



Nigeria Digital Trade Dialogue

30 June 2021



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**AMERICAN
BUSINESS COUNCIL**
Promoting Nigeria-America Economic
Partnership



Enabling MSME Ecommerce in Nigeria

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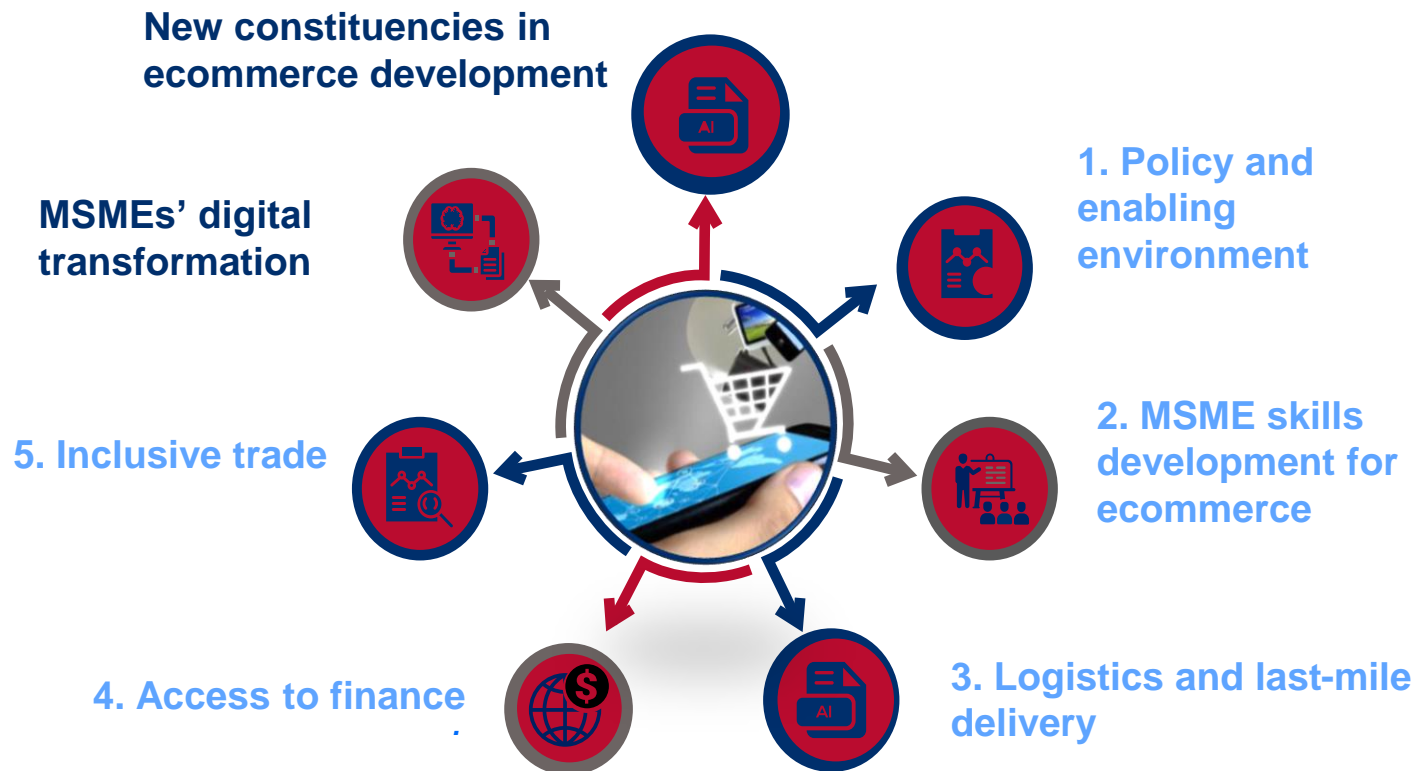


ETRADE ALLIANCE GOALS, WORKSTREAMS AND PARTNERS

Main objectives...

...attained by breaking main constraints in key areas
(~25 projects per year)

- 1 Increase number of MSMEs selling online, including on marketplaces
- 2 Increase MSMEs' sales volumes online



<https://www.allianceforetradedevelopment.org>

Alliance partners' 360 ecommerce capabilities span the ecommerce sale cycle (also free resources readily available online)



Operations



- › Visa Enko (in Spanish)
- › Visa Practical Business Skills (USA)
- › Google Digital skills training
- › Google Applied Digital Skills
- › Mastercard Small Business Cybersecurity Resource Center (Caribbean)
- › Mastercard Trust Center (USA)
- › Mastercard Small Business Digital Readiness Diagnostic (USA)
- › Mastercard Digital Acceleration Platform-Business Tools (Caribbean)
- › Mastercard Biz Resources (USA/CAN/LatAm/Caribbean)

Obtain Financing/Working Capital



- › Visa Small Business Hub (USA)
- › Grow with Google workshops
- › Mastercard Biz Resources (USA/CAN/LatAm/Caribbean)

After-sale service, reverse logistics

- › UPS Returns Manager
- › Google Business Profile Reviews
- › Google Forms for surveying

Ship product (cross-border)

- › UPS TradeAbility
- › DHL Business Across Borders
- › Mastercard Digital Acceleration Platform-Foreign Trade (Caribbean)
- › Google Plus Codes for digital addresses*

Ship product (domestic)

- › UPS Small Business Shipping Solutions
- › UPS Marketplace Shipping
- › UPS My Choice platform
- › UPS Billing Center
- › Shipping with DHL- 5 Easy Steps for SMEs
- › DHL Electronic Billing
- › Google Plus Codes for digital addresses*

Fulfillment and Inventory Management

- › UPS Knowledge Center for fulfillment strategy

Customer Payment

- › Visa Small Business Hub (USA)
- › Visa guide to becoming merchant
- › Visa Authorize.net Ecommerce Guide to Payments
- › Visa Cybersource Support Center
- › Mastercard guide to becoming merchant
- › Etsy guide to accepting payments
- › PayPal Business Resource Center



Purchase Supplies and Produce Product



- › Etsy to identify and vet suppliers
- › Google and YouTube to identify and vet suppliers

Marketing/Sales

- › Etsy marketing resources for sellers
- › Visa Small Business Hub
- › Visa Enko
- › Mastercard Digital Doors (USA)
- › Google My Business and Google Digital Garage
- › Mastercard Digital Acceleration Platform - Digital Marketing (Caribbean)



Receive Customer Order on Website/Marketplace

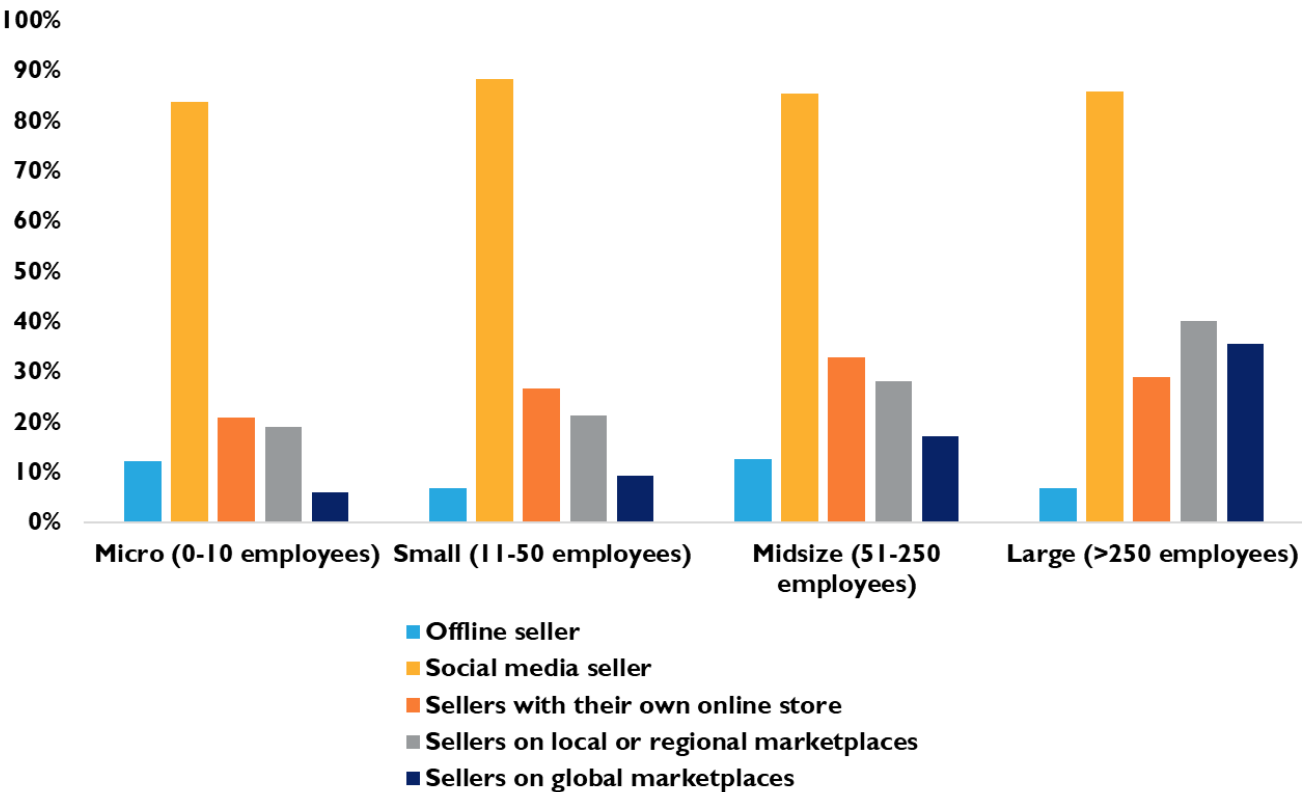
- › Etsy onboarding resources
- › Visa Small Business Hub (USA)
- › Mastercard Digital Doors (USA)
- › Google for Small Business' Digital Toolkit



