<sup>6</sup> Electronic Commerce in Trade Agreements; Experience in Small Developing Countries.

<sup>7</sup> *ibid.*

<sup>8</sup> Trade in the Digital Economy- a TRALAC Guide

<sup>9</sup> *ibid.*

<sup>10</sup> MAIN

passports and visas.<sup>11</sup> To address these concerns, the EAC has developed the simplified trade regime. The STR consists generally of four main instruments viz:

- a simplified customs document
- a simplified certificate of origin
- a common list of products and
- a threshold for the value of the consignments<sup>12</sup>

STR assists small-scale cross border traders by providing them with the following amongst others:

- information on the benefits of trading with other RTA or ITA countries, or neighbouring countries
- reduced clearance costs
- fewer delays in clearing of goods and/or processing of tax refunds
- simplified certificate of origin
- simplified customs documents<sup>13</sup>

Cross border trade challenges can be addressed, and trade costs reduced, by the implementation of single windows and processes that facilitate paperless trade. Particular attention should be given to electronic certificate of origin, exchange of customs declarations, SPS certificates, introduction of *de minimis* thresholds to exempt low value consignments from tariffs in cross border trade.<sup>14</sup>

At the same time, ICT provides new ways of facilitating trade. ICT improves efficiency of data management along trade corridors and through border crossing points. Single window processes and data standardization that enable regional interoperability are crucial to achieving the gains that can be derived.<sup>15</sup>

RTAs reduce trade costs among Partner States via three channels:

- reduction in tariffs
- reduction in non-tariff barriers (NTBs) and
- trade facilitation mechanisms<sup>16</sup>

The principal source of EAC law is the Treaty for the Establishment of the EAC. According to the Treaty the main objectives of the EAC is to widen and deepen the integration process.<sup>17</sup> Article 5(2) of the Treaty sets out the objectives of the Community to be the

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<sup>11</sup> The Technical Centre for Agricultural and Rural Cooperation

<sup>12</sup> *ibid*

<sup>13</sup> *ibid*

<sup>14</sup> The Digital Economy and E-Commerce in Africa-Driver for the AFCEZA

<sup>15</sup> *ibid*

<sup>16</sup> Trade in the Digital Economy , *ibid*,

<sup>17</sup> Article 5(2) of the Treaty for the Establishment of the EAC

formation and subsequent evolution of a customs union, common market, a monetary union and finally, a political federation.<sup>18</sup>

The EAC adopted the linear model of integration which follows a stepwise integration of goods, labour and capital markets and eventually a political federation. A major shortcoming of the linear model of integration is that it largely ignores behind the border measures.

The EAC introduced the Custom Union Protocol in 2005 to establish a Common External Tariff on imports from third countries and gradually eliminate internal tariffs.

The Treaty obliges the Partner States to plan and direct their policies and resources with a view to creating conditions favourable to economic development and through their appropriate national institutions to take necessary steps to harmonise all their national laws appertaining to the Community.<sup>19</sup>

Harmonisation is one of the Key concepts espoused by the EAC. Article 126 of the Treaty and Article 47 of the Common Market Protocol both call for the harmonisation of national legal frameworks. In 2006, the EAC Council of Ministers adopted the EAC Regional e-Government Programme. It is an important step towards deepening regional integration through the provision of government information services.<sup>20</sup>

## 2.6. Third Country E-commerce Regimes

The Economic Community of West African States (ECOWAS) is a regional political and economic union of fifteen countries located in West Africa.<sup>21</sup> Its mission as per the ECOWAS Treaty is to promote economic integration in “all areas of economic activity, in particular, in industry, transport, telecommunications, energy, agriculture, natural resources and commerce as well as taking into consideration monetary, financial, social and cultural issues.....”<sup>22</sup> The ECOWAS recognizes ICT not only as a priority for its regional integration, but also as a tool for the realization of the ECOWAS Vision 2020.

The framework for harmonisation of the ICT Sector, in which ECOWAS members states cooperate to achieve their common objectives is based on the 1975 ECOWAS Treaty, revised on 24<sup>th</sup> July, 1993 and the 1994 WAEMU Treaty, revised on 29<sup>th</sup> January, 2003.<sup>23</sup> These treaties provide guidelines and objectives (for the promotion and development of ICT) which states can utilize when seeking the convergence of standards and regulations as well as the harmonisation of their justice and legal systems.<sup>24</sup>

ECOWAS has put in place a process for harmonisation of cyber laws in its member countries. Its objective is not only to provide a harmonised legal framework to promote

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<sup>18</sup> *ibid*

<sup>19</sup> *ibid*

<sup>20</sup> Harmonizing Cyber Laws and Regulations, the Experience of the EAC

<sup>21</sup> Review of e-commerce legislation harmonization in ECOWAS.

<sup>22</sup> Article 2 of the Revised Treaty of the Economic Community of West African States (ECOWAS)

<sup>23</sup> Review of e-commerce legislation, *ibid*.

<sup>24</sup> *ibid*

the development of electronic transactions, but also to foster the ability of enterprises in the member countries to compete in the digital economy.<sup>25</sup>

ECOWAS created the Western African Telecommunications Regulators (WATRA) to support it in its implementation programme. WATRA was created with the following principal objectives:

- seek the development and harmonisation of regulations for service providers and for pricing of telecommunications services within the countries of the sub-region
- contribute to the development of policies to enhance universal access and telecommunication penetration in rural and underserved areas in the sub-region
- seek the creation of harmonised service standards in the sub-region and the adoption of harmonised technical and quality standards on applications and telecommunications in the sub-region<sup>26</sup>

In addition, the ECOWAS has adopted a series of Supplementary Acts referred to as the “Telecoms Package” to enable its Partner States to create a reliable national infrastructure, with the principal objective of achieving regional economic integration.<sup>27</sup> In order to establish a harmonised legal framework to regulate electronic transactions within the Partner States, the ECOWAS has developed two Supplementary Acts on e-transactions, A/SAI/01/10, an on personal data protection A/SA.1/01/10, as well as the Directive C/DIR/1/08/11 on fighting cybercrime.

## 2.7. Technical E-commerce Factors

### 2.7.1. Awareness and skills

Awareness of benefits of e-commerce to individuals and small business, poor digital and technical skills to harness technology for better productivity are prevalent in all Partner States. Internet access and use is lower than use of digital devices confirming the awareness gap. In addition, in majority of the population in Partner States use of internet remain low, greatly limiting the consumer base for e-commerce businesses in the region. Poor digital skills compound absence of trust in use of digital process to pricier goods as services and consumers lack knowledge on how to judge safety of transaction platforms as well as measures that can be taken to increase digital safety online.

At firm levels business operators are unaware of the potential of digital processes and technology in enhancing productivity. Lack of financial resources to access technological services and hardware solutions further compound effects of low awareness. Where, businesses are bale to midget these challenges, they still face the challenge a qualified workforce resulting in high training costs.

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<sup>25</sup> ibid

<sup>26</sup> ibid

<sup>27</sup> ibid

### 2.7.2. Payment services<sup>28</sup>

E-commerce takes place using a number of payment services. Traditionally, it has relied on cash on delivery (CoD). This enables payment to be delayed until purchased goods can be examined and is used when merchants may not be known or trusted. Nevertheless, as consumers increasingly adopt bank accounts, accounts at other financial institutions and mobile payment services, and as their trust in e-commerce grows, e-commerce merchants need to ensure that they can receive common types of electronic payment. Acceptance of electronic payments reduces cash handling, allows for automatic transaction handling and enables bigger purchases to be made.

Given the number of banks, financial institutions and mobile operators in each Partner State, there is a need to ensure interoperability between all such services to allow any merchant to accept payment from a wide range of services through a single merchant account. This requirement arises for traditional merchants as well as for e-commerce merchants.

Much work has already been carried out in the EAC to establish such interoperability at a national and at a regional level.

The Financial Sector Development and Regionalization Project (FSDRP) that has been conducted under the auspices of the World Bank since 2013. One of the outcomes of this project is financial switching between retail banks and mobile payment services provided by mobile operators at a national level. This national switching will be followed by switching at an EAC regional level. This project has extended development in national switching from Rwanda alone to Kenya, Uganda, Tanzania and Burundi. South Sudan is currently setting up its payment systems and law with support from Burundi. Overall, interoperability at a national level is under development within the EAC, and at a regional level an action plan for interconnection of national switches has been formulated. Nevertheless, interoperability of payment services across national borders has yet to be completed. Nevertheless, there are many other barriers to cross-border payments to be overcome including financial regulation, tax regimes, Know Your Customer regulations which are different in each member state, consumer complaint handling, infrastructure limitations which add to transaction costs, and exchange rate fluctuations. Trust in cross-border payments is also a barrier.

This strategy will also take account of:

- The East Africa Payment System (EAPS). This provides Interconnection services for banks within the EAC to reduce bank transaction time and cost.
- The EAC Payment and Settlement Systems Integration Project (EAC-PSSIP) which is intended to support:
  - Integration of financial market infrastructure

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<sup>28</sup> A Comprehensive Assessment of the Cross-Border e-Commerce Ecosystem in the East Africa Community (EAC), pp 54-55

- Harmonisation of supporting legal, regulatory, policy and oversight arrangements
- Capacity building

### **2.7.3. Postal and logistics services**

Postal authorities across the region have suffered poor reputation and public image owing to inefficiencies service provision. They have lagged in embracing modern technologies and work force capabilities and this has limited their ability to engage in e-commerce activities<sup>29</sup>. In both Rwanda and Tanzania efforts to modernise and create a role for the authorities have had mixed results, so far<sup>30</sup>. In general, the role of logistics and delivery service provision remains in the hands of a few platform-based service providers and indigenous small service providers.

In Kenya new approaches for delivery services are emerging. Notable is the role being played by the public transport association where dedicated vehicles provide delivery services across towns and using SMS services to inform consumers where their parcel is during transit. This approach is helping lower costs of delivery services. Also notable is the model adopted by Copia Limited, a household goods e-commerce platform which partners with small businesses in small towns and village centres. This arrangement enables them to leverage on small traders' familiarity with local communities and build trust and reliability in their delivery services.

Main challenges affecting logistics and delivery services include, high costs of services, low awareness of consumer rights absence and poor enforcement of consumer protection regulations. Poor and unethical business practices by some operators have resulted in low trust of traders and service providers.

### **2.7.4. ICT infrastructure and services**

This strategy assumes the implementation of the EAC Model ICT policy framework which is intended to harmonise action across Partner States through common projects and programmes to develop ICT.

ICT infrastructure is essential to e-commerce. Access from consumers, micro and small businesses is reliant on the availability of mobile devices and affordable mobile broadband services. Larger businesses and the e-commerce IT platform providers are reliant on fixed national and international telecommunications services and IT hosting services to enable them to buy and sell online. While e-commerce platforms are available internationally, regional hosting services provide opportunities for high value-added business activity and reduce reliance on international communications.

3G/4G network coverage has reached over 90% of the population across the EAC Partner States and the focus has therefore turned to affordability. At an EAC level, the One Area Network concept has addressed interoperability and affordability of voice and

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<sup>29</sup>Trade Mark East Africa (2021) A comprehensive assessment of the cross-boarder e-commerce ecosystem in the East African Community; UNCTAD (2020) Tanzania eTrade readiness assessment; UNCTAD (2018) Uganda eTrade readiness assessment;

<sup>30</sup> Trade Mark East Africa (2021) A comprehensive assessment of the cross-boarder e-commerce ecosystem in the East African Community



data calls when roaming in the EAC. This concept has been adopted in the Northern Corridor states but has yet to be adopted by Tanzania and Burundi.

Interoperability between different operator networks, nationally and regionally, has been improved through the implementation of the East African Internet Exchange Point (EAXIP) with the support of the East Africa internet governance forum.

Nevertheless, issues remain including:

- The need for harmonised cybersecurity, privacy and data protection
- Cost of building out mobile networks in rural areas in particular
- The high cost of content development which prevents small scale traders from participating in online marketplaces due to limited knowledge and skills.
- The need for more affordable hosting of online marketplaces and other e-commerce businesses through national and regional datacentres

## 2.8. Emerging Issues

### 2.8.1. The Covid-19 pandemic

The Covid-19 pandemic has affected e-commerce both positively and negatively. Looking forward, it is likely that the pandemic will continue to have effect in the early years of the e-commerce strategy across the world but notably in East Africa. The last year has seen a succession of Covid-19 variants arising some with greater transmissibility and some able to succeed against vaccination. At the same time, vaccination programmes in Europe, North America and China are progressing well. Programmes in Africa are however lagging due mainly to a lack of available vaccine doses. Nevertheless, UNICEF has reported that the COVAX Facility has 2 billion vaccine doses and 1 billion syringes available for delivery by end of 2021.<sup>31</sup> These numbers suggest that full vaccination covering the 190 countries supported will take several years. The time taken to roll out vaccines and the development of more virulent variants suggests that the pandemic and its impact will continue. Therefore, this strategy takes account of the pandemic and its effects.

Negative effects include<sup>32</sup>:

- Loss of imports and exports by value and volume. There has been disruption of passenger flights used to carry horticultural products from East Africa.
- Disruption to supply chains for online retailers

Positive effects include<sup>33</sup>:

- Increased use of e-commerce because people are staying at home and away from shops due to social distancing; shops have moved their business online:

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<sup>31</sup> "COVAX: ensuring global equitable access to COVID-19 vaccines", UNICEF, <https://www.unicef.org/supply/covax-ensuring-global-equitable-access-covid-19-vaccines>, accessed 14<sup>th</sup> June 2021

<sup>32</sup> A Comprehensive Assessment of the Cross-Border e-Commerce Ecosystem in the East Africa Community (EAC), p171

<sup>33</sup> *ibid*

- Growth in postal and third-party logistics
- Increased use of digital financial services
- Recognition of the importance of e-commerce amongst policy makers leading to decreased fees for payment services, developments in the e-commerce and regulatory framework

### 2.8.2. Technological advances

E-commerce will benefit from continuing advances in technology. All elements of the strategy, particularly the regulatory framework, are to be “future proofed”; strategy elements will acknowledge and be adaptable to the introduction of new technology.

Such changes may include<sup>34</sup>:

- The use of drones for delivering small packages. Drones are being used for the delivery of emergency life-saving medical supplies in Rwanda, demonstrating the possibility of using them for last mile delivery of small packages in East Africa
- New user identification technologies

### 2.8.3. The Climate Emergency

In December 2020, The United Nations Secretary General asked the world’s governments to declare a climate emergency in their countries until carbon neutrality is reached in recognition of both the urgency and the threats to the environment, humanity and the economy.

The implementation of all measures in this Strategy will take account of this declaration.

## 3 Strategic Vision, Mission and Goals

This part of the strategy defines its vision, mission and overarching goals. The vision describes what is expected to be the overall outcome of the strategy. It is EAC-wide, focusing on those measures that apply at a regional level, although it takes account of national e-commerce enabling programmes. The strategic mission expresses what the strategy is intended to achieve. This is further characterised by six strategic goals. The goals have measurable outcomes with related key performance indicators.

### 3.1. Vision

This e-commerce strategy takes as its context the agreed vision for the EAC in 2050. That vision is “an upper-middle income region within a secure and politically united East Africa based on principles of inclusiveness and accountability.”<sup>35</sup> That vision is to be established through a mission “to widen and deepen economic, political, social and cultural integration in order to improve the quality of life of the people of East Africa”<sup>36</sup>. This mission is being achieved through a series of 5-year strategic development

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<sup>34</sup> ibid

<sup>35</sup> East African Community Vision 2050 p35

<sup>36</sup> ibid

strategies. The current strategy, 2021/22 - 2025/26, aims “to transform the EAC into a stable, competitive and sustainable lower-middle income region by 2030”<sup>37</sup> while recognising the impact of the pandemic on economic and social sectors. Therefore, the development strategy has adopted measures to mitigate the short- and medium-term negative impact of the pandemic, support and strengthen economic fundamentals for sustainable recovery and growth of trade and investment, and to facilitate harmonised implementation of priority activities aimed at promoting economic recovery and future prosperity.<sup>38</sup>

This strategy builds on the aims of the development strategy 2021/22 - 2025/26, focusing on action that may be taken at an EAC level to promote e-commerce. These actions will ultimately lead to increased use of e-commerce by individuals and businesses across the EAC.

Therefore, the vision of this strategy is:

*Inclusive use of e-commerce by consumers, businesses and the public sector through digitally-enabled businesses within the EAC.*

The inclusive nature of this vision echoes the EAC principles. Therefore, the vision is one that applies to all groups including marginalized groups such as women, youth, and those in rural areas. The focus on businesses within the EAC is intended to promote both new and expanded e-commerce businesses that are based in the EAC thereby ensuring that value is retained in the region. Some of these businesses will be focused on the needs of particular groups and others providing access to a wide-ranging selection of goods and services.

