UNESCWA - UNCTAD

Consumer Protection Webinar

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Economic and Social Commission for Western Asia

Digital Economy Trends & Challenges

Business Environment in the Arab Region

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Digital Development in the Arab Region

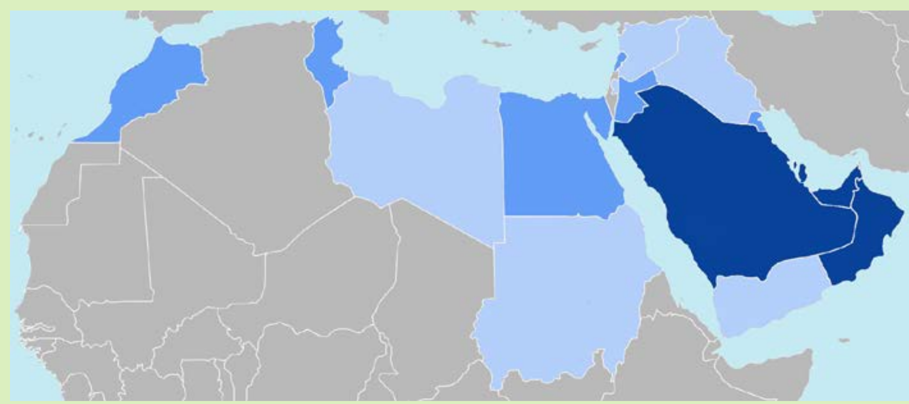
- **The Arab region is heterogeneous in digital development. We can identify at least 3 clusters**
  - 1st cluster GCC: most developed
  - 2nd cluster include Jordan, Tunisia, Lebanon, Morocco and Egypt
  - 3rd cluster: other countries (crises and least developed)

Information Society in the Arab region

First cluster: *most GCC: UAE, Bahrain, KSA, Qatar, Oman, Kuwait*

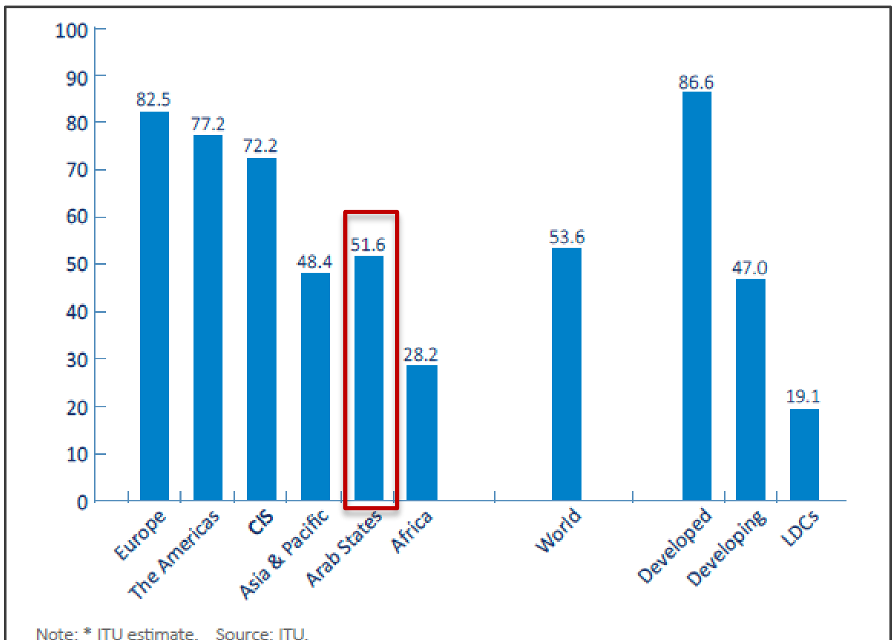
Second cluster: *Tunisia, Jordan, Egypt, Morocco, Lebanon*

Third cluster: *countries under crises, Iraq, Syria, Palestine, Sudan, Yemen and Libya*