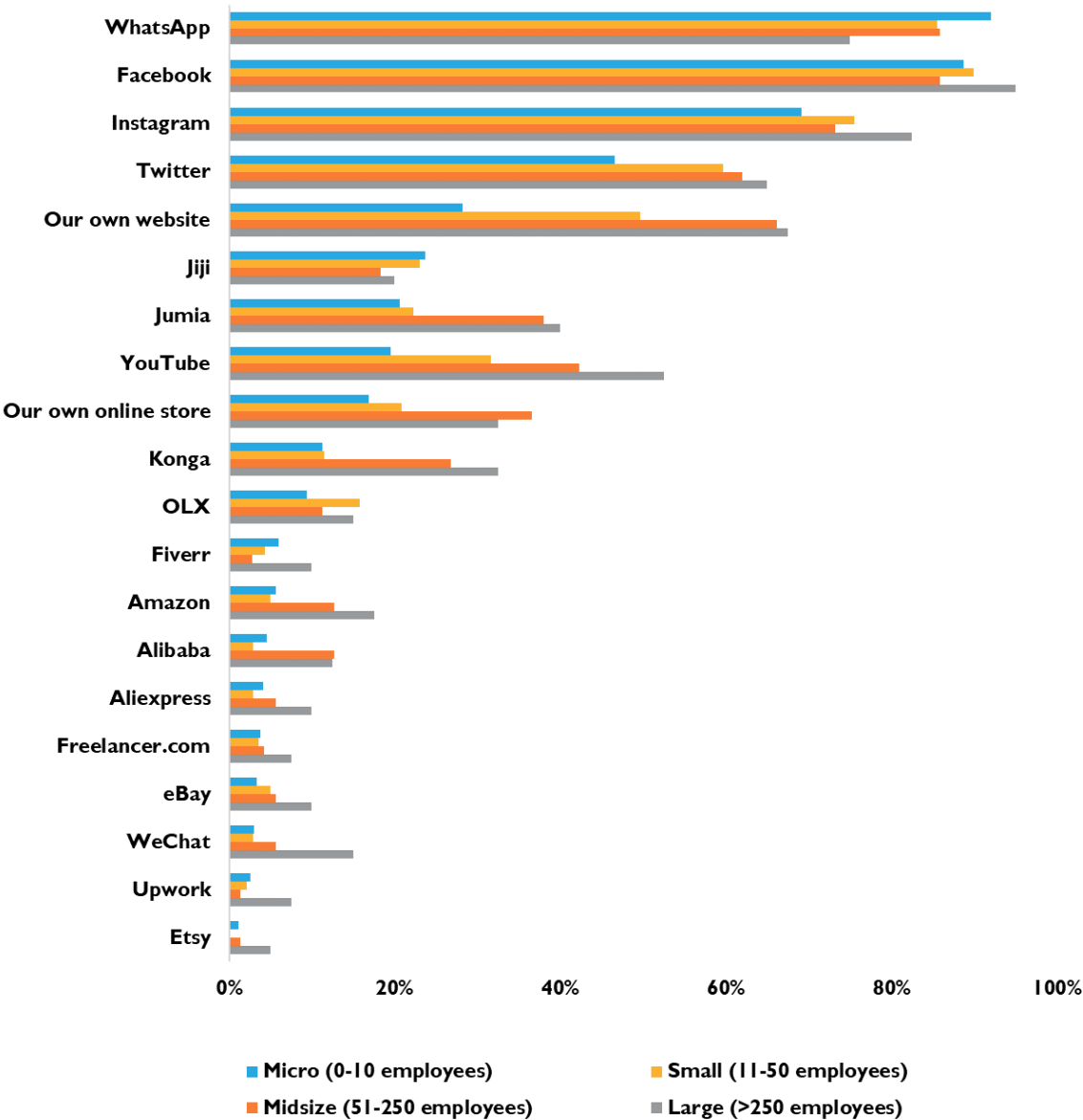
Why are we excited about MSME ecommerce?

Small Nigerian firms are still mostly social sellers, but also starting to use marketplaces