The vision applies to all kinds of e-commerce including:

- Retail trade in goods and services including media
- Wholesale trade
- Trade with government

*The overall strategic KPIs:*

- The proportion of individuals, households and businesses using e-commerce to purchase goods and services in each country with a break down by age, gender and income group
- The proportion of e-commerce purchases completed using an e-payment service (i.e. not cash on delivery)
- The proportion of businesses selling or receiving orders through e-commerce channels in each country with a break down by size
- The proportion of total turnover in businesses arising from e-commerce sales in each country

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<sup>37</sup> Sixth EAC Development Strategy 2021/22 - 2025/26

<sup>38</sup> *ibid*

- The amount in value of e-commerce undertaken between EAC Partner States

### 3.2. Strategic Mission

The purpose of this strategy is to enable e-commerce trading within and between EAC Partner States through:

- E-commerce law and regulation harmonised across EAC Partner States
- A cyber-secure environment for safe and secure e-commerce transactions
- Trade agreements, customs systems and processes that enable cross border e-commerce with the minimum of delay and administration cost
- Harmonised and interoperable ICT and payment services that enable e-commerce to operate in a single EAC market
- Transport and logistics systems that ensure goods may be delivered efficiently to and from ports on the Indian Ocean and within the EAC

The intended outcome of the strategy is increased economic activity and value across all sectors of the economy from the development of more effective regional supply chains. This increased economic activity will provide additional higher value jobs and job creation more generally. Individuals will be able to benefit from the higher value jobs as a result of the the human capacity development measures in the strategy.

### 3.3. Strategic Goals

*Strategic goal 1: An enabling legal and regulatory environment for e-commerce which is open, transparent, and harmonised across EAC Partner States that protects all parties in e-commerce transactions and acts as a building block to deliver trust in it.*

An e-commerce legal framework harmonised across EAC Partner States is the foundation for:

- An e-commerce sector covering all Partner States in which e-commerce businesses can offer services without national barriers. The legal framework will therefore create a market larger than any individual country market and will create economies of scale for e-commerce businesses.
- Trust and confidence in e-commerce services amongst consumers and businesses
- The means by which law enforcement agencies and other regulators regulate e-commerce

The legal framework needs to cover:

- E-transactions
- Data protection and privacy
- Cybercrime
- Consumer protection
- Electronic payments
- Intellectual property for digital information and media

The legal framework needs to be harmonised across Partner States and with law and regulation being developed by the African Union. In addition, it should take account of the law and regulation in other trading blocs and major trading partner countries to enable use of e-commerce for pan-African and global trade.

*Strategic goal 2: Digital trade facilitation measures and customs facilities enable e-commerce packages to transit borders with the minimum of delay and administration within the EAC and with other trading blocs and nations.*

A single East African e-commerce market will need harmonised customs regulations, facilities, IT and processes that minimise trade administration between Partner States and also for trade between Partner States and the rest of the world. The trade facilitation environment will need to be streamlined overall and at each customs post. Many of the measures related to this goal will affect both e-commerce related trade and other trade. Nevertheless, the measures focus on the needs of e-commerce and particularly the need to minimise the administration associated with high volumes of small packages that result from international e-commerce. Such administration can overwhelm exporters, importers and customs departments, and can lead to long delays at customs posts unless it is minimised.

The result of such measures will be to enable the harmonised single market for e-commerce and hence they complement harmonised law and regulation.

*Strategic goal 3: Universal access to e-commerce enabled markets by all EAC consumers and businesses acting as buyers and sellers.*

For universal access to e-commerce, consumers and businesses must have the necessary digital devices, affordable broadband telecommunications services and internet access, and e-payment services. However, universal access is also reliant on the presence of a wide variety of e-commerce merchants covering key products and services. E-commerce merchants will need e-commerce IT applications and application services hosted in datacentres. They will also need merchant accounts at banks. Finally, they will need logistics and fulfilment services. Therefore, attainment of this goal is reliant on a wide range of enabling facilities, technologies and services.

These enabling facilities, technologies and services will need to be available across the EAC, with access to e-commerce merchants in one Partner State from another to meet this strategic goal.

The goal is also concerned with particular groups of consumers who are often marginalised in their access to e-commerce and other technology-based services. Therefore, the measures in this strategy also address the specific requirements of those groups and particularly women, youth and those in rural areas. These groups often require goods and services related to their specific circumstances. Therefore, the strategy includes the development of e-marketplaces for such products where they are not currently available.

*Strategic goal 4: Individuals and businesses have the human capacity and skills to use e-commerce services.*

The use of e-commerce will require the population as a whole to be familiar with e-commerce: what can be bought or sold through e-commerce, the process of buying goods or services, paying for them and in having them delivered. People will need also to understand the benefits and potential risks associated with e-commerce so that they may use it effectively.

E-commerce merchants will need additional expertise. They will need basic IT skills sufficient to implement e-commerce in their businesses. They will need skills in digital marketing including in how to present products in a catalogue as well as how to advertise online. They will also need expertise in payment services, logistics and fulfilment services so that they can make effective use of them.

The need for awareness and skills training goes beyond that of buyers and sellers. Those in the banking sector and in postal services and logistics will also need to understand their role in e-commerce and how their businesses and organisations can benefit from providing relevant services, and how they are affected in other ways.

Finally, law enforcement, the judiciary and government officials will need to understand e-commerce so that they may extend their work to include it.

*Strategic goal 5: Regional postal, logistics and transport infrastructure support the collection and delivery of e-commerce packages within the EAC and delivery to the rest of the world.*

Postal, logistics and transport infrastructure need to be able to process large volumes of small packages and be able to deliver them across borders between Partner States and in rural areas as well as urban areas.

Attainment of this goal will require:

- Universal street addressing. The convenience provided by e-commerce is reliant on delivery to individual homes and businesses. That requires every building to have a street address preferably recorded on digital maps that enable automated route planning for delivery drivers.
- Express parcel services that cover rural areas as well as urban areas. There will need to be a progressive extension of rapid parcel delivery services and courier services into rural areas.
- Parcel tracking and tracing services. These will enable people to track deliveries, important for convenience.
- Delivery from Indian Ocean and Congo River ports to all Partner States. Regional road and rail networks need to be delivered. Pinch points in the road network need to be eliminated. The rail networks need to be completed to ensure rapid transit particularly to Uganda, Burundi and Rwanda. Improvement in the road network and completion of rail networks will significantly reduce transit times from port to destination thereby reducing costs and improving performance.

*Strategic goal 6: Individuals and businesses can place orders, make payments and manage delivery online in any country in the EAC regardless of the telecommunications network and payment service to which they subscribe.*

Telecommunications networks and electronic payment services are generally affordable and interoperate within national boundaries and across borders within the EAC. As a consequence, customers and e-merchants may transact using e-commerce irrespective of the country they are in and the telecommunications networks and payment services they use.

## **4 Programme of Measures**

The measures in this strategy are intended to support the attainment of the strategic goals listed above. The measures are listed under the following pillars:

Pillar 1: Establish an enabling legal and regulatory environment

Pillar 2: Improve digital trade facilitation and logistics

Pillar 3: Improve market access conditions

Pillar 4: Enhance human resource development

Pillar 5: Establish an enabling e-commerce auxiliary environment covering IT and telecommunications, payment services, postal, logistics and transport services

Pillar 6: Institutional development

#### **4.1. Pillar 1: Establish an Enabling Legal and Regulatory Environment**

The policy and regulatory framework constitutes the environment within which e-commerce can thrive or fail. The growth of online platforms has led to rising numbers of small packages sold across borders. This is giving rise to a range of issues for policy makers ranging from physical management of parcel trade, through the implications for risks management (counterfeits goods or biosecurity standards) and revenue implications in relation to collection of taxes and tariffs. Consequently, an enabling policy, legal and regulatory environment plays an important role in the development of e-commerce.

The current e-commerce legal environment can be termed as business unusual. In some areas, governments are making tremendous efforts to create enabling environments through adoption of ICT specific legislations including aspects of Electronic Transactions (Uganda and Tanzania), Data Protection (Kenya and Uganda), and cyber security (Kenya, Rwanda and Tanzania), liberalization of markets and supporting innovation.

In other areas, the e-commerce pipeline is characterized by bottlenecks that cripple progress in e-commerce. These are the extremes that require immediate intervention. They include aspects of policy, legislative and regulatory gaps (under regulation, inadequate enforcement, abuse of legislative power (over regulation) spanning among other things, consumer protection, data protection, cybercrime, marketplace management, payment management, deliveries, logistics, unfair competition and taxation).

Therefore, at the marketplace, a war is brewing. Traditional marketplaces are constantly under the threat of emerging markets/entrants. Amidst the brawl, the regulators are tasked to mediate emergent issues without prior notice, often in the form of novel regulatory concerns such as registration, licensing and taxation.

Adoption of e-commerce is growing and the Covid-19 pandemic has brought a sense of urgency concerning the adoption of electronic means of operation to policy makers, regulators and business.

The priorities for establishing an enabling a e-commerce legal and regulatory environment in the EAC are:

Priority 1.1: Develop, harmonise and implement e-commerce policy, legislation and regulation at both national and regional levels

Priority 1.2: Formulate, enact and enforce online security laws and data protection laws

Priority 1.3: Establish a harmonised regulatory regime for payment systems across the EAC

These priorities are described further in the following sections.

Completion of the actions within these priority areas will bring about increased openness, transparency and trust in e-commerce by providing a basis in law and regulation and through the strengthening of the institutions tasked with handling e-commerce issues effectively.

#### 4.1.1. Pillar 1.1 Policy, legislation and regulation

Generally, e-commerce within the EAC region is not effectively regulated. An effective legal and regulatory framework ensures an orderly functioning of any sector of an economy. Regulatory and policy space varies across the Partner States with different levels of development. Growth in cross-border e-commerce is hindered by non-harmonised tax regimes. There is cross-sectoral and sectoral disparity in taxation. e.g. the tax burden imposed on telecommunication operator when compared to other sectors and operators in the digital eco-system such as digital advertisers and social networks are not the same. Fairness within the digital eco-system regimes should be balanced to ensure that firms within the telecommunications sector are treated equitably in terms of proportionate obligations.

Protection of consumer buying and selling rights on the internet is a major concern for e-commerce participants. As a result of the inadequate consumer protection, online platform users face the following challenges during online purchase:

- a) online fraud
- b) poor quality goods
- c) privacy breaches
- d) delayed delivery
- e) unsuitable collections points
- f) processing of wrong orders
- g) hidden charges etc.

The validity of digitally signed contracts is also a concern. It is important therefore that digital signature law is developed so that businesses and individuals may have a digital identity and so that electronic contracts may be established in law.

The ownership and protection of intellectual property will also be covered under this priority.

No.	Measure
	Priority 1.1: Develop, harmonise and implement e-commerce policy, legislation and regulation at both national and regional levels <sup>39</sup>
1.1.1	Develop national e-commerce policies and strategies in EAC Partner States
1.1.2	Develop, amend and enact e-commerce related laws and regulations ensuring that they are harmonised across the EAC
1.1.3	Ensure an equitable tax environment to support the growth of e-commerce

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<sup>39</sup> See [https://unctad.org/webflyer/harmonizing-cyberlaws-and-regulations-experience-east-african-community\\_and UNCITRAL Model Laws](https://unctad.org/webflyer/harmonizing-cyberlaws-and-regulations-experience-east-african-community_and UNCITRAL Model Laws)



No.	Measure
1.1.4	Develop national and regional guidelines to support e-commerce

### **Measure 1.1.1 Develop national e-commerce policies and strategies in EAC Partner States**

Each Partner State will conduct its own e-commerce readiness assessment and develop its own e-commerce policy and strategy in accordance with the regional strategy and in addition can determine and action what additional national measures are needed.

The outcome will be for each Partner State to have its own national strategy to address national issues arising from the regional strategy and any additional national issues.

Stakeholders: Ministries of Trade, Development Partners, EACS

### **Measure 1.1.2 Develop, amend and enact e-commerce related laws and regulations ensuring that they are harmonised across the EAC**

Each Partner State will develop or if already enacted, amend and enact e-commerce related law and regulation in a manner that harmonises law and regulation across the EAC and also with other trade blocs. Harmonisation is important for cross-border trading; traders in any country need to work under similar law and regulation wherever they trade within the EAC.

In addition, it is important that best practice is adopted. Therefore, law and regulation will adopt CFTA initiatives and incorporate international best practice as identified by organisations such as UNCTAD.

The scope of the law covered under this measure includes:

- Consumer protection
- Digital identity
- Electronic signatures and contracts
- Financial regulation including electronic transactions and the introduction of digital finance and other digital financial services
- Intellectual property
- Emerging delivery methods such as drones, OTTs, Fintechs and Fin-lending

The outcome with respect to e-commerce will be effective consumer protection and digital rights when using online marketplaces with safe and secure payment services. This outcome will increase trust in e-commerce. For e-commerce merchants, payment services and digital identities will facilitate trust in their trading partners when transacting online.

Stakeholders: EACS, Ministries of Trade, Ministries of Finance, Central Banks, Attorneys General, Directorate of Public Prosecution, legal professionals, academia, Law Reform Commissions and Legislative Assemblies

### **Measure 1.1.3 Ensure an equitable tax environment to support the growth of e-commerce**

National governments often impose additional taxes, licence fees and levies on the telecommunications and IT sectors that can have the effect of constraining their development. This is particularly important for the roll out of telecommunications services

into rural areas, where the high cost of providing service and the lower revenue opportunities combined with such taxes can make service provision uneconomic.

The purpose of this measure is to ensure that government levies on the digital sectors do not have this constraining effect.

Law on taxation will be amended under this measure to remove such effects.

Stakeholders: Ministries of Trade, Ministries of Finance, and Revenue Authorities

#### **Measure 1.1.4 Develop national and regional guidelines to support e-commerce**

Having developed each element in the body of e-commerce law, national governments and the EAC Secretariat will develop and publish guidelines to support the use of e-commerce and in particular to explain e-commerce law.

The EAC Secretariat will develop proforma material for use by individual Member States, ensuring that the guidelines are simple, facilitate e-commerce both at the national level and at the EAC level and that their scope include targeting small scale traders / players in the e-commerce space.

Stakeholders: EAC Secretariat, Ministries of Trade, Ministries of Finance, Central Banks, and Development Partners

#### **4.1.2. Pillar 1.2 Online security and data protection**

Online security and data protection are major concerns to e-commerce users and a hindrance towards entrenching a culture of trust. Weak and non-existent policies pose a challenge to e-commerce.

In the framework of e-commerce a vast amount of data is exchanged across networks and between the transacting parties. This calls for privacy, data protection and online security as data flows are utilized for various socio-economic purposes. In this regard, localisation of data and sovereignty issues arise, hence the need to harmonise policies, laws and regulations regarding data and information across the EAC. Harmonisation of policies, laws and regulations will facilitate cross border trade. It will be important also that IT systems used in e-commerce provide defences against hacking and other illegal activity.

Measures associated with these strategic priorities are listed in the table below:

No.	Measure
Priority 1.2: Formulate, enact and enforce online security and data protection laws	
1.2.1	Update and adopt cyber security and data protection laws in each Partner State and at a regional level
1.2.2	Implement cyber security and data protection law in each EAC Partner State and at a regional level
1.2.3	Facilitate enforcement of technology-oriented e-commerce legislation nationally and regionally

### **Measure 1.2.1 Update and adopt cyber security and data protection laws in each Partner State and at a regional level**

Under this measure, the EAC will enact and each Partner State will adopt best practice and, in particular, ratify the Malabo Convention (African Union)<sup>40</sup> on Cyber Security and Personal Data Protection<sup>41</sup> and adopt the UNCTAD Cyberlaw Framework.

Once adopted, this law will create a regional zone with unrestricted data flows, transferability and protection thereby harmonising regimes for transferability of data across Partner States.

The cybersecurity and data protection law and regulation adopted by other trading nations and trade blocs including the European Union will also be taken into account. In particular, the requirements arising from the EU General Data Protection Regulation (GDPR) will be taken into account thereby enabling personal data of European citizens and residents to be held within the East African Community by e-commerce merchants.

Stakeholders: EACS, Ministries of ICT, National Law Reform Commissions and National Telecommunications Regulatory Authorities

### **Measure 1.2.2 Implement cyber security and data protection law in each EAC Partner State and at a regional level**

Cybersecurity and data protection law will inevitably require new agencies to be set up in each Partner State and at an EAC level. They will be set up under this measure.

Stakeholders: Ministries of ICT, National Law Reform Commissions and National Telecommunications Regulatory Authorities

### **Measure 1.2.3 Facilitate enforcement of technology-oriented e-commerce legislation nationally and regionally**

Much e-commerce and digital economy specific legislation requires enforcement infrastructure, technical hardware and expertise that has not been present in the past. This is particularly so for addressing violations in intellectual property, cyber-crime, privacy and data protection as well as fraudulent transactions. This measure will enable agencies responsible for implementation of such law to acquire the necessary technology to enforce law and regulation in these areas. This measure will identify technology-oriented security measures whose adoption may be mandated in law and regulation, and propose such law to be adopted on a regional and national basis.

Stakeholders: Law enforcement agencies, Customs Authorities, Prosecution as well as Judiciary Personnel, National Standards Bureaux

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<sup>40</sup> Rwanda has already ratified the Malabo Convention

<sup>41</sup> Rwanda ratified the African Union's Malabo treaty on Cyber Security and Personal Data Protection in 2019

### 4.1.3. Pillar 1.3 Payment Systems Regulation

Digital payment systems are important facilitators of both international and domestic e-commerce. Digital payment mechanisms make it easier for online traders to make and receive payments. A number of digital payment mechanisms such as digital and credit cards and mobile money are gaining traction for domestic e-commerce transactions.

Successful employment of digital payment systems however requires appropriate regulatory environments and cooperation between governments and banks, both domestically and internationally. International commerce requires interoperable payment systems between currencies and banking systems.

