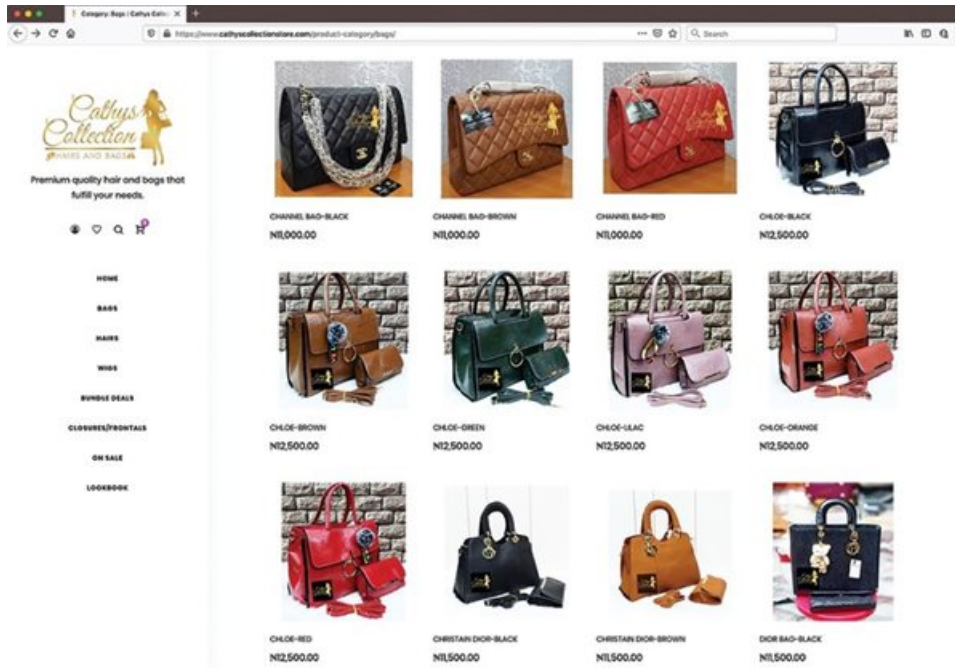


Africa wired: E-commerce offers fresh opportunities for young traders

By Yun Shi

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Catherine Oshotse, a 27-year-old entrepreneur from Lagos, Nigeria, has the internet to thank for her growing business. Selling hair extensions and women's handbags online to customers across Africa and abroad has grown her client base from 10 in 2015 to more than 1,000 currently. Of these, 70% are in Africa and 20% in the United Kingdom and the United States.



Catherine Oshotse's business website.

"You just go to my website and click on the item you want to buy. I receive an email that somebody has placed an order, then I deliver the package. Very easy," Oshotse tells *Africa Renewal* in an interview.

Online shopping for goods and services is booming in Africa and it's changing the very nature of many startups, especially among young entrepreneurs.

With the emergence of online technologies, Africa is joining the burgeoning world of digital economies.

Estimates suggest about 264 e-commerce startups are operational across the continent, active in at least 23 countries. There's significant potential to create new jobs – as many as 3 million by 2025. These jobs will be directly in online marketplaces, supporting services and spin-off economic activity.



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Benefits will include opening markets to otherwise isolated rural communities and servicing Africa's fast-growing consumer class. Young entrepreneurs are taking a keen interest in e-commerce because it entails reasonable startup funding, offers revenue-generating prospects, and has an open door to all, in ways traditional workplaces may not. African e-commerce can be a force for sustainable development.

The UN Conference on Trade and Development (UNCTAD) estimates that Africa had at least 21 million online shoppers in 2017, 50% of which were in Nigeria, South Africa, and Kenya. Although this is only a small portion of the African population which is over a billion, the number has been increasing by 18% annually since 2014, which is 6% higher than the world average.



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Challenges and the opportunity in continental trade

Despite the growing popularity of e-commerce in Africa, the industry faces obstacles.

The E-commerce Index 2018 by UNCTAD measures an economy's preparedness to support online shopping covers 151 world economies, including 44 African countries. Mauritius was ranked 55th, the highest among African countries. Nigeria and South Africa ranked 75 and 77 respectively. Nine of the last ten countries in the ranking are African.

Challenges include slow and expensive internet connectivity, inadequate infrastructure and weak delivery logistics. Consumer protections are weak or non-existent, affecting trust between the seller and the buyer.

While mobile payment is growing, cash-on-delivery remains popular in Africa, making cross-border e-commerce difficult. Also, policies are often not adapted to complex payment supply chains, meaning Africa's merchants have fewer options to connect their local e-payments systems with services used by global customers.

Policy-makers also need to work to improve local and global payment system interoperability. This would help bolster Africa's position as a global leader in mobile payments.



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The new Africa Continental Free Trade Area (AfCFTA) is a gamechanger. Set to start trading in 2020, the AfCFTA aims to create the world's largest trading bloc, with a market of 1.27 billion consumers, expected to reach 1.7 billion by 2030. Bridging the digital divide and creating an enabling environment would help entrepreneurs like Catherine Oshotse grow their clientele even further and offers vast opportunities for innovation.

The role e-commerce can play in realising the AfCFTA is also critical. “E-commerce has the potential to lift intra-African trade from the current rate of 18% and to boost Africa’s share of global trade, currently estimated at less than 3%,” said Ajay Kumar Bramdeo, the African Union’s ambassador to the UN in Geneva, during E-commerce Week in Geneva in 2019.

Article courtesy of [Africa Renewal](#).

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