How firms sell online, by firm size

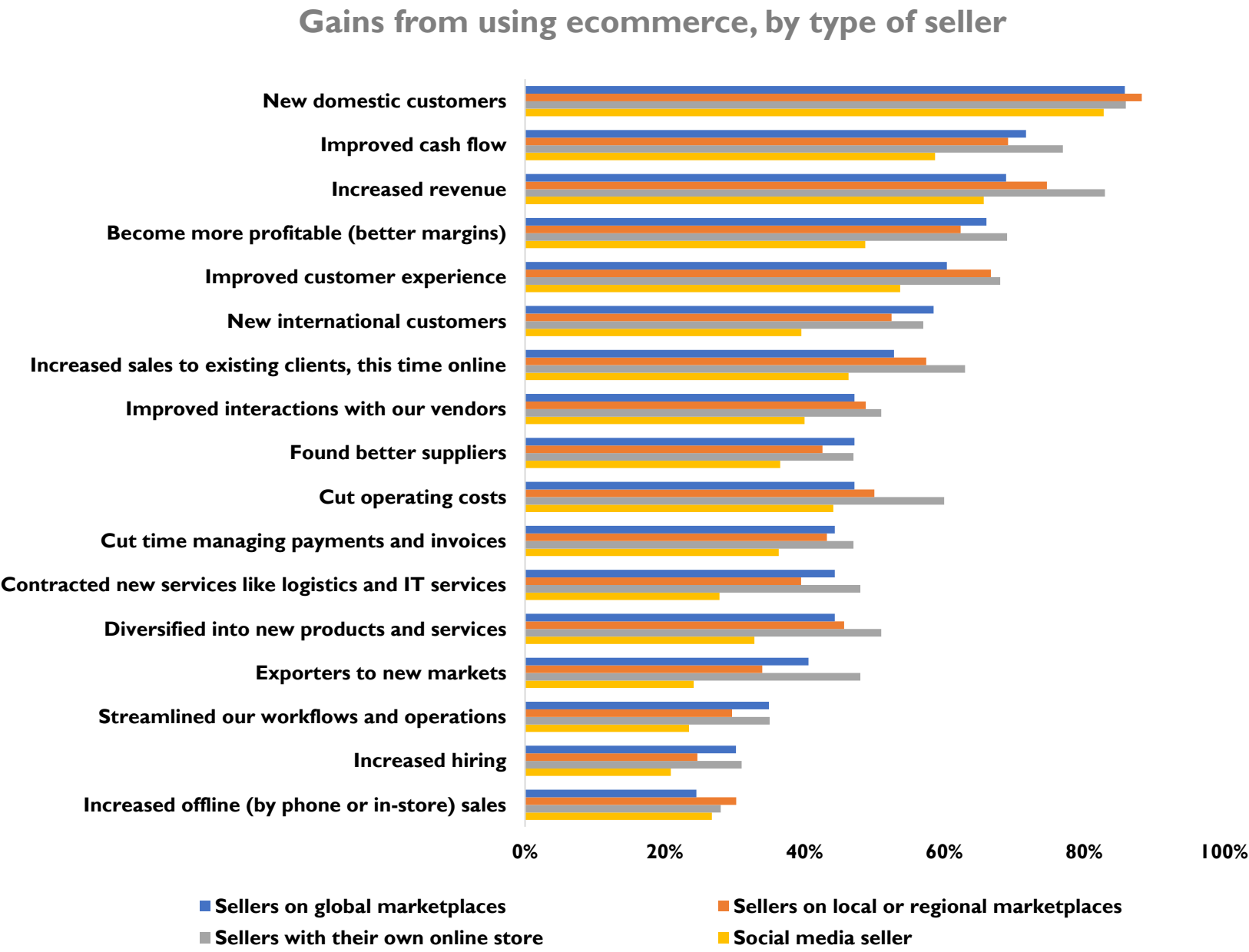


Platforms used to market and sell online



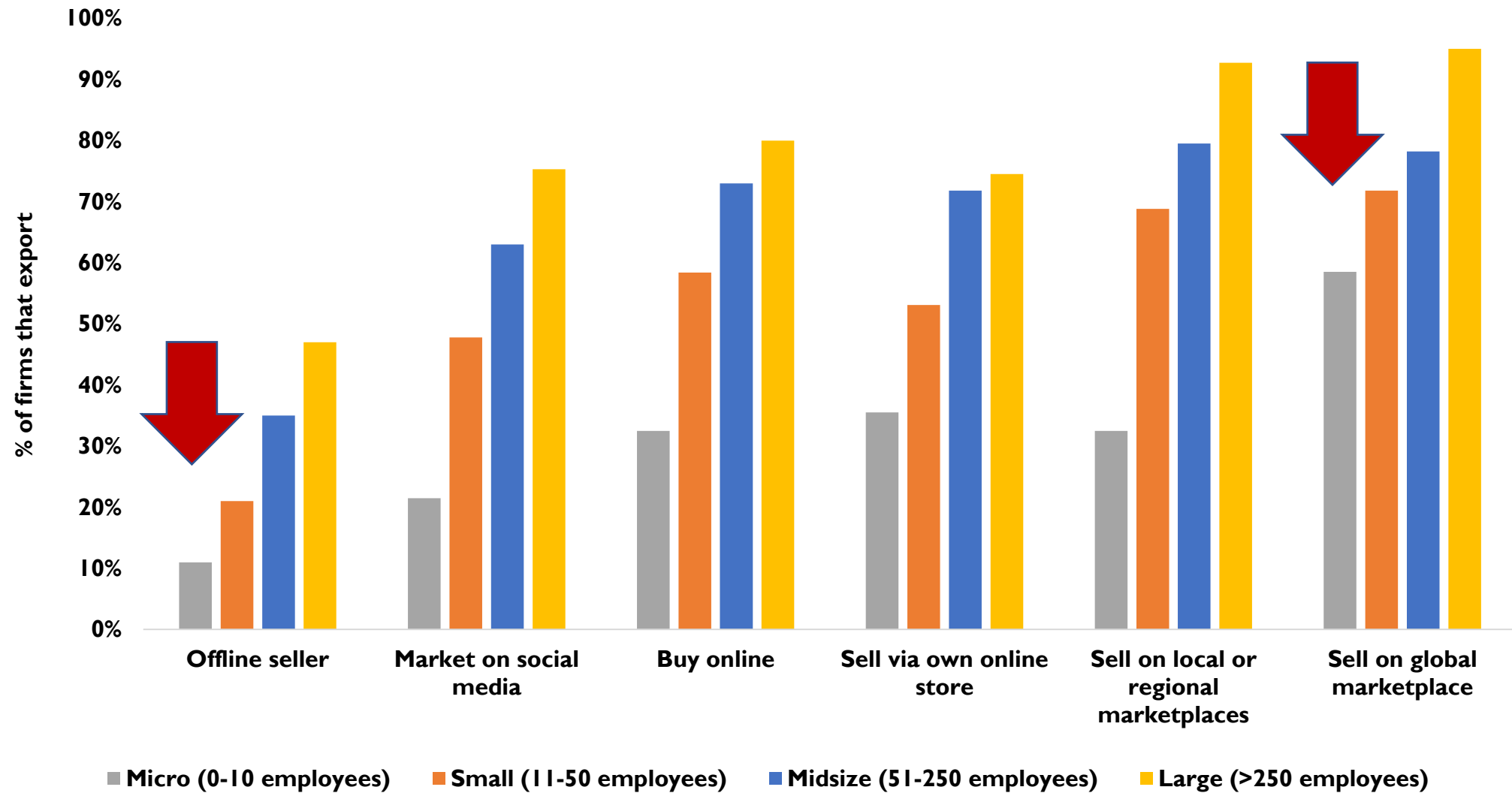
Source: eTrade Alliance and Nexttrde surveys of 970 Nigerian firms, August and September 2020.

Nigerian MSMEs benefit significantly from ecommerce in new customers, revenues, cash flow



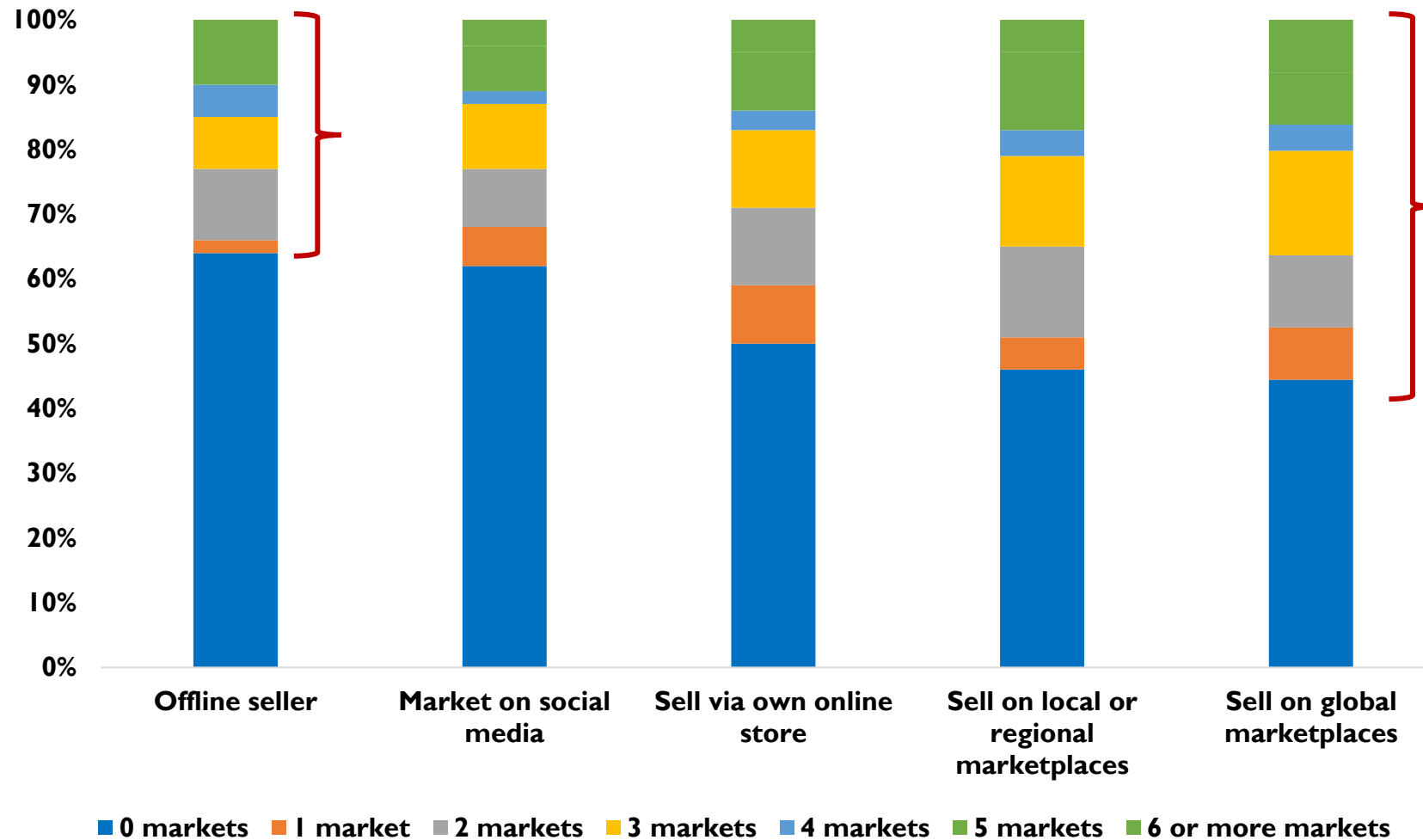
Source: eTrade Alliance survey
516 Nigerian firms, September
2020.