A factor inhibiting adoption of digital payment is trust amongst consumers. Anxiety about fraud inhibits online payments. Consumers are concerned that their online transactions will be secure, the goods purchased will be delivered and their data will not be misused. Cyber security in particular is crucial to enabling trust in and greater uptake and use of digital payments.

No.	Measure
Priority 1.3: Establish a harmonised regulatory regime for payment systems across the EAC	
1.3.1	Establish policy and regulatory regimes that support innovation in mobile payments
1.3.2	Enable interoperability of mobile payment and money transfer services
1.3.3	Harmonise transaction cost of payment services across EAC Partner States to make e-commerce affordable
1.3.4	Develop guidelines for mobile money payments interoperability across the EAC

#### **Measure 1.3.1 Establish policy and regulatory regimes that support innovation in mobile payments**

Each Partner State will establish policy and regulation to cover mobile payments and other forms of electronic payments.

Stakeholders: EACS, Ministries in charge of EAC affairs, and Ministries of Finance, Central Banks and National Telecommunications Regulatory Authorities

#### **Measure 1.3.2 Enable interoperability of mobile payment and money transfer services**

In general, there is a requirement for national interoperation between mobile money transfer services themselves and between such services and traditional banking services. On a regional basis, there is a similar requirement for interoperation between money transfer services between EAC Partner States and other countries in Africa and other continents. The absence of interoperability is a limit on their use and requires merchants to have access to several stand-alone services, raising merchants' costs and leading to difficulties in money management.

This action is intended to increase the number of cross-border agreements between operators and between operators and banking services with a focus on those operating in EAC Partner States. Such agreements may be bilateral or multilateral. In either case, the method of transfer may be direct service to service or via a switch or aggregator enabling many-to-many money transfers. EAC in conjunction with national telecommunications regulators and central banks responsible for regulating mobile and

other money transfer services will develop a technical and procedural architecture for mobile money transfer in the region and a plan for transitioning existing mobile money services and any existing agreements to this goal architecture. EAC and the responsible regulators will then implement the transition plan in each country. The outcome will be a many-to-many money transfer service working across EAC incorporating existing and emerging mobile and other money transfer services.

Therefore, under this measure interoperability will be established between mobile payment services across the EAC irrespective of the location of the payer and the recipient of the payment or the mobile service used. This interoperability will cover the ability to make:

- Trans-border mobile payments irrespective of the originating and destination payment service, mobile or otherwise
- Mobile payments when roaming

Stakeholders: EACS, Ministries in charge of EAC affairs, and Ministries of Finance, Central Banks and National Telecommunications Regulatory Authorities

### **Measure 1.3.3 Harmonise transaction cost of payment systems across EAC Partner States to make e-commerce affordable**

Mobile payment transaction costs vary between service provider and are often high. It is anticipated that transaction costs while roaming will be particularly expensive. Therefore, under this measure, an assessment of transaction costs of payment systems will be carried out. The output from this assessment will be an estimate of the long run incremental transaction cost for on-net transactions and transactions initiated on one network and terminated on another. The output from this assessment study will then be used to harmonise transaction costs through actions including:

- A memorandum of understanding among the providers of mobile payment services
- Implementing the payments element of the One Area Data Network as a priority project for e-commerce (see Measure 5.1.1)
- Applicable regulatory measures identified in the assessment of transaction costs

Stakeholders: EACS, Ministries in charge of EAC affairs, and Ministries of Finance, Central Banks and National Telecommunications Regulatory Authorities

### **Measure 1.3.4 Develop guidelines for mobile money payments interoperability across the EAC**

Following the adoption of other measures under this priority, guidelines for financial services providers and users of financial services will be prepared specifying how to use the services and what to expect in terms of charges and quality of service.

Stakeholders: EACS, Ministries in charge of EAC affairs, and Ministries of Finance, Central Banks and National Telecommunications Regulatory Authorities

## **4.2. Pillar 2: Improve Trade Facilitation and Logistics**

A trade facilitation framework for customs, logistics, delivery and courier services interoperability of customs clearance systems, electronic transfer of data and data protection is necessary for intra-regional e-commerce to grow. E-commerce is dependent on support services that support end-to-end logistical operations. Key among these include availability of technology-based fulfilment centres, warehouses, a reliable logistics, courier and postal delivery network as well as last mile delivery services.

Logistics and courier networks are needed to move goods from manufacturers and e-commerce operators to the consumers across borders.

Customs systems need to be able to inspect and clear large volumes of parcels and consignments quickly and efficiently and collect trade data that can be used to guide policy and regulation initiatives.

A vast majority of businesses in the economy are informal making digitised business processes unattainable. To promote paperless trade and greater economic productivity of firms in e-commerce, Partner States' need to implement measures that promote awareness of e-commerce benefits, promote digital skills, increase affordability of hardware, software and technology services. This will enable more medium and small firms to adopt technology driven business processes and households to own computers and smart devices making e-commerce viable in the region.

The priorities under Pillar 2 are:

- Priority 2.1 Harmonise and strengthen e-commerce and trade related standards
- Priority 2.2 Streamline, harmonise and implement customs procedures to support regional and international import and export of goods and services
- Priority 2.3 Enable logistics services to fulfil the requirements of the e-commerce sector in handling small packages with rapid delivery to individual premises

#### **4.2.1. Priority 2.1 Harmonise and strengthen e-commerce and trade related standards**

Public sector stakeholders play a key role in building an enabling environment in terms of legal frameworks as well as building capacity and enforcing e-commerce regulations. One such key stakeholder is the standards bodies in EAC. Standard bodies ensure goods meet specified quality standards. In addition, they play a lead role in harmonisation of standards within the region. Despite the transformation resulting from e-commerce trade, there are a few barriers stifling the growth of e-commerce. For instance, trade in fake or counterfeit goods and insufficient inter-agency communication. Consumers require assurance that the goods they purchase across borders will be of merchantable quality. Harmonisation of standards will lead to elimination of barriers to trade.

Once such harmonisation has been developed, it will be possible to adopt new and more automated means of clearing goods at customs posts. In addition, trusted trade regimes, which enable pre-clearance and other approaches that rely on the trader to operate in a trustworthy manner will further improve throughput at customs posts particularly of e-commerce packages.

No.	Measure
Priority 2.1: Harmonise and strengthen e-commerce and trade related standards	
2.1.1	Regularly harmonise standards across the EAC
2.1.2	Strengthen surveillance and enforcement of quality standards to protect consumers
2.1.3	Implement pre-arrival clearance of goods
2.1.4	Implement digital inspection where feasible
2.1.5	Create linkages between e-commerce platforms and customs systems to improve efficiency and validate information

### **Measure 2.1.1 Regularly harmonise standards across the EAC**

Standards for goods and services will be harmonised across the EAC thereby enabling trade between countries including e-commerce trade. Harmonisation of trade procedures and standards across partner states will also help eliminate Non-Tariff Barriers (NTBs). Such harmonisation is particularly important for e-commerce due to the large volume of individual items. The volume and variety in e-commerce consignments leads to extraordinary effort by Customs Authorities in determining whether goods may be imported and if so in what category. By adopting harmonised standards, goods approved in accordance with standards in one partner state can readily be exported to another. A regional standards body will help strengthen capacities of national bodies to implement standards relevant for cross border trade, particularly those for exchange of advance electronic data and mutual recognition of standard marks.

Stakeholders: EACS, National Standards Bureaux, Customs Authorities

### **Measure 2.1.2 Strengthen surveillance and enforcement of quality standards to protect consumers**

Surveillance is needed in e-commerce and traditional wholesale and retail premises by Customs Authorities at port of entry and at customs posts on land borders. Strengthening is required due to the volume and variety arising from e-commerce shipments, and will entail adoption of inspection technologies, data analytics and integration of logistics firms to consolidate information of goods and facilitate effective risk management. Such surveillance requires clear specifications of marks, lists and other means of identifying what goods may be traded as well as mutual recognition arrangements. National standards bureaux and Customs Authorities will need to maintain reference material and ensure that it is distributed to all enforcing organisations and staff. Staff need to be trained in the use of the reference material.

Stakeholders: Ministries of Trade, National Standards Bureaux, Customs Authorities

### **Measure 2.1.3 Implement pre-arrival clearance of goods**

Customs authorities in all Partner States will develop pre-arrival systems and processes including lists of trusted importers and carriers and the ability to receive and process bills of lading and other documentation electronically so that it may be sent and processed in advance of the arrival of goods at a customs post. This will be achieved through standardised frameworks for advance electronic data, standardisation of documents, inspection processes and risk management techniques across partner states.

Stakeholders: EACS, Ministries of Trade, Customs Authorities

### **Measure 2.1.4 Implement digital inspection where feasible**

Where feasible, digital inspection of goods will be carried out. Customs authorities will develop processes and provide systems for such digital inspection at all customs posts.

Such digital inspection will entail the use of technology for the release and clearance of goods. Technologies including RFID, non-intrusive scanners (X ray scanners, radiation portals etc) and software such as Blockchain, AI and IoT can be adopted to facilitate rapid and efficient clearance and release of high volumes of small parcels resulting for cross border e-commerce. Adoption of technologies and risk control techniques will help combat illicit trade arriving through e-commerce shipments and thereby enhancing safety and security of e-commerce.

Partner states will put plans in place for adjustments of border posts to be automated using such technologies.

Stakeholders: EACS, Ministries of Trade, Customs Authorities, National Standards Bureaux

**Measure 2.1.5 Create linkages between e-commerce platforms and customs systems to improve efficiency and validate information**

Linkages between e-merchants’ systems, courier and other carriers and customs administration can provide the information necessary for rapid customs clearance and pre-clearance. Linkages between Customs Authorities and logistics service providers and e-merchant systems will be developed so that goods purchased through a merchant’s platform may be pre-cleared at a customs post.

Stakeholders: Ministries of Trade, Customs Authorities, e-commerce platform providers

**4.2.2. Streamlining customs operations**

While Priority 2.1 is concerned with harmonisation of standards and the implementation of processes for clearance and pre-clearance of goods at customs posts, Priority 2.2 aims to streamline, harmonise and implement customs procedures to support regional and international import and export of goods and services in other ways.

While such procedures are of a general basis, those applicable to e-commerce are the focus here. These include the ability to move a very large number of small packages of varying value across borders with the minimum of delay. To do this, Customs Authorities typically implement a number of measures:

- Harmonisation of trade policies to minimize the need for customs intervention in trade between Community countries and to ensure longer term compatibility and interoperability
- Single window systems
- Interoperability between customs systems of trading nations, particularly those in communities such as the EAC; such interoperability is reliant on harmonisation of customs procedures across such Communities. Partner states can aim to leverage on work being done by WCO and Asycuda on customs systems integration.
- Processes for low value packages

No.	Measure
Priority 2.2 Streamline, harmonise and implement customs procedures to support regional and international import and export of goods and services	
2.2.1	Improvements to trade policies to enhance trade
2.2.2	Full implementation and acceleration of import and export procedures in all Partner States
2.2.3	Automate and inter-operationalize single window systems
2.2.4	Implement and coordinate de minimis value rules

**Measure 2.2.1 Improvements to trade policies to enhance trade**



The region has made progress in implementing trade policies to promote trade. However, full liberalisation of intra-regional trade in goods on the basis of mutually beneficial trade arrangements among the Partner States is needed to promote efficiency in production within the Community.

Domestic, cross-border and foreign investment within the region needs to be promoted through implementation of policies to improve market conditions.

These measures will promote economic development and diversification of goods and services and thereby create a strong economic basis for e-commerce and trade in general to flourish.

Stakeholders: Ministries of Trade, Private Sector Apex bodies, Business Support Organisations, Ministries of Finance, Micro Finance Institutions, EAC relevant institutions

### **Measure 2.2.2 Full implementation and acceleration of import and export procedures in all Partner States**

Economic integration measures that are already in place need to be fully implemented by Partner States and efforts made to eliminate all non-tariff barriers to trade. This includes enforcement of WTO agreements and frameworks for customs valuation of goods and clearance within the region and harmonisation of procedures across Partner States.

Full implementation of customs procedures will fully liberalise intra-regional flow of goods and services and support growth of e-commerce.

Stakeholders: EACS, Ministries of Trade, Customs Authorities, National Standards Bureaux, Trade Facilitation Agencies

### **Measure 2.2.3 Automate and inter-operationalise single window systems**

A fully automated regional single window that integrates national single window portals within the framework of harmonised legislation, standards, customs regulations and data management will make it easier to facilitate smooth passages of goods and services enabling achievement of interoperability and data exchange between Partner States.

This measure will build on the work done already in implementing national single window systems.

Stakeholders: EACS, Ministries of Trade, Customs Authorities, Revenue Authorities, Trade Facilitation Agencies

### **Measure 2.2.4 Implement and coordinate de minimis value rules**

De minimis measures have potential to ease the return of goods across Partner States as it eliminates tax encumbrances for small parcels.

Conduct careful analysis of cross border e-commerce potential to determine the impact of a de minimis threshold to be adopted for e-commerce goods and services traded in the region.

Harmonise rules for the de minimis threshold across Partner States to encourage trade from all countries. Adjust and streamline procedures for tax collection for intra-regional trade for goods beyond the threshold to ease cross boarder movement of goods and compliance.

Following harmonisation of de minimis rates across partner states, sensitisation and awareness campaigns on procedures and application will further contribute to impact on e-commerce.

Stakeholders: EACS, Ministries of Trade, Customs Authorities

### 4.2.3. Logistics services

The status of delivery services varies widely across Partner States with some countries having experience relatively modest expansion in specialisation and variety of delivery services, while others lag behind. Overall delivery services are provided by three categories of companies: multinational service providers that facilitate cross border trade, local companies delivering across major town, and those that focus on urban centre deliveries.

Providers in urban centres where e-commerce is concentrated tend to face many logistical challenges resulting in poor deliver services. Key challenges include poor road networks, lack of addressing systems and unlicensed last mile delivery services mostly by motorcycle rider deliveries. Delivery service providers offering an IT platform-based delivery service are present in two countries. In general, such service providers tend to focus on urban centres. Some specialise in e-commerce segments.

These challenges have created an environment characterised by low trust, perception of poor security due to inability to track delivery and integrity of goods, timeliness, and inefficiency. Service providers that move goods across borders tend to be too expensive for many small e-commerce operators.

This strategy provides the following measures to address identified constraints.

No.	Measure
	Priority 2.3 Enable logistics services to fulfil the requirements of the e-commerce sector in handling small packages with rapid delivery to individual premises
2.3.1	Improve delivery services through effective licensing
2.3.2	Expand the availability of affordable environmentally friendly packaging
2.3.3	Develop regional recycling facilities for packaging
2.3.4	Promote warehouse readiness at strategic locations
2.3.5	Support the digitisation of business processes in SMEs
2.3.6	Accelerate integration of logistic systems

#### Measure 2.3.1 Improve delivery services through effective licensing

Facilitate licensing and regulation of delivery and courier service providers especially those working serving last mile deliveries. A licensing approach that encourages uptake of simple digital technology options can help create a critical mass for a wider logistics and delivery services integration. Licences can define quality standards for services that may currently be missing. Support for digitisation of their services, improvement of business practices and adoption of ethical standards can address the problem of trust and poor public perception and contribute to growth of e-commerce. The regulating authorities should ensure the public is aware and has access of available redress mechanisms.

Stakeholders: Postal Regulators

### **Measure 2.3.2 Expand the availability of affordable eco-friendly packaging**

Paper based and environmentally friendly packaging remains expensive and beyond reach of many small e-commerce traders in the region. Stimulating development of a recycle-paper based packaging industry will avail materials to the e-commerce sector and enable businesses deliver safety and integrity of goods during transit. This would contribute to restoring reliability and trust of e-commerce marketplace and services. This can be achieved by partnering with companies and start-ups working in the recycling and packaging industry.

Stakeholders: Investment Authorities, Ministry of Trade, Environmental Authorities, Private sector associations

### **Measure 2.3.3 Develop regional recycling facilities for packaging**

Extensive use of e-commerce will result in a large increase in the amount of used packaging material, and particularly of paper, cardboard and plastics. The types of packaging used will be largely in the control of the original producers of the goods in question. The EAC will determine what measures are required to recycle packaging and work with international agencies to develop recycling facilities for the region. The outcome of this measure will be at least one facility capable of recycling paper, cardboard and plastics commonly used in packaging in each country.

Stakeholders: EAC Secretariat, Ministry of Trade, Environmental Authorities

### **Measure 2.3.4 Promote warehouse readiness at strategic locations**

E-commerce in the region is yet to gain the critical mass to warrant installation of large, automated warehouses. However, support in terms of knowledge, expertise, and incentives made available to logistics and e-commerce businesses would enhance their awareness, capability and readiness to set up appropriately sized warehouses, with modest automation in keeping with e-commerce market demand.

Strategic urban e-commerce nodes, manufacturing hubs and boarder points could be viable starting points for piloting such warehousing services in the region. Strategic nodes would require to be equipped with critical infrastructure for ICT, energy and transport infrastructure.

Stakeholders: Private sector bodies, East Africa Business Council, Freight Forwarding Associations, Investment Authorities, Customs Authorities

### **Measure 2.3.5 Support the digitisation of business processes in SMEs**

The logistics sector is made up of many small businesses and medium sized businesses that operate in informal settings. Partnership with business support organisations can help develop initiative to raise awareness of digital processes. E-commerce is one element in the digitisation and formalisation of many of these businesses.