Online seller MSMEs are likelier to export



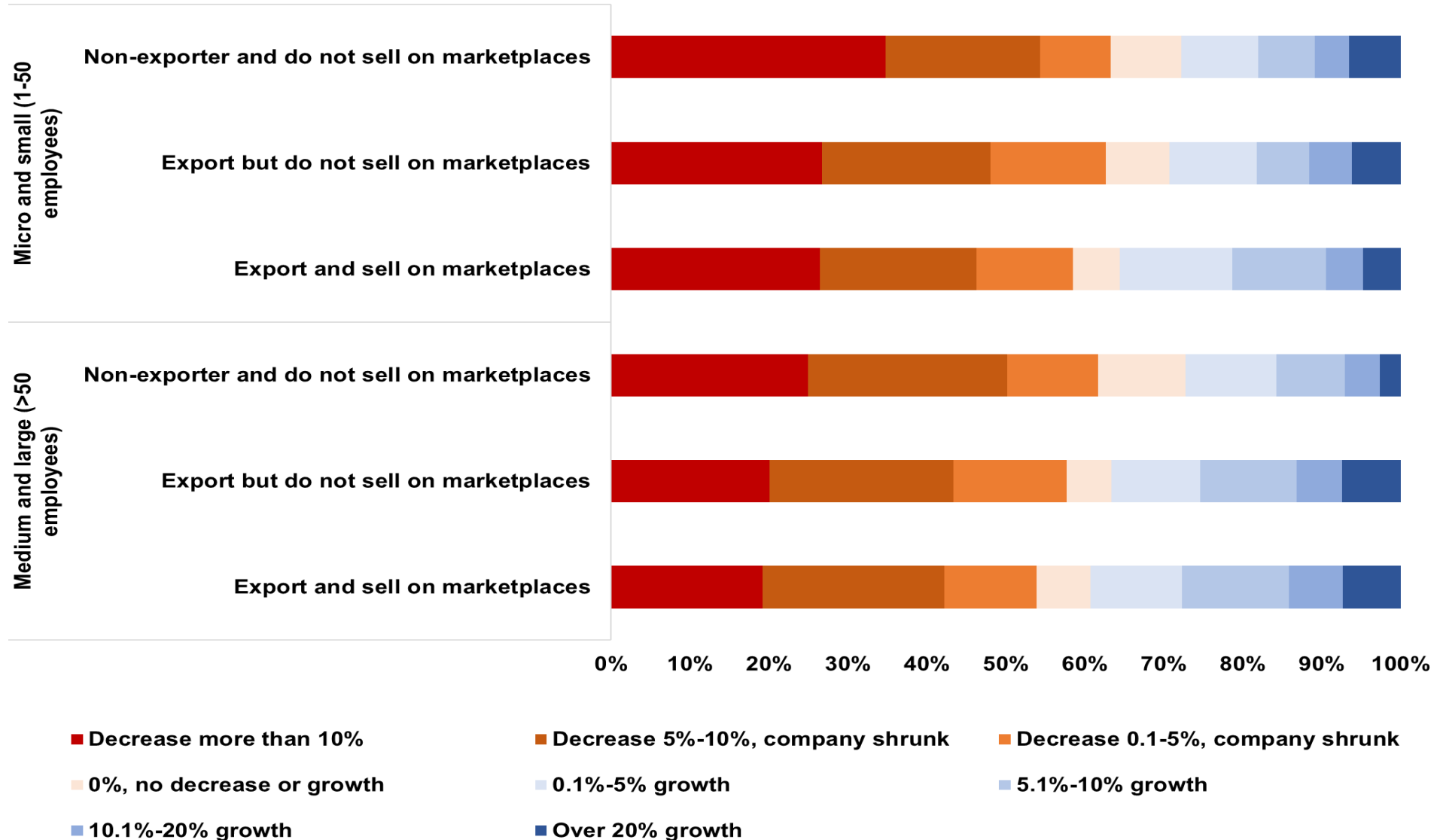
...and export to multiple markets

Number of foreign markets MSMEs sold to, by type of seller



Online exporters also did better in Covid-19

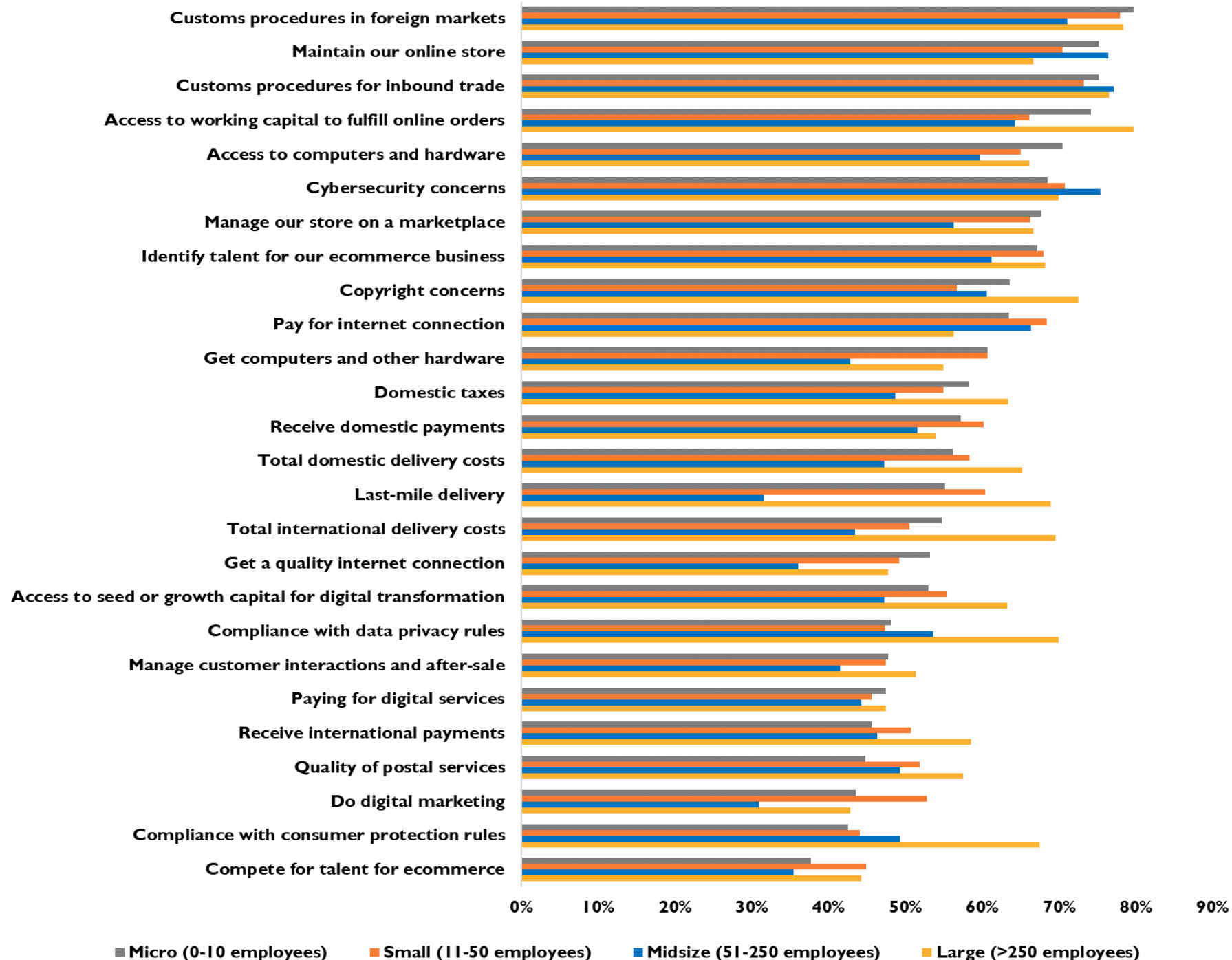
Firms' projected revenue growth in 2020



What are we solving for today?

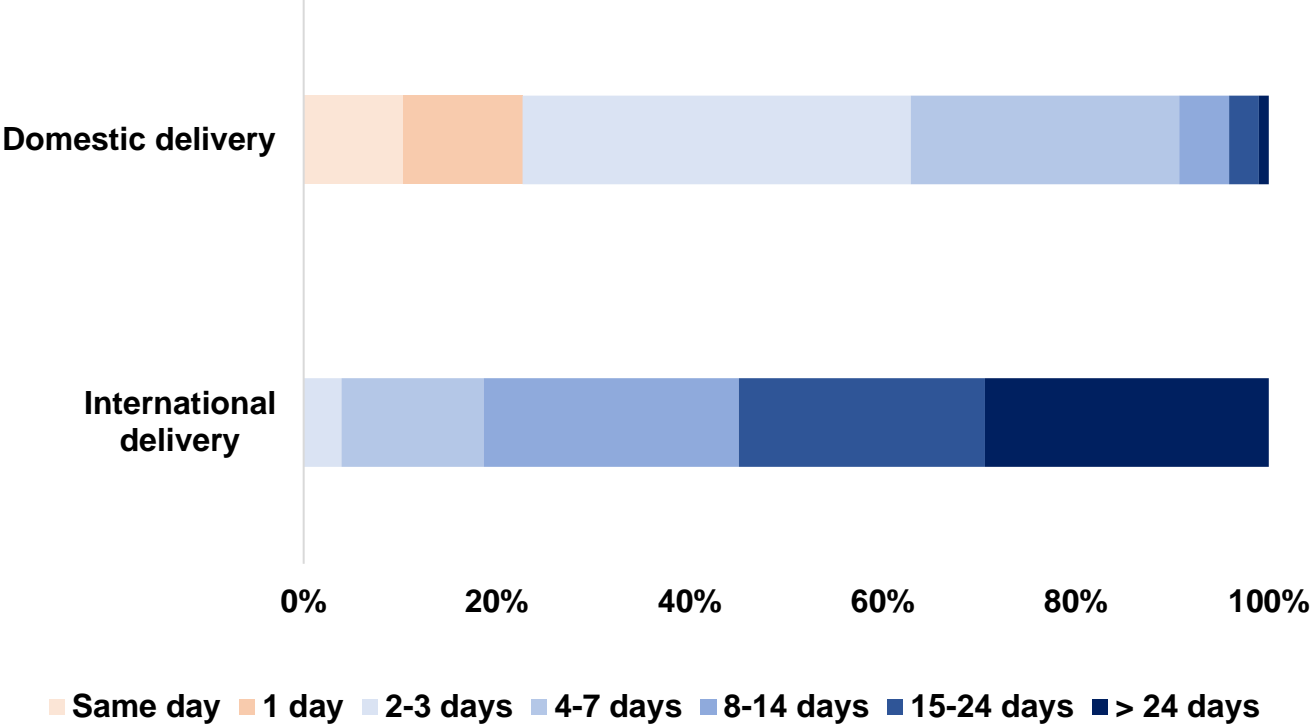
Nigerian firms’ “top challenges” to grow their ecommerce businesses:

Customs procedures, digital marketing, finance, cybersecurity



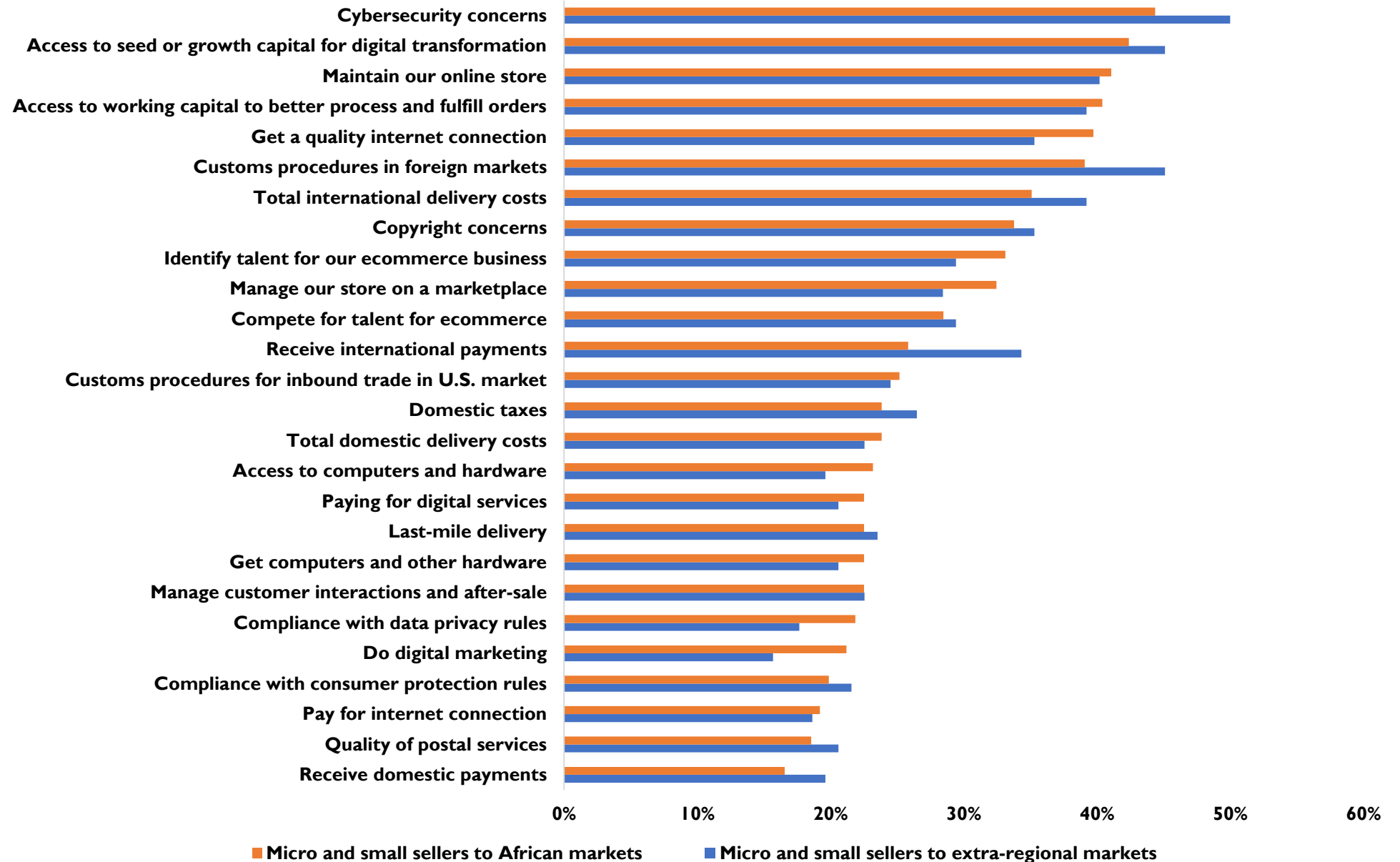
Source: eTrade Alliance and Nexttrde surveys of 970 Nigerian firms, August and September 2020.

Customs clearance also impacts African shoppers – 50% have delivery times >2 weeks



Source: Nextrde survey with 447 African consumers, August 2020.

Nigerian exporters' "top challenges" to grow their ecommerce businesses



MSMEs across Africa and across sales channels share similar challenges → common ecommerce agenda

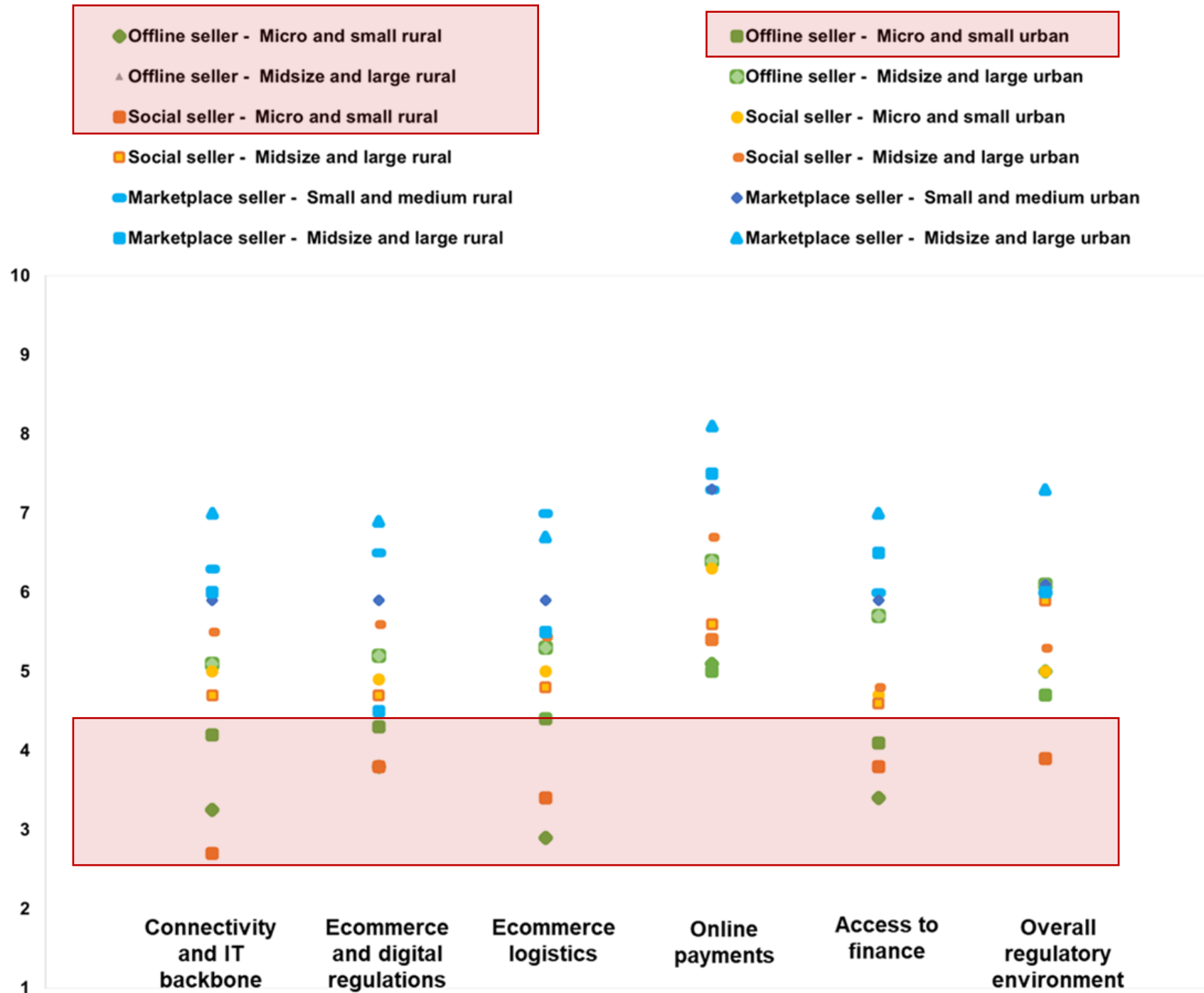
	Social sellers				Global and local marketplace sellers			
	All countries	Kenya	Nigeria	South Africa	All countries	Kenya	Nigeria	South Africa
International delivery costs	1	1	1	1	1	2	1	4
Customs procedures in foreign markets	2	2	2	3	2	1	2	1
Maintain our online store	3	3	3	7	4	5	4	3
Compete for talent for ecommerce	4	4	8	6	8	6	6	11
Access to seed or growth capital for digital transformation	5	5	5	10	7	8	5	8
Manage our store on a marketplace	6	7	7	5	10	11	11	14
Cybersecurity concerns	7	9	6	7	3	3	3	5
Access to working capital	8	6	4	8	11	12	10	17
Consumer buys from foreign sellers	9	8	13	2	12	9	22	2
Copyright concerns	10	11	12	NA	6	7	9	NA
Domestic taxes	11	10	15	4	5	4	7	6
Do digital marketing	12	12	10	14	7	13	24	13
Get a quality internet connection	13	18	9	15	9	16	8	9
Last-mile delivery to customer	14	14	14	9	14	17	19	6
Receive international payments	15	17	11	13	19	19	14	18