Stakeholders: East Africa Business Council, EACS, Business Support Organisations

### **Measure 2.3.6 Accelerate integration of logistic systems**

The national and regional e-commerce stakeholder bodies will play a crucial role in securing acceleration of integration of logistical systems in the e-commerce market through various initiatives such as digitisation of businesses, standards and adoption of international best practices. Integration will require financial, technological and capability

resources. Support from Partner States and regional institutions will be needed to make the process a reality.

Integration measures will enable national logistical service providers to scale regionally and pave the way for the development of digital platforms systems with capabilities for real-time product tracking in transit, deliver data on delivery times, costs, and reliability of service providers.

This data can form a basis for e-commerce market to take action to improve problematic areas. Data can also help national logistical firms aspire to attain standards of leading countries and firms. For cross-border e-commerce, integration of administrative procedures and documents and data points are necessary to smooth out customs procedures.

These measures provide basis for logistics service providers to become more efficient, safe and secure, helping restore trust and perception of reliability. Streamlined scaling up of logistical operations as the market expands can be attainable.

Stakeholders: Private sector bodies, East Africa Business Council, Freight Forwarding & Logistics Associations, Ministries of Transport

### **4.3. Pillar 3: Improve Market Access Conditions**

This pillar is concerned with improving the market conditions for retailers and wholesalers that wish to go online. It is concerned with improving market access through a mix of public and private sector development.

The method by which traders go online is dependent on a number of factors:

- The maturity of their e-commerce business
- The amount of business that they expect to do online
- Their access to funds for capital investment in their businesses
- The level of ICT expertise within the trader organization
- The type of device and payment mechanism available in their customer base

Micro and small businesses are likely to start trading online using social e-commerce through Facebook or similar organizations, selling informally in return for cash on delivery.

Where customers are unlikely to have access to the internet, traders are likely to receive orders through messaging applications using USSD<sup>42</sup> codes similar to those used to top up a mobile phone although with the widespread availability of smart phones with internet access, it is likely that such applications are now becoming obsolescent.

A mapping exercise could be conducted to identify goods that can be viably sold through e-commerce and ascertain availability of supportive services. Where these elements are

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<sup>42</sup> Unstructured Supplementary Service Data

confirmed, then a government supported e-commerce platform could be set up to help bring merchants on board.

As traders expand their customer base and the range of products that they sell, they will need the facilities of an e-marketplace and ultimately set up their own e-shop using an available e-commerce application. Both the e-marketplace and e-shop application will have integrated e-payment mechanisms that the e-trader will need to join and are likely to have links to alternative fulfilment companies – the postal operator or a 3PL organization.

Larger business and government have alternative approaches to purchasing. Their purchasing is often secured through a call-off contract or framework agreement under which a purchaser will buy goods or services at agreed prices and volumes over a period of several years. Such agreements mean that individual purchases may be authorized at a low level in the purchasing organization. These can be implemented through an e-procurement system. This is a system owned by the purchasing organization and is like a private e-marketplace with just the suppliers and their products agreed with the purchasing organization. Larger organizations such as utilities and government in EAC Partner States may wish to develop such systems.

This strategy is intended to promote a variety of e-commerce business models in accordance with prevailing market conditions. All EAC Partner States already have commercial e-commerce marketplaces and retailers and wholesalers operating their own e-commerce websites. Government is also trading online. Commercial entities and government are using a variety of B2B, B2C, G2C and G2B models. This strategy is intended to promote their development as well as enabling alternative models where appropriate through new commercial ventures. It is also intended to extend the technology base of the platforms used to ensure that they meet the expectations of all users.

No.	Measure
Priority 3.1 Implement innovative online marketplaces / business models	
3.1.1	Expand the range of online business models to prospective e-traders
3.1.2	Integrate online marketplaces with mobile and electronic payment gateways
3.1.3	Facilitate and oversee the development of open e-commerce platforms accessible via mobile apps for small scale traders
3.1.4	Invest in technology and tools necessary for seamless integration with posts and other courier companies e.g., RFID tags on goods and Internet of Things (IoT)
3.1.5	Empower online marketplace providers with advanced digital skills e.g., Big data, Machine Learning and AI to optimize their operations
3.1.6	Establish suitable approaches and empower businesses to adopt multi-business operating models to enhance e-commerce

### **Measure 3.1.1 Expand the range of online business models available to prospective e-traders**

Governments of EAC Partner States will from time to time review the business models available to prospective e-traders to determine whether market conditions are being satisfied. This can be done with support of knowledgeable business support service

providers. These reviews will consider the available models in other countries and their applicability in the country concerned. Functional and technical models will be evaluated. Following such reviews, governments will consult with e-commerce service and software vendors in the Partner State and those that may wish to set up new functional and business models to determine their feasibility and to identify regulatory and other changes under government control that may promote alternative models. Government will, where feasible, make the necessary changes.

Stakeholders: EACS and Ministries of Agriculture, Trade, Industry and Finance

### **Measure 3.1.2 Integrate online marketplaces with mobile and electronic payment gateways**

In most cases, online marketplaces are already integrated with electronic payment gateways. As part of the initial review of business models available to prospective e-traders, government in each EAC Partner State will assess the ability of marketplaces and e-commerce application services to provide access via USSD codes and smartphones and will assess what range of electronic payment services are available to users. Each government will then review its assessment with the marketplace and application services vendors and encourage them where feasible to carry out the necessary integration.

Stakeholders: Marketplace and e-shop service providers

### **Measure 3.1.3 Facilitate and oversee the development of open e-commerce platforms accessible via mobile apps for small scale traders**

Where no e-commerce platforms are available for small scale traders to use with mobile applications, Government will initiate the development of national platforms. These will be provided by the private sector following government tender for such services. The platforms will be marketed by the private sector but supported by government through pump priming and other measures. Such pump priming could take the form of subsidized adoption of one or more batches of MSMEs once the platform is available, guaranteeing an income for the platform for an introductory period. Subsequently, the platform would be expected to stand by itself from transaction fees levied on the MSMEs. The platform itself would need to provide skills training, catalogue creation and marketing, and fulfilment services in addition to the provision of IT systems and access to e-payment services.

It will be important that platforms for small scale traders are trustworthy and that they meet the needs of all users including those with disabilities. Therefore, the specification of such applications will include requirements associated with cyber security and usability. Under this measure, any platforms and apps used by small scale traders developed independently of Government initiatives may be assessed against such requirements. Any such assessments and the platforms and apps developed under this initiative will be published through the digital Engagement Platform (see section 4.6.1).

Stakeholders: Marketplace and e-shop service providers, telecommunications operators

### **Measure 3.1.4 Invest in technology and tools necessary for seamless integration with posts and other courier companies e.g., RFID tags on goods and IoT**

Governments in EAC Partner States will provide training and access to the technologies needed for seamless integration with postal operator services, couriers and 3PL organizations. Government will identify the technologies required and prospective providers of those technologies, inviting them to address e-commerce stakeholders including those providing e-commerce services and those in the fulfilment and

transportation sectors. Technology providers will be invited to provide awareness and skills training to encourage adoption.

Stakeholders: Postal operators, courier services and other logistics and fulfilment companies

#### **Measure 3.1.5 Empower online marketplace providers with advanced digital skills e.g., Big data, Machine Learning and AI to optimize their operations**

Online marketplace providers are integral to e-commerce development as they provide small businesses with a digital platform for trading their goods and services. This relieves small businesses from the need to develop complex digital platform for their businesses allowing them to concentrate on their core activities. To effectively manage these platforms, marketplace providers rely on technical skills that are yet to be sufficiently available in the region. This leaves the costly role of in-house skill development to them affecting their business growth.

Human resources development initiatives by both public and private education providers and in collaboration with e-commerce ecosystem players will help identify skills needs and the appropriate methods for development and upskilling. This will ensure that the e-commerce ecosystem has the necessary technical skills to drive its growth.

Stakeholders: Marketplace and e-shop service providers

#### **Measure 3.1.6 Establish suitable approaches and empower businesses to adopt multi-business operating models to enhance e-commerce**

A good proportion of the region's business operators do not have the full awareness of the potential of e-commerce through different business models. Many of these business operators also lack access to technology hardware and software needed to digitise business operations and engage in e-commerce effectively. It will be necessary to conduct business capacity building programs to enhance knowledge in this area. In addition, it will be necessary to identify cheaper approaches to allow business operators access technology for their businesses.

This may call for a collaboration between business support organisations, business service providers, public business development agencies and possibly donors to develop e-commerce hubs where small business operators can access technical resources and business support services at affordable rates.

Stakeholders: Business Support Organisations, business service providers, public business development agencies and possibly donors

### **4.4. Pillar 4: Enhance Human Resource Development**

For e-commerce to thrive, it requires a digitised environment with wide access to digital devices, affordable internet, widespread digital skills, access to technology hardware, software, technical expertise and relevant business support services. These elements constitute the aspects of both individual and business readiness in the general population as well as at firm level.

Business operators require understanding of the potential of e-commerce and its requisite technology and associated services in order to successfully operate e-commerce ventures. In addition, in-depth understanding and knowledge of e-commerce processes and the ability to operate related technology is vital for public agencies expected to support implementation and enforcement of legislation and policy regulations.

These technical capabilities and broad access to internet services need to be backed by implementation of an e-commerce legal framework to develop environmental readiness, legitimacy and trust. The availability of digital skills and access to digital services contributes to individual readiness.

In all Partner States, poor access to digital services, low digital literacy skills and general lack of awareness of benefits of e-commerce also result in low trust in the e-commerce sector. This limits individual readiness and social acceptance of e-commerce. The absence or poor implementation of existing consumer protection laws results in little trust in operators and poor perception of postal and delivery service providers.

At firm level, poor and unethical business practices, low levels of knowledge and understanding of e-commerce opportunities deter firms from joining and succeeding in e-commerce. Business operators also tend to have risk aversion, low trust and reluctance when it comes to adopting e-commerce models. Low trust and reluctance are largely driven by poor understanding of technology options and how to apply them for greater productivity.

The measures listed below will help to enhance human resource capabilities across whole economies are necessary in order to drive a successful e-commerce industry in the region.

No.	Measure
	Priority 4.1 Conduct sensitisation of the public on e-commerce, develop a framework for promoting digital skills through the education system, business sector and public agencies mandated with policy enforcement responsibilities
4.1.1	Expand financial inclusion to move majority of the population to access digital payment options
4.1.2	Develop a framework for a digital economy ready workforce
4.1.3	Promote the use of digital economy services by improving the affordability of digital devices
4.1.4	Promote social awareness and acceptance of e-commerce and the presence of digital skills among consumers and the general population
4.1.5	Develop the e-commerce capacity of the business sector
4.1.6	Develop the human capacity of key agencies and actors in the public sector on the e-commerce ecosystem
4.1.7	Promote social awareness and acceptance among e-commerce operators and platforms
4.1.8	Promote wider adoption of business technologies
4.1.9	Develop the capacity of financial and professional services sectors in e-commerce

**Measure 4.1.1 Expand financial inclusion to move majority of the population to access digital payment options**

Digitisation of e-commerce and business processes requires that consumers and e-commerce traders are able to make payments and transact digitally. Given that large



portions of the population still lack access to financial services, a first logical step for this measure would be to expand digital financial inclusion and uptake of digital payment options.

Nevertheless, a more fundamental requirement needs to be met, and that is the provision of financial services, including digital services, in mother tongues.

Initiating partnerships with financial institutions to expand financial inclusion in Partner States and particularly mobile money would be an effective way of tackling this challenge. In some areas, access to financial services will go hand in hand with the access to mobile telecommunications services. In other areas, access to financial services will be through cooperatives, banks and other financial service providers. Measures elsewhere this strategy will enable the provision of financial services through post offices. Nevertheless, mobile money agents are perhaps more widely distributed in EAC Partner States and provide an immediate opportunity for financial inclusion.

Lack of financial inclusion arises through lack of awareness and opportunity particularly amongst marginalised groups. It also arises because of high transaction and other charges. Measures elsewhere in this strategy are aimed at reducing transaction charges and making services more affordable.

This measure is therefore intended to provide awareness and incentives to promote the use of payment options that are best suited in the regional context and tailored to the various marginalised sectors. Financial inclusion measures need to pay attention to gender disparities, and segments of older persons in rural areas.

Stakeholders: National Revenue Authorities, Financial services providers including mobile money payments service providers, Business Support Organisations

#### **Measure 4.1.2 Develop a framework for a digital economy ready workforce through PPPs**

The coming decade will be marked by increased use of technological application of know how such as Artificial Intelligence, Internet of Things, Blockchain, Data Analytics and Machine Learning among others. Countries will need to equip the workforce with the relevant skills to enable the digital economy and e-commerce take off. There will be the need to put in place A digital skills and technical capabilities committee will be needed to support education agencies in identifying knowledge required for a thriving digital economy and integrating it into existing curricula across education systems from early years to university levels.

A national committee made of representatives from both public academic institution and private sector to be put in place to steer broad frameworks for human resource development and digital economy readiness. National committees could be responsible for leading digital skills training needs assessment and designing a clear strategy for implementing digital skills across the economy. The framework could include a roadmap for integrating and strengthening digital skills training within existing national education systems, at all levels, as part of efforts to promote digital skills across the population.

The committee could in addition be responsible for monitoring technology trends and anticipating technology expertise needs and ensuring that education system continue to deliver expertise in the economy. Use of e-learning can help facilitate creation and broad access of technical skills and ensure availability in the economy. The committee will also form part of existing regional efforts to develop technical expertise and digital skills.

Stakeholders: Ministry of Higher Education, education institutions, academia, private sector training service providers, ICT corporations, PPP-Authorities

#### **Measure 4.1.3 Promote the use of digital economy services by improving the affordability and usability of digital devices**

Initiatives and partnerships that improve affordability of digital devices can contribute to broadening the use of e-commerce.

Under this measure, a study will be undertaken to identify feasible options for reducing the cost of digital devices and the provision of digital devices for people with disabilities. The study may include: local manufacture in special economic zones, subsidized provision of handsets by e-commerce marketplaces and social media service providers, and the sale of white-labelled smart phones and tablets by mobile operators and service providers.

Specific and targeted initiatives will be needed for girls, women, disadvantaged and disabled groups, and populations in rural areas.

Stakeholders: Chambers of Commerce, ICT Corporations, development agencies, community organisations

#### **Measure 4.1.4 Promote social awareness, acceptance of e-commerce and the presence of digital skills among consumers and the general population**

Nation wide campaigns will need to be conducted to raise awareness of e-commerce benefits, individual digital skills and relevant legislation and regulations for e-commerce merchants as well as the general population. Raising awareness within the general population of legislation and enforcement measures in place would help restore trust and confidence in e-commerce as way to effectively buy and sell goods and services. Initiatives to promote broad uptake of digital devices, and to lower internet costs paving the way for greater internet uptake would add to the impact of this measure.

Awareness should also focus on digital identity, personal data security, cybersecurity and cyber crime detection and provide an accessible (cost and geographically) mechanism for addressing violations. Awareness campaigns, digital skills capacity building initiatives, putting in place a digitised trust seal system and setting up of village digital hubs have huge potential to enable consumers take part in e-commerce marketplaces.

Campaign roll out approaches will need to be cognisant of existing gender disparities in access to financial services, technology use and participation in e-commerce in the region. An effective method would be to develop and implement digital skills and entrepreneurship trainings that target young girls, women, the elderly, particularly in rural settings, as well as persons living with disabilities.

This would be a complex initiative requiring a broad, multi-stakeholders and multi-pronged approaches in order to gather and harness the potential of technical expertise and resources of stakeholders with a view to rolling out basic digital skills training especially in rural areas. The media would have a critical role to play especially for reaching the rural populations. Use of social media has potential for broad reach of youthful populations.

Stakeholders: Ministries of Education, training service providers, Ministries of Trade, Finance, ICT corporations, legislation enforcement agencies, international development agencies, NGOs and grassroots communities, media

#### **Measure 4.1.5 Develop the e-commerce capacity of the business sector**

There will be need to join forces with business support organisations, cooperatives, trade associations, stakeholder committees mandated with capacity development of businesses and business training service providers to develop a framework for capacity development.

The framework could include training needs mapping strategy, conducting training on digital skills, benefits of e-commerce, potential business models, digitisation of business processes, applying technology solutions to securing e-commerce platforms and optimise business processes, financial literacy, business ethics and compliance with the new legislation and regulations for e-commerce. The framework could also have a component for promoting access to e-commerce incubation centres, digital services, entrepreneurial training, coaching and technical hardware necessary for e-commerce by small and medium enterprises.

Establishment of business incubation hubs offering basic infrastructure, business support services and training can enable SMEs to embrace e-commerce and digital business practices successfully.

This measure will require collaboration of training institutions with potential to design and deliver short term training programmes based on technology change cycles and ensure a steady flow of skilled contractors and support service providers for the private sector.

Stakeholders: Ministries of Trade, Business Support Organisations, business service providers, SMEs, ICT corporations

#### **Measure 4.1.6 Develop the human capacity of public sector agencies and actors on the e-commerce ecosystem**

Public bodies and agencies tasked with implementation of the regulations often have limited manpower with relevant technical capabilities, financial and technology tools needed to help them enforce regulations. Allocating adequate financial, technological enforcement infrastructure and capabilities at a time when e-commerce is poised to take off in the region will bolster its ability to succeed.

Training and capacity development programmes for these agencies will deepen understanding of new policy and regulations. Training programmes should target the judiciary and law enforcement agencies, customs officials, revenue authorities, security agencies, sector regulators, certification and standardization bodies to train on prosecution of e-commerce crimes, collection of relevant taxes and the implementation of international best practice standards.