Views of challenges vary by geography and channels –

Small rural offline and social sellers and urban micro sellers most constrained

Excellent enabling environment for ecommerce

Very poor enabling environment for ecommerce

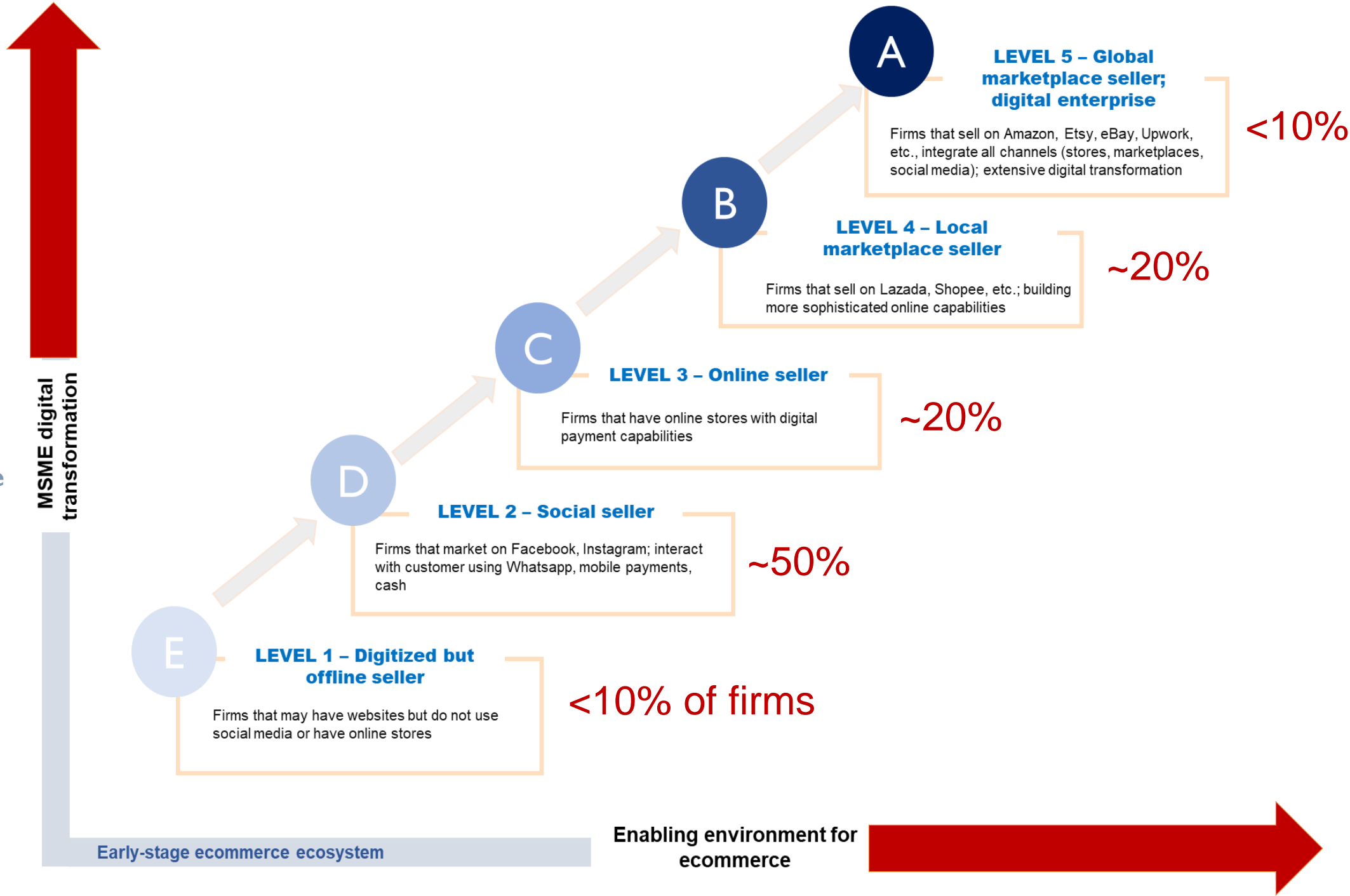


“Top-3 capabilities my company needs to start or expand our online sales”



Our question:
how to enable
more firms to
grow into online
sellers →

- 1. Improve enabling environment for ecommerce
- 2. Accelerate firms' digital transformation



Where is the Nigeria on these two axes?

The scatter plot displays the relationship between the Business Digital Adoption Index (Y-axis) and the Best Place for MSME Ecommerce Index (X-axis). Nigeria is highlighted with a red circle, indicating its position relative to other countries. The plot compares Nigeria's performance against various countries, categorized by region.

Legend:

- Sub-Saharan Africa (Orange dots)
- South Asia (Dark Blue dots)
- North America (Light Blue dots)
- Middle East and North Africa (Medium Blue dots)
- Latin America and Caribbean (Light Blue dots)
- Europe and Central Asia (Light Blue dots)
- East Asia and Pacific (Light Blue dots)