Stakeholders: Government ministries and other public bodies as listed in the text above

#### **Measure 4.1.7 Promote social awareness and acceptance among e-commerce operators and platforms**

Many business in the region remain unaware of the potential of e-commerce business models, perhaps deterred by lack of technical knowledge, perception of risk and insecurity of e-commerce processes as well as existing gaps in technology access and use. Measures outlined earlier have the potential to address access and use of internet services bringing large portions of the population to the digital market.

Legislation awareness campaigns and trainings will provide guidelines on technologies that can be adopted and the course of action businesses can take to ensure proper personal data management, cybersecurity prevention and detection as well as affordable and easy to access mechanisms for addressing cybercrime.

Training and workshops provided in collaboration with business support organisations, trade associations and business service providers will equip businesses with the understanding of processes and services in e-commerce and support adherence to regulation by e-commerce operators.

Presence and robust enforcement of legislation and policy regulations will further help eliminate perception of risk and insecurity and promote acceptance of e-commerce. This will in turn lead to more SMEs with limited resources to embrace the use of e-commerce marketplaces and platforms effectively and productively.

Stakeholders: Ministry of Trade, Business Support Organisations, business service providers, law enforcement agencies, media

#### **Measure 4.1.8 Promote wider adoption of business technologies**

This measure will include the following programmes to promote wider adoption of IT and other technologies in business. This is for both hardware and software. The focus will be on those technologies required for e-commerce:

- knowledge and skills needs assessment
- partnerships between businesses
- training to enhance knowledge and skills

**Knowledge and skills assessment.** Conducting needs assessment on firm level e-commerce knowledge and skills gap, will shed light on capacities that need to be developed. In addition to trading, approaches to enable firms to access technology hardware and software at affordable rates will help nudge businesses in the region, many of which are small with limited resources towards e-commerce.

**Partnerships.** Partnerships with potential driving lower technology hardware acquisition costs will contribute to more uptake by business.

**Training.** Enhancing knowledge and capability of firms will help reduce their reluctance to adopt information technology, thereby increasing uptake leading to the adoption of e-commerce and other applications that will drive business productivity and effectiveness.

This measure will require collaboration and involvement of technology firms to formulate technology and service packages that are suitable for the local business contexts. There is scope for knowledge sharing and learning from more mature e-commerce sectors especially those in the global South regions.

Stakeholders: Ministries of Trade, Finance and ICT, Revenue Authorities, technology hardware firms, e-commerce technology firms, Chambers of Commerce, business service providers, law enforcement agencies

#### **Measure 4.1.9 Develop the capacity of financial and professional services sectors in e-commerce**

Financial service and professional service providers, particularly banks, insurance companies and the legal profession, contribute immensely to the expansion of the e-commerce sector. Gaining in-depth understanding of viable e-commerce business models, e-commerce start-up and business growth cycles, will enable them to develop suitable products and engagement terms, and to understand and judge risks of various aspects of e-commerce business appropriately.

Participation of stakeholders from the these sectors in the e-commerce development platform will be of utmost importance to broaden understanding and strengthen

partnerships with e-commerce businesses. This will open up financing options for many start-ups and businesses in e-commerce.

Stakeholders: Ministries of Trade, Finance and ICT, technology hardware companies, IP agencies, e-commerce technology firms, Chambers of Commerce, business service providers, the legal profession, financial institutions

## 4.5. Pillar 5: Establish an Enabling E-Commerce Auxiliary Environment

### 4.5.1. Sub-pillar 5.1: ICT infrastructure

ICT is an important enabler of e-commerce. The e-commerce value chain is reliant on the widespread adoption of digital devices and access to the internet. While these two elements are subject to Partner State policy and strategy, at a regional level there is a need to ensure affordable roaming between countries and to ensure the cost of using the internet is maintained at the domestic levels when moving between countries.

E-commerce is also reliant on the availability of hosting centres that provide e-commerce applications including e-marketplaces, e-shops and e-procurement. Such services are widely available from datacentres in countries outside the EAC, but it would be advantageous to the EAC for such services to be readily available within the EAC. Such availability would ensure that data would be managed under EAC regulations, would enable EAC e-payment services and logistics providers to be integrated, and would retain service revenue within the EAC. Hosting e-commerce applications in EAC datacentres will need to be affordable and secure. Thus, it will be important to build economies of scale into datacentres and to provide hot standby as well as business redundancy sites to mitigate risks of any single data centre being lost.

Interoperability between e-payment services is also important for e-commerce. At a Partner State level, work is already underway to ensure such interoperability. This interoperability needs to be extended across the EAC so that it is possible for a buyer in one Partner State to purchase from a merchant in another Partner State. Such interoperability will require agreements for international money transfer amongst mobile operators and the banking sector which are covered under Pillar 1.

Finally, trust and security are critical factors for the development of e-commerce. A common EAC wide Public Key Infrastructure would provide the basis for such trust and security. This PKI will need to integrate with global IT suppliers such as Microsoft, Apple and Google to ensure that root certificates used or issued by the EAC PKI may be used within their applications and services.

The priority for ICT in this strategy is therefore to roll out ICT infrastructural programs to further support e-commerce.

No.	Measure
Priority 5.1 Roll out ICT infrastructural programs to further support e-commerce	
5.1.1	Implement one area data network as a priority project for e-commerce
5.1.2	Encourage collaboration between national datacentres to facilitate more affordable hosting of national online marketplaces
5.1.3	Formulate and / or enhance infrastructure sharing policies and regulation to minimize the costs of developing ICT infrastructure hence boosting connectivity and enhance affordability

No.	Measure
5.1.4	Implement an East Africa wide Public Key Infrastructure (PKI) shared by all the Partner States
5.1.5	Support and promote investment in cloud and data hosting infrastructure and a regional Internet eXchange Point (IXP)

#### **Measure 5.1.1 Implement one area data network as a priority project for e-commerce**

The EAC One Area Network (ONA) was initiated in 2014 to establish borderless mobile network coverage across the EAC region, treating subscribers moving between EAC Partner States as local subscribers who can make and receive calls at the subscriber's standard domestic rate. Operators in Kenya, Rwanda, South Sudan and Uganda have joined the ONA.

In 2015, the ONA principles were extended to cover mobile data and mobile money, enabling these services to be used across the region under the same terms as in their originating country, improving overall affordability of mobile data services.

The purpose of this action is to extend ONA coverage to all EAC members and to complete the inclusion of mobile data and mobile money services. The outcome of this action will be to ensure that all mobile operators in EAC states cooperate to ensure mobile data roaming across the EAC under the same terms and tariffs as on domestic networks, and to ensure that mobile money services provided by these operators work across the EAC with charges levied in accordance with the ONA agreement.

Stakeholders: EACS, relevant ministries, telecommunications operators, National Telecommunications Regulatory Authorities

#### **Measure 5.1.2 Encourage collaboration between national data centres to facilitate more affordable hosting of national online marketplaces**

Collaboration between national data centres will enable:

- Economies of scale, improved service quality and a wider range of services related to hosting, e-commerce software as a service and cloud services for e-commerce applications through consolidation of hosting itself and joint provision of technical support services and related consultancy services
- Reduced risk and improved service resilience through mutual arrangements for backups, site mirroring and disaster recovery

Datacentres are generally commercial operations. National governments will encourage data centre businesses to partner with businesses in other EAC countries in the joint provision of e-commerce hosting services. This will be done through trade bodies representing the sector and directly with individual companies.

Stakeholders: Datacentre operators, Ministry of ICT

#### **Measure 5.1.3 Formulate and / or enhance infrastructure sharing policies and regulation to minimize the costs of developing ICT infrastructure hence boosting connectivity and enhance affordability**

Telecommunications infrastructure sharing can have a major impact on the cost of implementing telecommunications networks through improved economies of scale and scope. Reduced cost can result in lower retail service charges and the extension of telecommunications networks into high cost and low demand regions. Infrastructure

sharing is likely to be essential to the provision of affordable telecommunications services in rural and remote areas in the EAC. Hence, access to e-commerce services in these areas is likely to be reliant on shared facilities and/or networks.

Telecommunications regulators in EAC Partner States will determine how best to implement infrastructure sharing in their countries with the aim of providing universal access to affordable voice and data services. They will then put in place the necessary regulatory regimes to enable and extend sharing within a competitive telecommunications market environment.

Stakeholders: Telecommunications operators, National Telecommunications Regulatory Authorities, East Africa Communication Organisation (EACO)

#### **Measure 5.1.4: Implement an East Africa wide Public Key Infrastructure (PKI) shared by all the Partner States**

PKI administrations have been established in Kenya and Rwanda. Other countries have yet to do so. A common administration for the EAC would ensure that all Partner States are able to provide secure digital signatures for e-commerce transactions. This action is reliant on establishing the appropriate body of regulation in each country mandating that the East Africa wide PKI is used nationally. This implementation will therefore require:

- Promulgation of appropriate law or regulation in each Partner State
- Establishment of the necessary PKI administration within the EAC
- Adoption of the East Africa wide PKI by users of digital signatures in each country
- Potentially, the migration of PKI administrations in Kenya and Rwanda into the EAC administration

Stakeholders: National Telecommunications Regulatory Authorities, Ministries of ICT

#### **Measure 5.1.5 Support and promote investment in cloud and data hosting infrastructure and a regional Internet eXchange Point (IXP)**

An important aspect of data protection and transferability is availability of data storage and hosting infrastructure. This is lagging behind in all Partner States. Lack of reliable data hosting forces businesses to host their data elsewhere, mostly outside the country complicating matters especially with the enforcement of data protection laws.

Partner states can support and incentivise cloud-based service providers to set up operations in the region to provide local businesses with reliable data hosting services in the regions and avoid need for data transfers outside the region. Given that data centres are highly energy intensive, consideration could be made to link them to green sources of energy.

In addition, while IXPs exist in all countries except South Sudan, a regional IXP may be of value in keeping telecommunications traffic in the region. Support will also be given to the development of such an IXP.

Stakeholders: Ministries of ICT, Ministry of Energy, technology firms and e-commerce operators and service providers, private sector bodies

### **4.5.2. Pillar 5.2: Postal operators**

Postal operators in all EAC Partner States face the following issues:

- Competition from market entrants, particularly those focused on the e-commerce parcel market

- Changing and more demanding consumer needs including a reduction in letter mail and a rapid increase in small parcels to be delivered with minimal delay in association with tracking and tracing services
- A need to meet the requirements of large e-commerce merchants and marketplaces such as Amazon from which a large proportion of parcels will originate
- A need to make a step change improvement in efficiency to improve performance and reduce costs so that they can compete against market entrants in liberalized markets
- Difficulty in obtaining funding necessary for investment since as state-owned businesses subject to constraints on government borrowing

Postal operators will need to embrace the opportunities arising in e-commerce to ensure that they fully benefit from the changing postal market. To do this, postal operators will need to ensure that their business strategies include rapid expansion in the e-commerce market offering a service portfolio attractive to e-commerce merchants. Postal operators will then need to ensure that their infrastructure and partnerships with related service providers enable them to deliver the service portfolio. This will require capital investment in relation to the new services and technological change, revision to systems, processes and the organization structure and partnering with third parties where necessary and beneficial, for example to extend the postal operator's service portfolio into warehousing and fulfilment.

Small package delivery for e-commerce will need to be rapid with minimal delay at borders or in sorting centres. Delivery will be required to reach street addresses, a service that is not always available. Delivery may also require the collection of payments.

In addition to this re-orientation of the postal operator business, postal operators are well placed to offer e-marketplace services on behalf of micros and small/medium sized businesses. Such services are a natural extension of a parcel delivery service particularly when offered with warehousing and fulfilment services.

Operational readiness for e-commerce will require a re-orientation of postal operator business focus away from letter post to small parcel delivery. This reorientation will require a rapid and substantial increase in parcel handling capacity and a repurposing of other infrastructure. It will affect all parts of the business involving capital investment in logistics facilities, vehicles and IT, reorganization and retraining and reallocation of staff.

Improved operational readiness will therefore mean that postal operators in all countries will need to ensure that their business strategies incorporate rapid expansion into the e-commerce market offering a service portfolio attractive to e-commerce merchants. The need for the rapid introduction of innovative services will mean that in many cases partnering with 3PL organizations will be opportune.

The priority for postal operators in this strategy is therefore to enhance the operational and innovative capacity of postal service providers as an enabler of e-commerce.



No.	Measure <sup>43</sup>
	Priority 5.2 Enhance the operational and innovative capacity of postal service providers as an enabler of e-commerce
5.2.1	Liberalise the postal sector to foster functional, operational and financial autonomy
5.2.2	Support the modernisation of postal authorities in order to attain e-commerce readiness
5.2.3	Improve operational readiness for e-commerce (ORE) as recommended by the UPU
5.2.4	Review business models in response to technological changes and embrace innovations
5.2.5	Partner with 3PL organizations to enhance last mile deliveries
5.2.6	Implement national addressing systems
5.2.7	Implement postal operators' own online marketplaces and host micro and SMEs e-shops
5.2.8	Develop mobile apps for the Posts for ease of use and access by customers
5.2.9	Upgrade postal systems to provide payment services for Micro and SMEs

#### **Measure 5.2.1 Liberalize the postal sector to foster functional, operational and financial autonomy**

Postal operators in EAC are publicly owned. Such ownership places a constraint on access to private finance and may constrain partnering with private sector organizations.

Governments in EAC Partner States will assess how to liberalize the postal sector in order to increase the responsiveness of postal operators to changing market conditions, and particularly the development of e-commerce services, and to enable a thriving 3PL sector to evolve. Improvement in postal operator responsiveness and introduction of competition into the sector will require increased functional, operational and financial autonomy. Thus, liberalization will ensure such autonomy and hence access to private capital by postal operators.

Where no regulatory body for postal services exists, there will be a need to create one. The regulatory body will oversee the modernisation and regulation of postal services in the country. It will also be responsible for the registration, licensing and regulation of delivery service providers in the country, liaise with regional institutions and coordinate postal and delivery services in the region.

Stakeholders: Ministries of ICT, Postal Operators and regulators, Revenue Authority

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<sup>43</sup> Action 6.14 is covered by other actions

### **Measure 5.2.2 Support the modernisation of postal authorities in order to attain e-commerce readiness**

Across all Partner States, postal authorities are perceived poorly and, with the exception of two countries where their involvement in e-commerce exists to a limited extent, they largely remain inactive in e-commerce. Audit and assessment exercises of postal operators and their asset networks can help determine the potential and viability of modernisation efforts to enable their participation in e-commerce.

Where economically viable, Measure 5.2.3 will be undertaken. This will improve the operational readiness for e-commerce as recommended by the UPU.

Where economically unviable, alternative frameworks for participation in e-commerce such as through leasing whole or part of their assets to private sector actors or partnerships with logistics and delivery service providers will be explored with potential for success. Such options will bring into use the vast national networks of assets owned by postal authorities for the benefit of e-commerce.

Entry of postal service providers into the marketplace for e-commerce delivery services will be conducted in a manner not to push small service providers out of business but rather compliment. The capacity of postal service providers to offer import services and the ability to undertake cross-border shipping in the EAC will be developed. This latter ability will be reliant on the exchange of current shipping tariffs for e-commerce packages between postal service operators in Partner States.

Stakeholders: Postal Operators, Ministry of ICT, Postal Regulators, private sector bodies, Air Transport Authorities

### **Measure 5.2.3 Improve operational readiness for e-commerce (ORE) as recommended by the UPU**

Postal operators in EAC Partner States will confirm the identification of technological, operational and skill gaps in comparison with best practice across all operations including post offices, sorting offices, fleet management and scheduling, and other functional areas with a particular focus on e-commerce services. Postal operators will then implement appropriate and feasible responses including:

- Partnering with other postal operators and 3PL organizations
- Capital investment using internal resources or other sources
- Business process re-engineering associated with partnering and investment in new technologies
- Retraining and skill development in association with changes to business processes and new technologies

Postal operators have established plans for improving operational readiness and this activity will confirm that these plans will enable them to support e-commerce. The liberalization of the postal sector, and particularly postal operator autonomy, will enable the changes to be made.

Particular attention will be paid to the development of express mail services and to support e-commerce through post offices. As a result, it is expected that all post offices through EAC will have electrical power, access to the internet at speeds commensurate with those required for e-commerce and staff fully trained in the use of postal operator and partner IT applications.

Stakeholders: Postal Operators, Postal Regulators, Ministries of ICT, Investment Authorities, logistics & courier service providers

#### **Measure 5.2.4 Review business models in response to technological changes and embrace innovations**

In accordance with Decision 9 of the 23<sup>rd</sup> EACO Congress 2019, postal operators must embrace innovation in their products and business processes in order for them to take advantage of the emerging technologies. Continuous analysis of emerging postal technologies and others that may benefit postal operators will be carried out jointly by EAC postal operators. Such analytical studies will help identify technologies available now and in the short and medium term. Studies will assess the experience of other postal operators and 3PL organizations with existing technologies to determine the feasibility and benefits from adoption. They will assess the feasibility of adopting new technology, considering its benefit to postal operator operations, service provision and factors to consider in its adoption, taking account of any pilot projects elsewhere. The outcome of this study will be a plan for the adoption of such new technology by each EAC postal operator, with an indication of the most practical approaches to adoption.

Stakeholders: Postal Operators, Postal Regulators, Ministries of ICT, Investment Authorities, logistics & courier service providers

#### **Measure 5.2.5 Partner with 3PL organizations to enhance last mile deliveries**

Irrespective of the actions taken under Measures 5.2.2 and 5.2.3, it is anticipated that postal operators will need to partner with 3PL organizations to enhance their ability to collect and deliver e-commerce packages. This requirement arises for a number of reasons:

- Improvement in the postal operator's reach into rural areas in some countries
- Delivery to street addresses rather than post offices where such delivery is otherwise unavailable
- Delivery of cross-border shipments made by 3PL and international airlines
- Speed of delivery
- Access to commercial warehousing and fulfilment centres and services
- Increased fleet capacity
- Access to IT services that the postal operator has yet to develop such as track and trace and links to e-commerce applications and services

Postal operators are already developing these partnerships.

The postal operator in each Partner State will identify and evaluate opportunities and enter into agreements with 3PL organizations with the objective of improving and extending its services through such partnerships. Particular emphasis will be placed on last mile delivery, but other service areas should also be considered including transit, warehousing and fulfilment, the provision of track and trace services, customs clearance and cash on delivery payment collection.

Stakeholders: Postal Operators, Postal Regulators, 3PL organisations, Freight Forwarders Associations, Ministries of ICT

#### **Measure 5.2.6 Implement national addressing systems**

In accordance with Decision 10 of the 23<sup>rd</sup> EACO Congress 2019, EAC members are required to invest in national addressing and postcode systems to enable efficient last

mile postal and courier delivery. Lack of street addressing systems renders last mile delivery and pick up difficult to achieve. Nevertheless, Partner States are implementing such systems.

This action is intended to ensure that each country establishes an addressing system linked to digital maps so that a delivery agent is able to identify a physical location and establish an efficient route to get there. A number of alternative systems are available. It would be advantageous for all countries in the EAC to adopt the same or compatible systems to increase the potential for cross-border delivery. EAC countries will evaluate alternative systems including systems such as Mpost (Mkononi) which enables post to be delivered to a person identified by their mobile phone location and implement the system most appropriate to each country's situation taking account of the harmonisation with other EAC Partner States.

Stakeholders: Postal Operators, Ministries of ICT, investment authorities, Ministries of Trade, Chambers of Commerce, Local government, Postal Regulators

#### **Measure 5.2.7 Implement Postal Operators' own online marketplaces and host micro and SMEs e-shops**

Postal operators in several EAC Partner States are already partnering with online marketplaces and can host MSMEs through the services that they provide. There is a clear benefit to both parties in such partnerships with the postal operator able to benefit from the expertise, finance and existing business operational model of its e-commerce partner. Those postal operators who have established such partnerships are encouraged to build on them and other postal operators will be encouraged to partner in a similar manner.

In addition, postal operators themselves will implement e-shops for their own products and services and any ancillary products associated with postal services. Such e-shops will enable customers to buy and print off electronic stamps and arrange for bulk package collection and registered mail delivery thus avoiding the need for customers to visit post offices.

Stakeholders: Postal Operators, Ministries of Home Affairs, ICT and Trade, Postal Regulators, Business Support Organisations

#### **Measure 5.2.8 Develop mobile apps for the Posts for ease of use and access by customers**

Postal operators themselves will implement e-Post to sell online their own products and services and any ancillary products associated with postal services. Such e-Post shops will enable customers to buy and print off electronic stamps and arrange for bulk package collection avoiding the need for customers to visit post offices.

Stakeholders: Postal Operators, IT sector

#### **Measure 5.2.9 Upgrade postal systems to provide payment services for Micro and SMEs**

Postal operators are in a strong position to offer payment services to the large segment of the population in EAC Partner States that does not have an account at a bank or other financial institution through their networks of post offices. They are also a trusted intermediary able to collect Cash on Delivery (CoD) payments. In particular, they can provide payment services for MSMEs who may be some distance from another financial institution but need access to their accounts for paying in and taking out money. To do this, postal banking systems need to be able to interoperate with money transfer services

and with other payment service providers and banks. This action will enable payment mechanisms across all EAC Partner States.

Postal operators in several EAC Partner States have already established payment services. Postal systems in other Partner States will be upgraded to ensure that they do likewise.

Stakeholders: Postal Operators, Banks, Telcos, FinTechs, Central Banks, Postal Regulators

### **4.5.3. Transportation infrastructure**

Road, rail and air transport is essential to the delivery of goods within and between EAC Partner States. Between Partner States, there is a particular need to enable efficient transportation from the ports of Dar es Salaam and Mombasa across Tanzania and Kenya to Burundi, Rwanda, Uganda and South Sudan for bulk imports and exports. The ability to transport goods from ports with access to the Atlantic Ocean within DRC, such as Matadi and Boma, will be of increasing importance. DRC and countries bordering Lake Victoria are likely to make use of water transportation in the future. Small parcels arising from e-commerce transactions delivered from outside the EAC are likely to be carried by air to airports across the Region.

Measures are already in place to bring about important improvements in surface transportation. Two rail projects that provide access from Uganda, Rwanda and Burundi to ports on the Indian Ocean are currently under development:

- A central link: Dar es Salaam-Isaka-Kigali/Keza-Musongati (DIKKM) Railway Project; this will use the existing Dar – Isaka rail link with new links into Rwanda and Burundi and rehabilitation of existing narrow-gauge elements; Some work has been undertaken on Tanzanian elements
- A northern link: Mombasa – Kigali Railway Project; elements within Kenya and Uganda have been built, but the cross-border link to Nairobi has yet to be started due to financing issues

It is anticipated that if completed, freight rates on either route would be significantly lower than road transport rates, giving new opportunities for exporting and importing commodities and manufactured goods. It has been estimated that the route to Mombasa will reduce freight rates from US 16 cents per tonne-Km to US 5 cents per tonne-Km and reduce elapsed time for freight transportation to Mombasa from Kampala from 10 – 14 days to one day.<sup>44</sup> The development of such rail networks will therefore generate significant economic benefits to the region.

Road networks in all countries, both trunk routes and local roads, are subject to many problems arising from excessive traffic, wear to the road infrastructure, and damage from climatic conditions. As a result, there are bottlenecks where traffic is delayed which need to be addressed to ensure the rapid transit of goods within and between countries. Each Partner State has a programme of road maintenance and investment. Such maintenance

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<sup>44</sup> New Vision (2016)

and investment will be important to the smooth flow of bulk goods and small e-commerce packages. Therefore, the second priority under the regional infrastructure pillar is:

Priority 5.3 Enhance transportation infrastructure to enable efficient and timely delivery of e-commerce packages between EAC Partner States

No.	Measure
Priority 5.3 Enhance transportation infrastructure to enable efficient and timely delivery of e-commerce packages between EAC Partner States	
5.3.1	Improve the EAC rail network to support the rapid movement of goods between ports and major cities in all EAC countries
5.3.2	Improve the EAC road network to support movement of goods within and between EAC Partner States

**Measure 5.3.1 Improve the rail network to support the rapid movement of goods between ports and major cities in all EAC countries**

Improve transport to ports by integrating Rwanda and Burundi into the developing regional rail networks. Reduce transportation costs in the long-term by completing rail connections from Uganda, Rwanda and Burundi to the ports of Dar es Salaam and Mombasa.

Stakeholders: Ministry of Transport & Infrastructure, Northern and Central Corridor Transit and Transportation Coordination Authority, LAPSSET, rail operators, Private Sector bodies, Regional Electronic Cargo Tracking System (RECTS)

**Measure 5.3.2 Improve the road network to support movement of goods within and between EAC Partner States**

On international routes, EAC Partner States will work in concert to eliminate known pinch points where excessive traffic causes delay and in such locations which are prone to flooding and damage by rain, water, heavy loads and excessive use. This action will require an assessment of each pinch point to determine whether heavy traffic can be re-routed to avoid causing damage or whether the road needs to be rebuilt to take account of the traffic loads experienced. The assessment will be used as a basis for assigning priority and determining necessary actions.

On local roads, EAC Partner States will improve road connections in rural areas to ensure that commercial road traffic including buses, vans and trucks can reach rural villages without undue delay.

Stakeholders: Road and transport ministries, Northern and Central Corridor Transit and Transportation Coordination Authority, LAPSSET, Private Sector bodies, Regional Electronic Cargo Tracking System (RECTS)

**4.6. Pillar 6: Institutional Development**

Pillar 6 is concerned with the establishment of a strong institutional framework for implementing and maintaining the e-commerce strategy. It focuses on two areas, stakeholder engagement and the strengthening key agencies and actors in the e-commerce ecosystem. These two sets of measures will ensure that strategy implementation continues to address the changing social, economic, legal and technological environment.

#### 4.6.1. Stakeholder mapping and engagement

##### National and Regional Engagement Platforms

Stakeholders will be engaged in the implementation of this strategy in four ways:

- Through a formal engagement framework to ensure that policy, strategy, law and regulation is developed in a consultative environment
- As owners and stakeholders in individual measures
- As members of public-private-partnerships set up to address particular issues associated with the implementation of the strategy
- In contributing to awareness raising and skill development

A stronger stakeholder e-commerce engagement framework necessary for the successful implementation of the regional e-commerce strategy is at the core of this institutional framework. Stakeholder Engagement Platforms will be set up at regional and national levels. At the regional level, the stakeholder platform will drive a unified regional vision for e-commerce while at national level it will provide a platform for various actions and initiatives to support development and growth of e-commerce nationally. The Engagement Platforms will be key to the involvement of stakeholders in implementing, maintaining and revising the strategy, and will be important for capturing requirements and opportunities, and for developing a consensus in how to move forward with e-commerce at a regional and national level. The implementation of many of the measures will require input or will even be owned by private sector stakeholders. These will be represented through the Engagement Platforms.

Partner states are therefore encouraged to put in place a national e-commerce stakeholder committee or forum (called a National Engagement Platform in this strategy) or adopt an already existing forum as a platform for collaboration and knowledge exchange. The body should be able to bring together, relevant public bodies, private sector representatives, civil society representatives, academia who are stakeholders in e-commerce.

National Engagement Platforms are advised to further form committees with clear roles and responsibilities based on their focus in e-commerce. The committees will focus on advocacy and implementation of regulations, organising training workshops to enhance capacity of e-commerce firms and conduct studies on various aspects of e-commerce ecosystems, development of minimum voluntary standards, promotion of e-commerce ethics and best practices for return policy and cash refunds, advising government on formulation and enforcement of new regulations. In addition, the committee put in place a regulatory sandbox to enable policies keep up with fast pace of technology change.

The Regional Engagement Platform will carry out similar roles at a regional level.

The Engagement Platforms will in addition play an instrumental role of shaping future legislation; implementing, monitoring progress and impact of policies; influencing and driving social acceptance awareness and contributing to human resource and technological capacity development. In contributing in these ways stakeholders will contribute their practical knowledge about what will be a rapidly changing environment. This knowledge will enable policy, law, regulation and guidelines to be up to date and continue to be relevant to the circumstances faced by merchants and consumers. This contribution to the the preparation of the legal framework will also give them a key role in disseminating new law, regulation and guidelines into the e-commerce community.

They will also provide a platform for coalescing common positions for matters affecting nascent national e-commerce ecosystems. They will also provide Partner States with relevant knowledge, expertise and support in formulating new regulatory frameworks and develop suitable enforcement mechanisms.

Finally, Engagement Platforms will also be instrumental in identifying and characterising new stakeholders. The involvement of stakeholders requires them to be identified, their roles characterised, and their participation secured. To this end there is a need for continuous update to the lists of stakeholders as e-commerce develops and the organisations involved change. The stakeholder mapping exercise conducted in preparing this strategy (see Annex 3) acts as a starting point but it will need to continue through the implementation period.

### **Public-Private-Partnerships**

Such work in stakeholder mapping will enable Public-Private-Partnerships to be catalysed to help address complex challenges in e-commerce. Public-private-partnerships will be needed to address critical issues of broad digital skills and access to services, knowledge, technology & innovation, and research needed for development of an e-commerce industry.

A mixture of financial incentives and subsidies will be necessary for academia and technology corporations to deploy their diverse expertise and knowledge to address diverse large and complex issues that presently constrain e-commerce such as broadening access to internet, digital skills in the population and adoption of e-commerce by businesses.

It will be essential to collaborate with financial service providers, specifically banks and insurance companies, to deepen understanding of e-commerce models, develop suitable financial products and increase access to financing and viability of e-commerce businesses.

PPPs for innovation will be helpful in providing the much-needed support to innovative start-ups emerging out of the already growing innovation and start-up ecosystem in the region. A mapping of e-commerce innovation solutions with potential and yet to take off can be identified and supported.

Strengthening the innovation ecosystem to enable corporate – start-up collaboration in innovation in an environment of robust intellectual property safeguarding and security will further contribute to a diverse e-commerce sector.

The development of such PPPs will require active collaboration of various stakeholders including: Ministries of Trade, Finance and ICT, entrepreneurship & innovation ecosystem actors within the National Engagement Platforms.

### **Digital platform**

Stakeholders in e-commerce, including the many consumers and businesses adopting e-commerce as well as those involved formally through the Engagement Platforms, through individual measures and through PPPs, will be supported through a digital platform.

The measures below are provided to help guide the role of national stakeholder platforms.



No.	Measure
Priority 6.1. Develop a stakeholder mapping and engagement framework at national and regional levels	
6.1.1	Establish a Regional E-commerce Engagement Platform
6.1.2	Establish National E-commerce Engagement Platforms
6.1.3	Strengthen the collaboration and coordination of e-commerce ecosystem stakeholders through a digital platform

### **Measure 6.1.1 Establish a Regional E-commerce Engagement Platform**

National stakeholder bodies, public bodies, academia and key private sector stakeholder groups will nominate representatives to a Regional E-commerce Engagement Platform. These representatives will table national matters at the regional e-commerce Engagement Platform and take the lead in coordination of operational and strategic elements of a common e-commerce ecosystem.

In addition, the regional stakeholder body will engage with similar apex bodies under other regional economic organisational frameworks to further promote e-commerce beyond the EAC region.

Stakeholders: EACS, Ministries in charge of EAC Affairs, Ministries of Trade, Finance and ICT, stakeholder groups, development agencies

### **Measure 6.1.2 Establish National E-commerce Engagement Platforms**

National E-commerce Engagement Platforms will initiate and coordinate multi-stakeholder effort within each Partner State.

Many complex and massive challenges will need to be overcome to develop and grow e-commerce. At a national level Partner States will initiate and catalyse stakeholder collaboration in many ways to address these challenges. The national platforms will provide a forum for the necessary coordination and collaboration and to support the implementation of this strategy at a national level.

Coordination and collaboration will include partnerships with academia, education providers for long and short-term types of training activities, innovation bodies, IP registration agencies, accelerators, financial service providers and technology service providers, technology corporations to find solutions for expanding access to vital resources to start-ups, medium and small businesses.

A clear strategy on how Partner States will engage stakeholder groups and prioritisation of elements to be addressed is necessary to avoid difficulties and stagnation. At the same time, Partner States will be expected to demonstrate commitment through concrete actions in order for actions from various areas of collaboration to deliver impact at scale.

Stakeholders: Ministries of Trade, Finance and ICT, National E-Commerce Committees stakeholder groups, development agencies

### **Measure 6.1.3 Strengthen the collaboration and coordination of e-commerce ecosystem stakeholders through a digital platform**

This measure will support the design, implementation and maintenance of a digital portal to support coordination, collaboration and information sharing of stakeholder committees.

As outlined above, the Engagement Platform is expected to play a vital role in the development and growth of e-commerce nationally and regionally. To enhance this pivotal role, a digital platform will help democratise participation and information access as well as enhance collaboration of diverse stakeholder groups.

The portal will be used by all e-commerce ecosystem members to access new information on legislation, technology and business services, products, trainings, workshops, guidelines for new products and informational events. The digital platform will make information accessible by broad stakeholder groups regardless of geographical location in the country, enhance collaboration and provide a source of information and support services.

Stakeholders: Ministries of Trade, Finance and ICT, technology hardware and software companies, stakeholder groups

## **4.7. Strategy Map**

A mapping of the measures specified in this Part onto the strategic goals specified in Part III of the strategy is provided in Annex 1.

## 5 Implementation

### 5.1. Implementation Plan

The implementation of the strategic measures will need to be phased in accordance with their priority. The measures cover several areas: policy, law and regulation, human capacity building, organisational capacity building particularly in Customs and in the postal and logistics sector, infrastructure development in transport and IT, and interoperability particularly within the financial sector. While measures in these areas might proceed independently, there is a clear dependency which leads to their prioritisation. The implementation plan therefore follows the broad prioritisation:

- Policy, legal and regulation
- Human capacity building
- Organisational capacity building including interoperability in telecommunications and in e-payment services
- Development of e-commerce platforms
- Development of road and rail infrastructure

This prioritisation then leads to a timetable for the introduction of individual measures which is shown in the table in Annex 2 in broad terms (immediate, medium term, long term, continuous activity). The table also specifies the responsible organisations.

### 5.2. Programme Management

The governance and programme management framework is intended to ensure:

- The strategy remains fit for purpose in a changing environment through stakeholder consultation and agreement across Partner States
- Consultation with and involvement by the private sector
- Measures are managed at an appropriate level: those affecting the whole of the EAC are managed within the EAC Secretariat whereas those concerned with individual Partner States are managed at a national level
- Attainment of individual measures and the strategic goals through a strong monitoring and reporting framework and a sufficient set of KPIs

The governance and programme management framework comprises two levels. The overall programme will be governed and managed at a regional level, while national projects arising from this regional strategy and national components of regional projects will be managed at a national level.