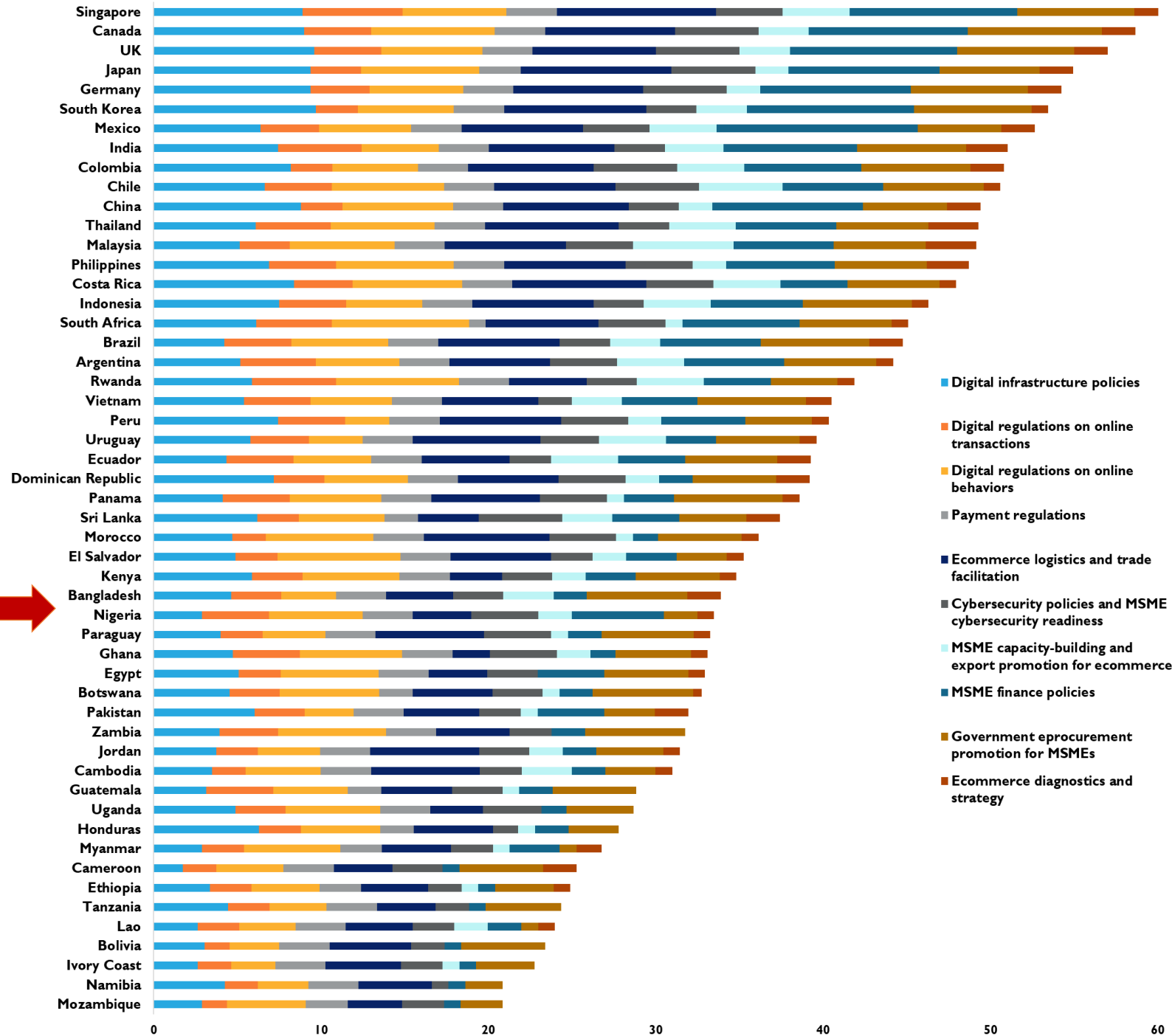
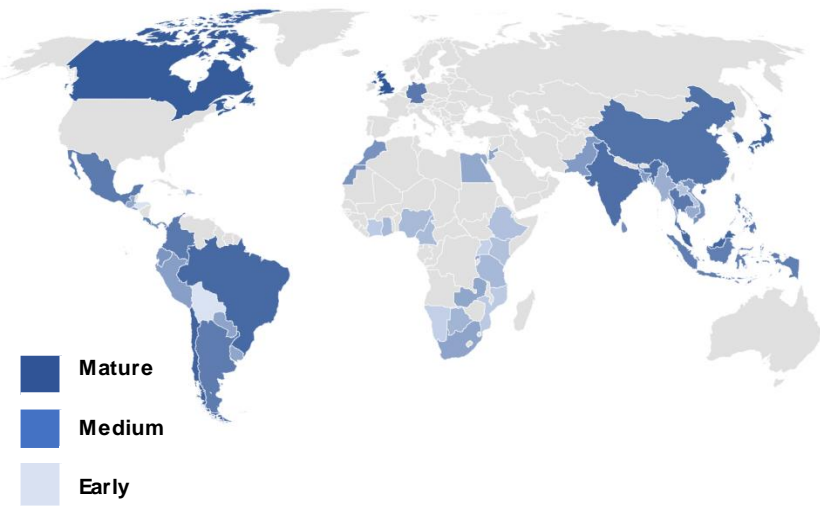
Key Data Points (Approximate Values):

Country	Best Place for MSME Ecommerce Index (X)	Business Digital Adoption Index (Y)	Region
Nigeria	2.1	0.42	Sub-Saharan Africa
United Arab Emirates	3.6	0.82	Middle East and North Africa
Malta	3.8	0.85	Middle East and North Africa
Israel	4.1	0.78	Middle East and North Africa
Spain	4.4	0.75	Europe and Central Asia
Italy	4.6	0.75	Europe and Central Asia
France	4.8	0.75	Europe and Central Asia
United States	5.1	0.75	North America
United Kingdom	5.2	0.75	North America
Germany	5.3	0.85	Europe and Central Asia
Japan	5.4	0.80	East Asia and Pacific
Singapore	5.5	0.88	East Asia and Pacific
Australia	5.2	0.70	East Asia and Pacific
Canada	4.9	0.68	North America
India	3.9	0.52	South Asia
China	4.0	0.58	East Asia and Pacific
Mexico	4.1	0.60	North America
Colombia	4.2	0.65	Latin America and Caribbean
Brazil	4.3	0.70	Latin America and Caribbean
Argentina	4.4	0.70	Latin America and Caribbean
Chile	4.5	0.75	Latin America and Caribbean
Russia	4.6	0.75	Europe and Central Asia
Uruguay	4.7	0.75	Latin America and Caribbean
Costa Rica	4.8	0.68	Latin America and Caribbean
South Africa	4.9	0.65	Sub-Saharan Africa
Thailand	5.0	0.60	East Asia and Pacific
Peru	5.1	0.55	Latin America and Caribbean
Philippines	5.2	0.50	South Asia
Vietnam	5.3	0.50	East Asia and Pacific
Indonesia	5.4	0.45	East Asia and Pacific
Kenya	5.5	0.40	Sub-Saharan Africa
Honduras	5.6	0.40	Latin America and Caribbean
Namibia	5.7	0.38	Sub-Saharan Africa
Senegal	5.8	0.35	Sub-Saharan Africa
Uganda	5.9	0.32	Sub-Saharan Africa
Lesotho	6.0	0.28	Sub-Saharan Africa
Mozambique	6.1	0.25	Sub-Saharan Africa
Ethiopia	6.2	0.25	Sub-Saharan Africa
Burundi	6.3	0.22	Sub-Saharan Africa
Benin	6.4	0.20	Sub-Saharan Africa
Burkina Faso	6.5	0.18	Sub-Saharan Africa
Niger	6.6	0.15	Sub-Saharan Africa
Congo, Dem. Rep.	6.7	0.15	Sub-Saharan Africa
Chad	6.8	0.22	Sub-Saharan Africa
Sierra Leone	6.9	0.25	Sub-Saharan Africa
Mali	7.0	0.25	Sub-Saharan Africa
Tanzania	7.1	0.28	Sub-Saharan Africa
Angola	7.2	0.32	Sub-Saharan Africa
Mauritania	7.3	0.32	Sub-Saharan Africa
Gambia	7.4	0.35	Sub-Saharan Africa
Zambia	7.5	0.38	Sub-Saharan Africa
Algeria	7.6	0.42	Sub-Saharan Africa
Bolivia	7.7	0.48	Latin America and Caribbean
Ghana	7.8	0.48	Sub-Saharan Africa
Rwanda	7.9	0.45	Sub-Saharan Africa
Lebanon	8.0	0.58	Middle East and North Africa
Tunisia	8.1	0.55	Middle East and North Africa
Egypt	8.2	0.52	Middle East and North Africa
Jordan	8.3	0.55	Middle East and North Africa
Morocco	8.4	0.55	Middle East and North Africa
Panama	8.5	0.58	Latin America and Caribbean
Mauritius	8.6	0.60	Sub-Saharan Africa
Barbados	8.7	0.65	Latin America and Caribbean
Seychelles	8.8	0.62	Sub-Saharan Africa

- Middle East and North Africa

- East Asia and Pacific

Nigeria is on the way adopting policies conducive to MSME ecommerce:
Alliance's 2020-21 Ecommerce Policy Index