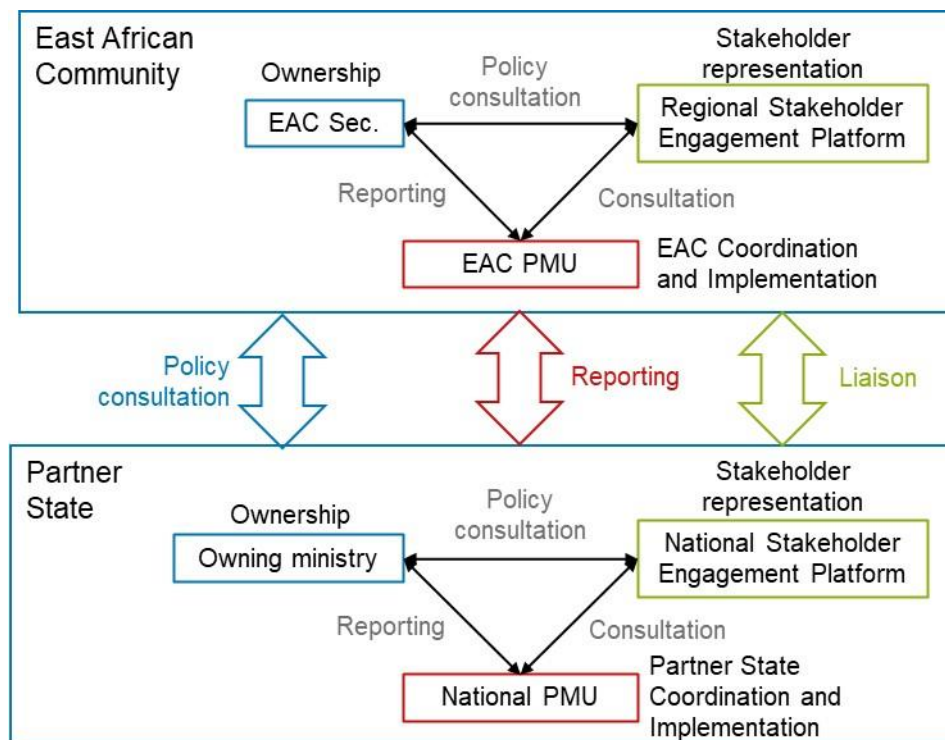
The framework is shown in the diagram below. At each level, there are three institutions:

- A Director responsible for e-commerce within the EAC at a regional level and a national Director within an owning ministry at a national level
- An E-commerce Engagement Platform at a regional and at a national level to ensure consultation with stakeholders in the public and private sectors takes place. This will also include those stakeholders that are responsible for and those that contribute to individual measures
- Programme Management Unit (PMUs) for managing regional and national elements of the strategy

The EACS will coordinate and manage the implementation of this Strategy in liaison with relevant Partner State Ministries, Departments and Agencies through Partner State Focal Points. The Focal Points will co-ordinate national level activity.

The governance / programme management framework is shown in Figure 5-1.

**Figure 5-1 Governance and Programme Management Framework**



The roles and reporting arrangements of each party are shown in Table 5-1 below.

**Table 5-1: Institutional roles and reporting**

Institution	Location	Roles	Reporting and liaison
EAC Secretariat Director for E-commerce	EAC Secretariat	Maintenance and promulgation of the regional e-commerce policy and strategy	Liaison with EPMU Liaison with Regional Stakeholder Engagement Platform Liaison with National Directors for E-commerce
Regional Stakeholder Engagement Platform	The EAC Secretariat	Stakeholder mapping Consultation with stakeholders Input to strategy development and implementation	Liaison with EAC Director for E-commerce Liaison with EPMU Liaison with National Stakeholder Engagement Platform

Institution	Location	Roles	Reporting and liaison
EAC Programme Management Unit (EPMU)	A Division or Section within the EAC Secretariat	<p>Managing the regional implementation programme</p> <p>Monitoring national implementation programmes</p> <p>Progress monitoring and reporting</p> <p>Capture of KPIs and reporting</p> <p>Maintenance of the E-commerce Portal</p>	<p>Progress reporting to the EAC Director for E-commerce</p> <p>Liaison with the Regional Stakeholder Engagement Platform over the implementation programme</p> <p>Liaison with NPMUs</p> <p>Liaison with individual regional project managers</p>
Director for E-commerce	Owning Ministry	<p>Maintenance and promulgation of the national e-commerce strategy</p> <p>Ownership of national elements of the Regional ECS</p> <p>Overall responsibility for the national implementation of the regional e-commerce strategy</p>	<p>Liaison with the EAC Director of E-commerce regarding e-commerce</p> <p>Liaison and consultation with the National Stakeholder Engagement Platform</p> <p>Liaison with NPMU</p>
National Stakeholder Engagement Platform	The Owning Ministry	<p>Stakeholder mapping</p> <p>Consultation with stakeholders</p> <p>Provision of national input to regional strategy development and implementation</p> <p>Provision of national input to the national strategy development and implementation</p>	<p>Liaison with the national Director for E-commerce</p> <p>Liaison with NPMU</p> <p>Liaison with the Regional Stakeholder Engagement Platform</p>
National Programme Management Unit (NPMU)	The Owning Ministry	<p>Managing the national implementation programme</p> <p>Progress monitoring and reporting</p> <p>National capture of KPIs and reporting</p> <p>Maintenance of national elements of the E-commerce Portal</p>	<p>Progress reporting to the national Director for E-commerce and the EPMU</p> <p>Liaison with the National Stakeholder Engagement Platform over the implementation programme</p> <p>Liaison with individual project managers</p>

Therefore, a multi-stakeholder e-commerce team is to be established in each Partner State (or strengthened if it already exists) to ensure a coordinated implementation. The team composition will reflect the e-commerce ecosystem membership. Progress in the implementation at a national level will be reported regularly to the EACS via the Focal Points.

At the EAC level, the e-commerce Engagement Platform will meet on a quarterly basis to review progress and report to the EACS. The Engagement Platform will also regularly review the strategy to ensure that it continues to reflect e-commerce developmental requirements, proposing changes to EACS where it believes it is necessary to do so, and having agreed changes with EACS communicating those changes to the Member State Focal Points in order that they may revise their implementation schedules.

To support this Engagement Platform, EACS will establish a programme management Division/Section (PMU) within the Secretariat. This Division/Section will be responsible for monitoring progress by at an EAC level and by each Partner State. The Focal Points will report national progress to the EACS PMU. The EACS PMU will report to the AECS and the respective Sectoral Committee and keep the Engagement Platform informed of progress made.

### **5.3. Key Performance Indicators**

E-commerce national and regional trade statistics and key performance indicators for this strategy will be captured by national statistical bureaux and provided to the programme managers at national and EAC level. An EAC-wide statistical bureau may be created during the period of this strategy. Such an EAC statistical bureau would then take on responsibility for the monitoring of performance across the EAC.

The following Key Performance Indicators are intended to determine progress in attaining the overall strategic vision and each strategic goal.

#### **5.3.1. KPIs related to the Strategic Vision**

- The proportion of individuals, households and businesses using e-commerce to purchase goods and services in each country with a break down by age, gender and income group
- The proportion of e-commerce purchases completed using an e-payment service (i.e. not cash on delivery)
- The proportion of businesses selling or receiving orders through e-commerce channels in each country with a break down by size
- The proportion of total turnover in businesses arising from e-commerce sales in each country
- The proportion of e-commerce undertaken between EAC Partner States

#### **5.3.2. KPIs related to the Strategic goals**

*Strategic goal 1: An enabling legal and regulatory environment for e-commerce which is open, transparent, and harmonised across EAC Partner States to protect all parties in e-commerce transactions and acts as a building block to deliver trust in it.*

*KPIs:*

- All Partner States have law and regulation to international standards covering:
  - E-transactions
  - Data protection and privacy
  - Cybercrime
  - Consumer protection

- Progress measured by reduction in the number of gaps in such law and regulation

*Strategic goal 2: Digital trade facilitation measures and customs facilities enable e-commerce packages to transit borders with the minimum of delay and administration within the EAC and with other trading blocs and nations.*

*KPIs:*

- The proportion of e-commerce packages that transit border without inspection because they have been pre-cleared or are delivered within a common market
- The proportion of e-commerce packages for which no duty is levied due to a de minimis limit or because they are delivered in y a common market
- Average delay at borders between Partner States on e-commerce / small parcels
- WCO Framework of Standards for Cross-Border E-Commerce adoption by Partner States

*Strategic goal 3: Universal access to e-commerce enabled markets by all EAC consumers and business acting as buyers and sellers.*

*KPIs:*

- Mobile / smart phone / internet penetration overall, in rural areas, amongst women, people over 60 years of age and low-income groups
- Penetration of mobile payment and other financial accounts overall, in rural areas, amongst women, people over 60 years of age and low-income groups
- Telecommunications tariffs: average cost per Gbyte of data per month
- Average service charge per mobile payment transaction as a %age of the payment
- Percentage of merchants with a financial account that can accept e-payments.
- Percentage of interoperability achieved between financial accounts and mobile payment services within each Partner State and between Partner States

*Strategic goal 4: Individuals and businesses have the human capacity and skills to use e-commerce services.*

*KPIs:*

- Proportion of students at each level of education in each Partner State with basic IT training
- The number / proportion of students in each Partner State graduating in ICT subjects
- The number / proportion of students in each Partner State graduating in law and business studies that have taken courses in e-commerce, ICT or financial services
- The number of individuals in each Partner State to receive familiarisation and basic skills training in IT and e-commerce with separate counts for women, disabled and elderly persons.

*Strategic goal 5: Regional postal, logistics and transport infrastructure support the collection and delivery of e-commerce packages within the EAC and delivery to the rest of the world.*

*KPIs:*

- Percentage of streets in each Partner State that are identifiable via a post code linked to a digital map
- Percentage of buildings that are numbered in each Partner State
- Geographic coverage of express parcels services
- Availability of track and trace systems

- Average time for delivery of a small package within each Partner State, between Partner States and to and from Indian Ocean ports from each Partner State

*Strategic goal 6: Individuals and businesses can place orders, make payments and manage delivery online in any country in the EAC regardless of the telecommunications network and payment service to which they subscribe.*

*KPIs:*

- The level of interoperability within Partner States and across Partner States for mobile services and payment services
- The number of e-commerce platforms overall and that support mobile / smart phone access
- The availability of track and trace systems / express mail service by postal operator

#### **5.4. Risk Register**

A register of high-level risks is provided in Annex 4.



## Annex 1: Strategy Map

No.	Measure	1: An enabling legal and regulatory environment for e-commerce	2: Digital trade facilitation measures and customs facilities	3: Universal access to e-commerce enabled markets	4: Skills and human capacity to enable the use of e-commerce	5: Regional postal, logistics and transport infrastructure	6: Individuals and businesses are able to use e-commerce
Priority 1.1 Develop, harmonise and implement e-commerce policy, legislation and regulation at both national and regional levels							
1.1.1	Develop national e-commerce policies and strategies in EAC Partner States	✓					
1.1.2	Develop, amend and enact e-commerce related laws and regulations ensuring that they are harmonised across the EAC	✓					
1.1.3	Ensure an equitable tax environment to support the growth of e-commerce	✓	✓				
1.1.4	Develop national and regional guidelines to support e-commerce	✓			✓		
Priority 1.2: Formulate, enact and enforce online security laws							
1.2.1	Update and adopt cyber security and data protection laws in each Partner State and at a regional level	✓					
1.2.2	Implement cyber security and data protection law in each EAC Partner State and at a regional level	✓					
1.2.3	Facilitate enforcement of e-commerce legislations nationally and regionally	✓			✓		

No.	Measure	1: An enabling legal and regulatory environment for e-commerce	2: Digital trade facilitation measures and customs facilities	3: Universal access to e-commerce enabled markets	4: Skills and human capacity to enable the use of e-commerce	5: Regional postal, logistics and transport infrastructure	6: Individuals and businesses are able to use e-commerce
Priority 1.3: Establish a harmonised regulatory regime for payment systems across the EAC							
1.3.1	Establish policy and regulatory regimes that support innovation in mobile payments	✓					
1.3.2	Enable interoperability of mobile payment and money transfer services	✓		✓			
1.3.3	Harmonise transaction cost of payment services across EAC Partner States	✓		✓			
1.3.4	Develop guidelines for mobile money payments interoperability across the EAC	✓		✓			
Priority 2.1: Harmonise and strengthen e-commerce and trade related standards							
2.1.1	Regularly harmonise standards across the EAC	✓					
2.1.2	Strengthen surveillance and enforcement of quality standards to protect consumers	✓					
2.1.3	Implement pre-arrival clearance of goods	✓					
2.1.4	Implement digital inspection where feasible	✓	✓				

No.	Measure	1: An enabling legal and regulatory environment for e-commerce	2: Digital trade facilitation measures and customs facilities	3: Universal access to e-commerce enabled markets	4: Skills and human capacity to enable the use of e-commerce	5: Regional postal, logistics and transport infrastructure	6: Individuals and businesses are able to use e-commerce
2.1.5	Create linkages between e-commerce platforms and customs systems to improve efficiency and validate information	✓	✓				
Priority 2.2 Streamline, harmonise and implement customs procedures to support regional and international import and export of goods and services							
2.2.1	Improvements to trade policies to enhance trade		✓				
2.2.2	Full implementation and acceleration of import and export procedures in all Partner States		✓				
2.2.3	Automate and inter-operationalize single window systems		✓				
2.2.4	Implement and coordinate de minimis value rules		✓				
Priority 2.3 Enable logistics services to fulfil the requirements of the e-commerce sector in handling small packages with rapid delivery to individual premises							
2.3.1	Improve delivery services through effective licensing					✓	
2.3.2	Expand availability of affordable packing					✓	

No.	Measure	1: An enabling legal and regulatory environment for e-commerce	2: Digital trade facilitation measures and customs facilities	3: Universal access to e-commerce enabled markets	4: Skills and human capacity to enable the use of e-commerce	5: Regional postal, logistics and transport infrastructure	6: Individuals and businesses are able to use e-commerce
2.3.3	Develop regional recycling facilities for packaging					✓	
2.3.4	Promote warehouse readiness at strategic locations					✓	
2.3.5	Support the digitisation of business processes in SMEs				✓		✓
2.3.6	Accelerate integration of logistic systems					✓	
Priority 3.1 Implement innovative online marketplaces/ business models							
3.1.1	Expand the range of online business models to prospective e-traders			✓			✓
3.1.2	Integrate online marketplaces with mobile and electronic payment gateways			✓			✓
3.1.3	Facilitate and oversee the development of open e-commerce platforms integrated with mobile apps for small scale traders			✓			✓
3.1.4	Invest in technology and tools necessary for seamless integration with posts and other courier companies e.g., RFID tags on goods and Internet of Things (IoT)					✓	
3.1.5	Empower online marketplace providers with advanced digital skills				✓		

No.	Measure	1: An enabling legal and regulatory environment for e-commerce	2: Digital trade facilitation measures and customs facilities	3: Universal access to e-commerce enabled markets	4: Skills and human capacity to enable the use of e-commerce	5: Regional postal, logistics and transport infrastructure	6: Individuals and businesses are able to use e-commerce
	e.g., Big data, Machine Learning and AI to optimize their operations						
3.1.6	Establish suitable approaches and empower businesses to adopt multi-business operating models to enhance e-commerce				✓		
Priority 4.1 Conduct sensitisation of the public on e-commerce, develop a framework for promoting digital skills through the education system, business sector and public agencies mandated with policy enforcement responsibilities							
4.1.1	Expand financial inclusion to move majority of the population to access digital payment options			✓			✓
4.1.2	Develop a framework for a digital economy ready workforce				✓		
4.1.3	Promote the use of digital economy services by improving the affordability of digital devices			✓			✓
4.1.4	Promote social awareness and acceptance of e-commerce and the presence of digital skills among consumers and the general population				✓		✓
4.1.5	Develop the e-commerce capacity of the business sector ecosystem				✓		✓

No.	Measure	1: An enabling legal and regulatory environment for e-commerce	2: Digital trade facilitation measures and customs facilities	3: Universal access to e-commerce enabled markets	4: Skills and human capacity to enable the use of e-commerce	5: Regional postal, logistics and transport infrastructure	6: Individuals and businesses are able to use e-commerce
4.1.6	Develop the capacity of public sector agencies and actors in the public sector e-commerce ecosystem	✓			✓		
4.1.7	Promote social awareness and acceptance among e-commerce operators and platforms				✓		✓
4.1.8	Promote wider adoption of business technologies				✓		✓
4.1.9	Develop the capacity of financial and professional services sectors in e-commerce				✓		
Priority 5.1 Roll out ICT infrastructural programs to further support e-Commerce							
5.1.1	Implement one area data network as a priority project for e-commerce			✓			
5.1.2	Encourage collaboration between national datacentres to facilitate more affordable hosting of national online marketplaces			✓			
5.1.3	Formulate and / or enhance infrastructure sharing policies and regulation to minimize the costs of developing ICT infrastructure hence boosting connectivity and enhance affordability			✓			