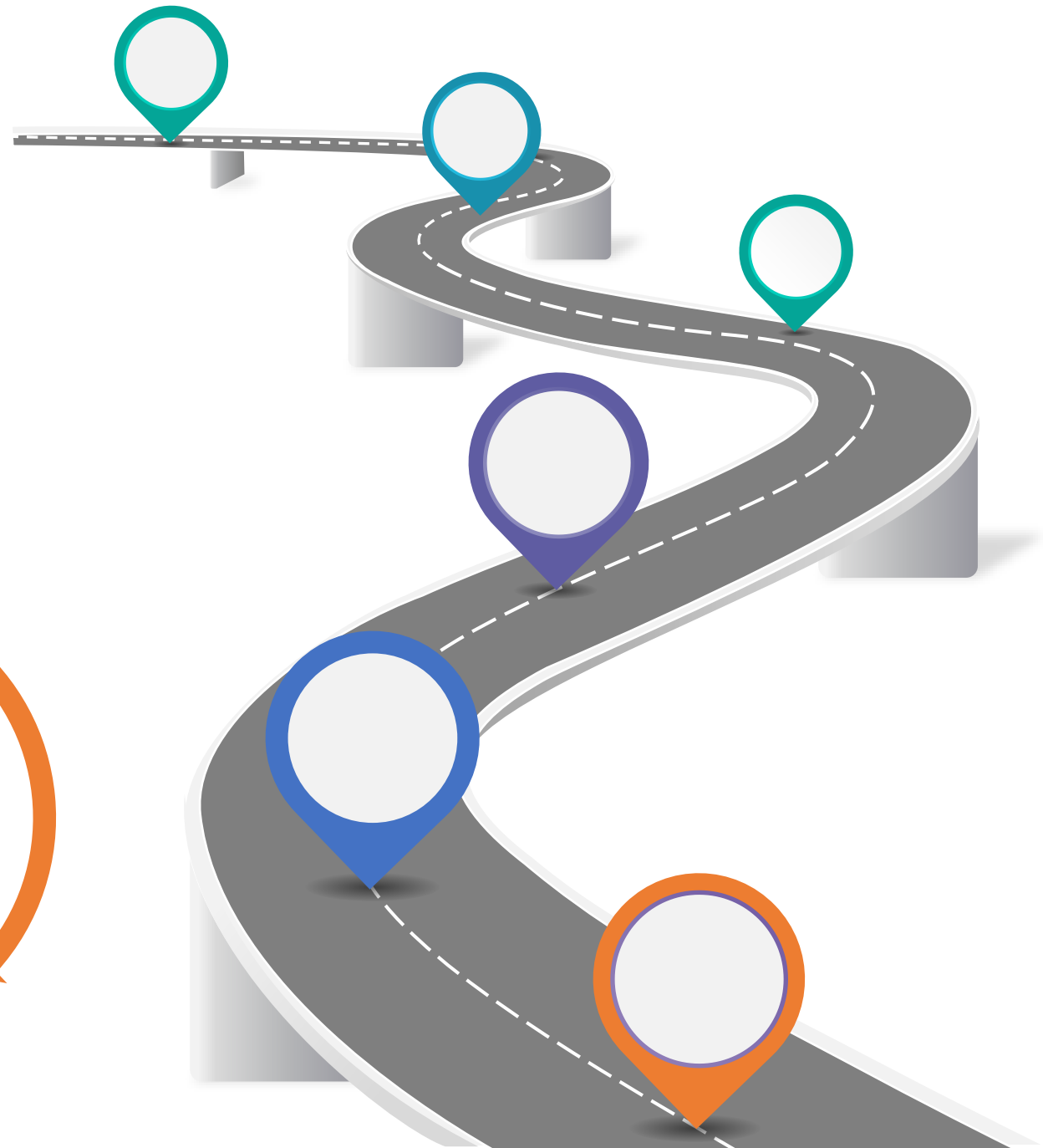


How Nigeria maps on the Index



	Nigeria	Kenya	Morocco	Sub-Saharan Africa	Middle East North Africa	South Asia	Latin America	Southeast Asia	Advanced
Digital Infrastructure									
Digital regulations on online behavior									
Digital regulations on online transactions									
Payment regulations									
Cybersecurity readiness									
Ecommerce logistics and trade facilitation									
SME capacity-building and export promotion for ecommerce									
SME finance									
Government eprocurement promotion for SMEs									
Ecommerce diagnostics and strategy									
Overall									





Our goal today: Create
Roadmap and pilots for MSME
Ecommerce in the Philippines
What to do – and how to do it?



Annex:
Domestic and regional policy solutions for African countries
to enable MSME ecommerce

Enablers	MSMEs' pain points	Examples of goals	Solutions - Domestic	Solutions - Regional
 Logistics	<ul style="list-style-type: none"> • Slow and arcane customs procedures • High total cost of delivery to foreign customers • Elevated cost of hinterland rural last-mile delivery • Poor addresses and cash payments raising delivery times and inefficiencies in the “final 50 feet” 	<ul style="list-style-type: none"> • Domestic delivery for a median shipment in a day within first-tier cities, 2 days to second-and third-tier cities, 3 days to rural areas by 2022 • Cross-border inbound delivery times lowered by 25% by 2022 and 50% by 2025 • Customs clearance times for imports lowered by 50% in 2025 	<ul style="list-style-type: none"> • Accelerate TFA implementation • Simplify border clearance for low-value items above <i>de minimis</i> thresholds • Promote digitization of trade documents and AI and blockchain for customs risk management and automation • Adopt digital addresses for last-mile delivery • Promote warehouse 4.0 solutions and test-beds for technology-driven delivery solutions, working with cities • “Smart Port” and “Smart Airport” pilots to increase capacity and throughput 	<ul style="list-style-type: none"> • Full liberalization of trade in goods • Liberalize regional air and ground cargo markets • “LogTech Academy” to promote companies’ adoption of warehousing and logistics technology solutions • Create African “TradeTech Academy” for governments to pilot disruptive technologies in border clearance • Consider regional logistics tech sandboxes, for example for testing autonomous and drone delivery regionally
 Finance	<ul style="list-style-type: none"> • Frequent cash flow constraints • Access to fast-disbursing working capital loans to fulfill orders • Access to long-term funding for digital transformation projects 	<ul style="list-style-type: none"> • Any MSME can use mobile phone to access a loan in 120 minutes by 2025 • >20% of MSMEs that seek funding for digital transformation projects secure it by 2025 • Interoperable regional financial ecosystem by 2025 	<ul style="list-style-type: none"> • Adopt FinTech and equity crowdfunding laws • Guarantee for Fintech-issued working capital loans to online sellers • Adopt of FinTech sandboxes • Promote open banking and open finance • Promote e-invoicing and procure-to-pay solutions, including in B2G transactions 	<ul style="list-style-type: none"> • Adopt a regional FinTech sandbox and passporting • Pilot a regional credit guarantee to support B2B online buyers’ access to financing to make online purchases • Develop a regional Digital Transformation Fund for online sellers’ digital transformation projects

Enablers	MSMEs' pain points	Examples of goals	Solutions - Domestic	Solutions - Regional
 E-skills	<ul style="list-style-type: none"> Limited ecommerce and digital marketing capabilities Use local and global marketplaces Management of outbound international shipments 	<ul style="list-style-type: none"> Increasing the share of MSMEs with online stores to 50% by 2025 Increasing the share of MSMEs that use global marketplaces 25% in 2025 Doubling current MSMEs online sellers' ecommerce sales by 2023 	<ul style="list-style-type: none"> Leverage public-private partnerships to onboard MSMEs on marketplaces and secure logistics, finance, digital marketing, and payment services for ecommerce Provide mass-customized online capacity-building for social sellers to build capabilities to transact digitally Work with anchor firms to build MSME suppliers' ecommerce capabilities Promote digital capabilities and labor market matching in workforce development strategies Promote online dispute resolution (ODR) systems for a scalable and quick resolution on disputes in online transactions 	<ul style="list-style-type: none"> "African 360° eBusiness Academy" to enable MSMEs access holistic capabilities for running a global online business "Ecommerce Executive Education" program for leaders of established MSMEs to develop ecommerce capabilities and learn from peers across the region Regional "RegTech" solution to enable MSMEs to access market access data for all products and markets and automate trade compliance African E-Business Code of Conduct and regional eTrust Mark
 Payments	<ul style="list-style-type: none"> Prevalence of cash Limited interoperability in cross-border B2C payments Costly cross-border B2C and B2B payments Frictions in B2B payments in logistics value chains 	<ul style="list-style-type: none"> Digital payments in 20% of transactions in Africa by 2022 and 35% in 2025 Cross-border payments available to 50% of African mobile payment users by 2025 Cross-border payment fees cut to global average by 2025 	<ul style="list-style-type: none"> Advance regulations governing payment providers that are calibrated to risk Promote biometric IDs and 3D Secure standards for customer authentication for small purchases Support open data transfer policies to enable fraud-prevention in digital payments 	<ul style="list-style-type: none"> Interoperable cross-border mobile payments with ISO 20222, standardized QR codes, APIs Promote digitized invoicing and automated payments using smart contracts among players moving B2B ecommerce cargo

Cross-cutting policies



Digital integration

- Ensure compatible and flexible national digital regulations for MSMEs to apply similar rules when transacting across Africa.
- Promote regional Digital Dialogues among public and private sectors to assess how digital and other regulations are impacting ecommerce in Africa and discuss best global digital regulatory practices, including emerging models in regional trade agreements.
- Promote permanent regional dialogues and information sharing among specific national regulators (e.g., consumer protection agencies) to discuss and align regulatory approaches.
- Develop common measurements of ecommerce flows and use, for tracking Africa's ecommerce development and regional digital integration.



Access to data

- Consider a data transfer regime such as APEC Cross Border Privacy Rules (CBPR) system to enable orderly cross-border data transfers, while respecting national data privacy laws in that are in place
- Consider Executive Agreements (as between U.S. and UK) to promote orderly access to data for law enforcement purposes.
- Promote public-private dialogues on emerging privacy-preserving technologies such as encryption and confidential computing, and their implications on regulating data.



MSME Digital ID

- Promote decentralized self-sovereign regional Corporate Digital ID identity solutions for MSMEs to be authenticated and verified by service providers and customers.



Cybersecurity

- Adopt cybersecurity laws and Computer Emergency Response Teams (where not yet in place).
- Support and subsidize MSMEs' cybersecurity training and technology purchases.
- Partner with technology companies and VCs to develop cybersecurity solutions tailored to MSMEs.



Business formalization

- One-stop shop fully online business registration (where not implemented yet).
- Carrots and sticks approaches – tax holidays and fee exemptions coupled with inspections.
- Promote Africa eTrust Mark among formal companies.



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