No.	Measure	1: An enabling legal and regulatory environment for e-commerce	2: Digital trade facilitation measures and customs facilities	3: Universal access to e-commerce enabled markets	4: Skills and human capacity to enable the use of e-commerce	5: Regional postal, logistics and transport infrastructure	6: Individuals and businesses are able to use e-commerce
5.1.4	Implement an East Africa wide Public Key Infrastructure (PKI) shared by all the Partner States	✓					
5.1.5	Support and promote investment in cloud and data centres	✓					✓
Priority 5.2 Enhance the operational and innovative capacity of postal service providers as an enabler of e-commerce							
5.2.1	Liberalise the postal sector to foster functional, operational and financial autonomy					✓	
5.2.2	Support the modernization of postal authorities in order to attain e-commerce readiness					✓	
5.2.3	Improve operational readiness for e-commerce (ORE) as recommended by the UPU					✓	
5.2.4	Review business models in response to technological changes and embrace innovations					✓	
5.2.5	Partner with 3PL organizations to enhance last mile deliveries					✓	
5.2.6	Implement national addressing systems					✓	

No.	Measure	1: An enabling legal and regulatory environment for e-commerce	2: Digital trade facilitation measures and customs facilities	3: Universal access to e-commerce enabled markets	4: Skills and human capacity to enable the use of e-commerce	5: Regional postal, logistics and transport infrastructure	6: Individuals and businesses are able to use e-commerce
5.2.7	Implement postal operators' own online marketplaces and host micro and SMEs e-shops					✓	
5.2.8	Develop mobile apps for the Posts for ease of use and access by customers					✓	
5.2.9	Upgrade postal systems to provide payment services for Micro and SMEs					✓	
Priority 5.3 Enhance transportation infrastructure to enable efficient and timely delivery of e-commerce packages between EAC Partner States							
5.3.1	Improve the rail network to support the rapid movement of goods between ports and major cities in all EAC countries					✓	
5.3.2	Improve the road network to support movement of goods within and between EAC Partner States					✓	
Priority 6.1. Develop a stakeholder mapping and engagement framework at national and regional levels							
6.1.1	Establish a Regional E-commerce Engagement Platform				✓		
6.1.2	Establish National E-commerce Engagement Platforms				✓		
6.1.3	Strengthen the collaboration and coordination of e-commerce				✓		



No.	Measure	1: An enabling legal and regulatory environment for e-commerce	2: Digital trade facilitation measures and customs facilities	3: Universal access to e-commerce enabled markets	4: Skills and human capacity to enable the use of e-commerce	5: Regional postal, logistics and transport infrastructure	6: Individuals and businesses are able to use e-commerce
	ecosystem stakeholders through a digital platform						

## Annex 2: Implementation Plan

No.	Measure	Priority	Timescale	Responsible organisation(s)
Priority 1.1: Develop, harmonise and implement e-commerce policy, legislation and regulation at both national and regional levels				
1.1.1	Develop national e-commerce policies and strategies in EAC Partner States	High	Immediate	Ministries of Trade, Development Partners, EACS
1.1.2	Develop, amend and enact e-commerce related laws and regulations ensuring that they are harmonised across the EAC	High	Immediate	EACS, Ministries of Trade, Ministries of Finance, Central Banks, Attorneys General, Directorate of Public Prosecution, legal professionals, academia, Law Reform Commissions and Legislative Assemblies
1.1.3	Ensure an equitable tax environment to support the growth of e-commerce	Medium	Medium term	Ministries of Finance, Trade, Ministries of Finance, and Revenue Authorities
1.1.4	Develop national and regional guidelines to support e-commerce	Medium	Immediate	EAC Secretariat, Ministries of Trade, Ministries of Finance, Central Banks, and Development Partners
Priority 1.2: Formulate, enact and enforce online security laws				
1.2.1	Update and adopt cyber security and data protection laws in each Partner State and at a regional level	High	Immediate	EACS, Ministries of ICT, National Law Reform Commissions and National Telecommunications Regulatory Authorities
1.2.2	Implement cyber security and data protection law in each EAC Partner State and at a regional level	High	Immediate	
1.2.3	Facilitate enforcement of e-commerce legislations nationally and regionally	Medium	Continuous	Law enforcement agencies, Customs Authorities, Prosecution as well as Judiciary Personnel, National Standards Bureaux
Priority 1.3: Establish a harmonised regulatory regime for payment systems across the EAC				
1.3.1	Establish policy and regulatory regimes that support innovation in mobile payments	High	Medium term	EACS, and Ministries of Finance, Central Banks and National Telecommunications Regulatory Authorities
1.3.2	Enable interoperability of mobile money payment and transfer services	High	Immediate	
1.3.3	Harmonise transaction cost of payment systems across EAC Partner States	High	Medium term	
1.3.4	Develop guidelines for mobile money payments interoperability across the EAC	High	Medium term	
Priority 2.1 Harmonise and strengthen e-commerce and trade related standards				

No.	Measure	Priority	Timescale	Responsible organisation(s)
2.1.1	Regularly harmonise standards across the EAC	Medium	Continuous	National Standards Bureaux and Customs Authorities in conjunction with EACS
2.1.2	Strengthen surveillance and enforcement of quality standards to protect consumers	Medium	Continuous	
2.1.3	Implement pre-arrival clearance of goods	High	Immediate	EACS, Ministries of Trade, Customs Authorities, National Standards Bureaux
2.1.4	Implement digital inspection where feasible	High	Immediate	
2.1.5	Create linkages between e-commerce platforms and customs systems to improve efficiency and validate information	Low	Medium	Ministries of Trade, Customs Authorities, e-commerce platform operators
Priority 2.2 Streamline, harmonise and implement customs procedures to support regional and international import and export of goods and services				
2.2.1	Improvements to trade policies to enhance trade	Medium	Medium term	Ministries of Trade, Private Sector Apex bodies, Business Support Organisations, Ministries of Finance, Micro Finance Institutions, EAC relevant institutions
2.2.2	Full implementation and acceleration of import and export procedures in all Partner States	High	Medium term	EACS, Ministries of Trade, Customs Authorities, National Standards Bureaux, Trade Facilitation Agencies
2.2.3	Automate and inter-operationalize single window systems	High	Medium term	EACS, Ministries of Trade, Customs Authorities, Revenue Authorities, Trade Facilitation Agencies
2.3.4	Implement and coordinate de minimis value rules	High	Immediate	EACS, Ministries of Trade, Customs Authorities
Priority 2.3 Enable logistics services to fulfil the requirements of the e-commerce sector in handling small packages with rapid delivery to individual premises				
2.3.1	Improve delivery services through effective licensing	High	Immediate	Postal Regulators
2.3.2	Expand availability of affordable packing	Medium	Medium term	Investment Authorities, Ministry of Trade, Environmental Authorities, Private sector associations
2.3.3	Develop regional recycling facilities for packaging	High	Long term	EAC Secretariat, Ministry of Trade, Environmental Authorities
2.3.4	Promote warehouse readiness at strategic locations	High	Medium term	Private sector bodies, East Africa Business Council, Freight

No.	Measure	Priority	Timescale	Responsible organisation(s)
				Forwarding Associations, Investment Authorities, Customs Authorities.
2.3.5	Support the digitisation of business processes in SMEs	Medium	Medium term	East Africa Business Council, EACS, Business Support Organisations
2.3.6	Accelerate integration of logistic systems	Medium	Medium term	Private sector bodies, East Africa Business Council, Freight Forwarding & Logistics Associations, Ministries of Transport
Priority 3.1 Implement innovative online marketplaces / business models				
3.1.1	Expand the range of online business models to prospective e-traders	Medium	Immediate	EACS and Ministries of Agriculture, Trade, Industry and Finance
3.1.2	Integrate online marketplaces with mobile and electronic payment gateways	High	Immediate	Marketplace and e-shop service providers
3.1.3	Facilitate and oversee the development of open e-commerce platforms integrated with mobile apps for small scale traders	Medium	Medium term	Marketplace and e-shop service providers, telecommunications operators
3.1.4	Invest in technology and tools necessary for seamless integration with posts and other courier companies e.g., RFID tags on goods and Internet of Things (IoT)	Medium	Medium term	Postal operators, courier services and other logistics and fulfilment companies
3.1.5	Empower online marketplace providers with advanced digital skills e.g., Big data, Machine Learning, Blockchain Technology and AI to optimize their operations	Medium	Medium term	Marketplace and e-shop service providers
3.1.6	Establish suitable approaches and empower businesses to adopt multi-business operating models to enhance e-commerce	Medium	Medium term	Stakeholders: Business Support Organisations, business service providers, public business development agencies and possibly donors
Priority 4.1 Conduct sensitisation of the public on e-commerce, develop a framework for promoting digital skills through the education system, business sector and public agencies mandated with policy enforcement responsibilities				
4.1.1	Expand financial inclusion to move majority of the population to access digital payment options	Medium	Medium term	National Revenue Authorities, Financial services providers including mobile payments service providers, BSOs
4.1.2	Develop a framework for a digital economy ready workforce	High	Immediate	Ministries of Higher Education, education institutions, academia, private sector training service providers, ICT

No.	Measure	Priority	Timescale	Responsible organisation(s)
				corporations, PPP authorities
4.1.3	Promote the use of digital economy services by improving the affordability of digital devices	Medium	Medium term	Chambers of Commerce, ICT corporations, development agencies, community organisations
4.1.4	Promote social awareness and acceptance and the presence of digital skills among consumers and the general population	Medium	Medium term	Ministries of Education, training service providers, Ministries of Trade, Finance, ICT corporations, legislation enforcement agencies, international development agencies, NGOs and grassroots communities, media
4.1.5	Develop the e-commerce capacity of the business sector	High	Medium term	Ministries of Trade, Business Support Organisations, business service providers, SMEs, ICT corporations
4.1.6	Develop the capacity of public sector agencies and actors in the public sector e-commerce ecosystem	High	Immediate	Government ministries and other public bodies
4.1.7	Promote social awareness and acceptance among e-commerce operators and platforms	Medium	Medium term	Ministry of Trade, Business Support Organisations, business service providers, law enforcement agencies, media
4.1.8	Promote wider adoption of business technologies	Medium	Medium term	Ministries of Trade, Finance and ICT, Revenue Authorities, technology hardware firms. e-commerce technology firms, Chambers of Commerce, business service providers, law enforcement agencies
4.1.9	Develop the capacity of financial and professional services sectors in e-commerce	Low	Long term	Ministries of Trade, Finance and ICT, technology hardware companies, IP agencies, E-commerce technology firms, Chambers of Commerce, business service providers, legal profession, financial institutions
Priority 5.1 Roll out ICT infrastructural programs to further support e-commerce				
5.1.1	Implement one area data network as a priority project for e-commerce	Medium	Medium term	EACS, relevant ministries, telecommunications operators, National Telecommunications Regulatory Authorities

No.	Measure	Priority	Timescale	Responsible organisation(s)
5.1.2	Encourage collaboration between national datacentres to facilitate more affordable hosting of national online marketplaces	Medium	Medium term	Datacentre operators, Ministries of ICT
5.1.3	Formulate and / or enhance infrastructure sharing policies and regulation to minimize the costs of developing ICT infrastructure hence boosting connectivity and enhance affordability	High	Immediate	Telecommunications operators, National Telecommunications Regulatory Authorities, East Africa Communication Organisation (EACO)
5.1.4	Implement an East Africa wide Public Key Infrastructure (PKI) shared by all the Partner States	Medium	Medium term	National Telecommunications Regulatory Authorities, Ministries of ICT
5.1.5	Support and promote investment in cloud and data centres	Medium	Medium term	Ministries of ICT, Ministry of Energy, technology firms and e-commerce operators and service providers, private sector bodies
Priority 5.2 Enhance the operational and innovative capacity of postal service providers as an enabler of e-commerce				
5.2.1	Liberalise the postal sector to foster functional, operational and financial autonomy	Medium	Medium term	Ministries of ICT, Postal Operators and Postal Regulators, Revenue Authorities
5.2.2	Support the modernization of postal authorities in order to attain e-commerce readiness	High	Medium term	Postal Operators, Ministry of ICT, Postal Regulators, private sector bodies, Air Transport Authorities
5.2.3	Improve operational readiness for e-commerce (ORE) as recommended by the UPU	High	Immediate	Postal Operators, Postal Regulators, Ministries of ICT, investment authorities, logistics & courier service providers
5.2.4	Review business models in response to technological changes and embrace innovations	Medium	Immediate	Postal Operators, Postal Regulators, Ministries of ICT, investment authorities, logistics & courier service providers
5.2.5	Partner with 3PL organizations to enhance last mile deliveries	Medium	Immediate	Postal Operators, Postal Regulators 3PL organisations, Freight Forwarders Associations, Ministries of ICT, Communications
5.2.6	Implement national addressing systems	High	Immediate	Postal Operators, Ministries of ICT, investment authorities, Ministries of Trade, Chambers of Commerce, Local government, Postal Regulators

No.	Measure	Priority	Timescale	Responsible organisation(s)
5.2.7	Implement postal operators' own online marketplaces and host micro and SMEs e-shops	Medium	Medium term	Postal Operators, Ministries of Home Affairs, ICT and Trade, Postal Regulators, Business Support Organisations
5.2.8	Develop mobile apps for the Posts for ease of use and access by customers	Medium	Medium term	Postal Operators, IT sector
5.2.9	Upgrade postal systems to provide payment services for Micro and SMEs	Medium	Medium term	Postal Operators, Banks, Telcos, FinTechs, Central Banks, Postal Regulators
Priority 5.3 Enhance transportation infrastructure to enable efficient and timely delivery of e-commerce packages between EAC Partner States		Medium	Long term	
5.3.1	Improve the rail network to support the rapid movement of goods between ports and major cities in all EAC countries	Medium	Long term	Ministry of Transport & Infrastructure, Northern and Central Corridor Transit and Transportation Coordination Authority, LAPSET, rail operators, Private Sector bodies, Regional Electronic Cargo Tracking System (RECTS)
5.3.2	Improve the road network to support movement of goods within and between EAC Partner States	High	Immediate	
Priority 6.1. Develop a stakeholder mapping and engagement framework at national and regional levels.				
6.1.1	Establish a Regional E-commerce Engagement Platform	High	Immediate	EACS, Ministries in charge of EAC Affairs, Ministries of Trade, Finance and ICT, stakeholder groups, development agencies
6.1.2	Establish National E-commerce Engagement Platforms	Medium	Medium term	Ministries of Trade, Finance and ICT, stakeholder groups, development agencies
6.1.3	Strengthen the collaboration and coordination of e-commerce ecosystem stakeholders through a digital platform	Medium	Medium term	Ministries of Trade, Finance and ICT, technology hardware and software companies, stakeholder groups

## Annex 3 Risk register

Priority	Category	Description	Effect	Impact
Priority 1.1: Develop, harmonise and implement e-commerce policy, legislation and regulation at both national and regional levels	Government	Failure to enact and promulgate policy, law and regulation	Harmonisation of legislation and regulation is incomplete and leads to inconsistent strategy implementation	High
Priority 1.2: Formulate, enact and enforce online security laws	Government	Failure to enact and promulgate policy, law and regulation	Reduced trust in e-commerce	High
Priority 1.3: Establish a harmonised regulatory regime for payment systems across the EAC	Government	Failure to enact and promulgate policy, law and regulation	Incompatible payment systems across the EAC leading to reduced take up of e-commerce	High
Priority 2.1 Harmonise and strengthen e-commerce and trade related standards	Government	Failure to develop standards	Reduced trust in e-commerce	Medium
Priority 2.2 Streamline, harmonise and implement customs procedures to support regional and international import and export of goods and services	EAC Government	Failure to revise processes	Delay in import and export of goods and services purchased using e-commerce	High
Priority 2.3 Enable logistics services to fulfil the requirements of the e-commerce sector in handling small packages with rapid delivery to individual premises	Government	Necessary regulations are not promulgated	Reduced ability of postal and logistics sector to deliver e-commerce packages	High
Priority 3.1 Implement innovative online marketplaces/ business models	Datacentres	Datacentres and IT companies do not invest in or develop innovative e-commerce applications	Lost opportunities for the application of e-commerce to particular sectors	High



Priority	Category	Description	Effect	Impact
Priority 4.1 Conduct sensitisation of the public on e-commerce, develop a framework for promoting digital skills through the education system, business sector and public agencies mandated with policy enforcement responsibilities	Government Education E-commerce sector	Awareness training and capacity building initiatives are not developed and implemented	Lost awareness and trust in e-commerce amongst the general population  Lost understanding of e-commerce in business, government and the legal profession leading to poor decision making about it	High
Priority 5.1 Roll out ICT infrastructural programs to further support e-commerce	Government ICT Sector	The ICT sector fails to develop the necessary capacity to support e-commerce with affordable services	Reduced adoption and use of e-commerce	Medium
Priority 5.2 Enhance the operational and innovative capacity of postal service providers as an enabler of e-commerce	Postal Operators	Failure of postal operators to offer efficient services to support e-commerce	Delays, inefficiency and failure in the delivery of e-commerce parcels leading to lost trust in e-commerce	High
Priority 5.3 Enhance transportation infrastructure to enable efficient and timely delivery of e-commerce packages between EAC Partner States	Government	Failure to build out a regional rail infrastructure and to ensure a well-maintained road infrastructure	Delays, inefficiency and failure in the delivery of e-commerce parcels leading to lost trust in e-commerce	High
Priority 6.1. Develop a stakeholder mapping and engagement framework at national and regional levels	Government	Failure to consult with stakeholders regarding developments in e-commerce policy, law and regulation	Reduced effectiveness of e-commerce policy, law and regulation	Medium