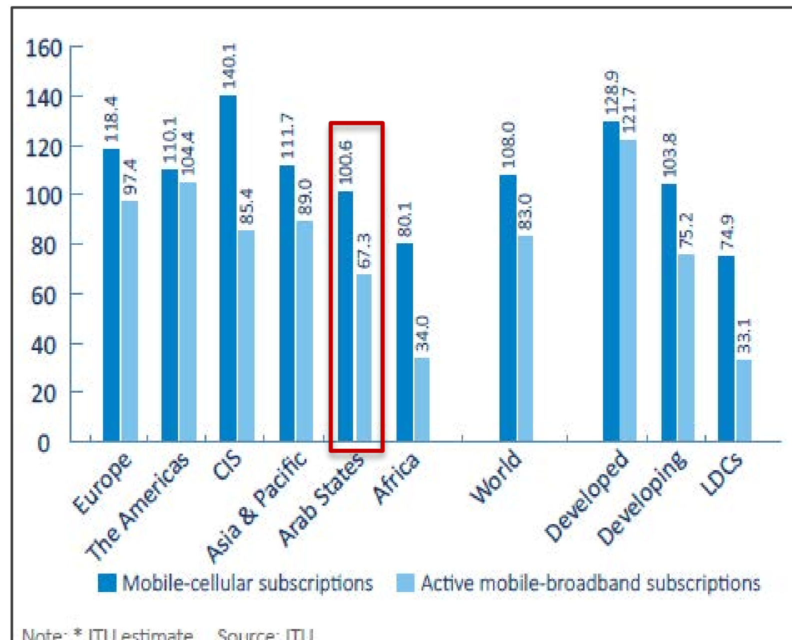


ICT Infrastructure in the Arab Region

- Digital infrastructure varies among countries : very well developed, acceptable, to under re-construction, but **mobile technology is on the rise in all countries**



Percentage of individual using Internet, 2019*

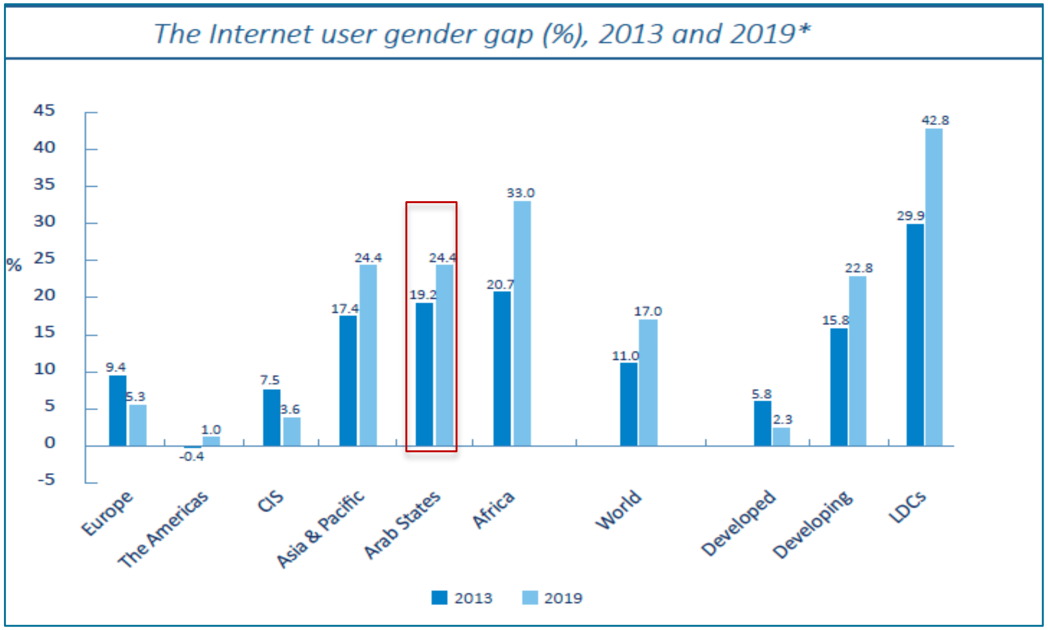


Mobile-cellular and mobile-broadband per 100 inhabitant, 2019*

ICT Infrastructure in the Arab Region

- **Affordability of the Internet is rather low in most countries**

- **Gaps are increasing in Arab countries**: Gender-digital gap, digital gap between rural and urban, and among Arab countries



Digital Economy in the Arab Region

- **Telecom operators are the most dominant, only few operators in each country, government owned, have important contribution to GDP: 0.6 to 6%**
- ICT companies are mainly private, SMEs, between 5-100 employees, their contribution to GDP is not well identified.
- **ICT firms focus on mobile and Internet provision, computer services, software development, application and web design.**
- Weak research and development in ICT companies
- **There is not enough data and statistics about IT companies and their employees in most countries.**

Digital Economy in the Arab Region

Examples from the region

Jordan

- # 700 ICT companies
- # 300 software companies
- # 260 companies working in data processing, IT hardware, training, consulting, (35% of the sector revenue)
- E-Commerce companies account for 10% of revenue.

https://www.unescwa.org/publications/arab-digital-development-report-2019

Kuwait

- # 15 telecom companies
- # 177 digital content companies, including e-commerce & web design
- # 234 software development companies

Oman

- Omantel is the main teleom company
- Omantel employs 3,200 persons, and women represent 25%.
- #1800 ICT firms for software development

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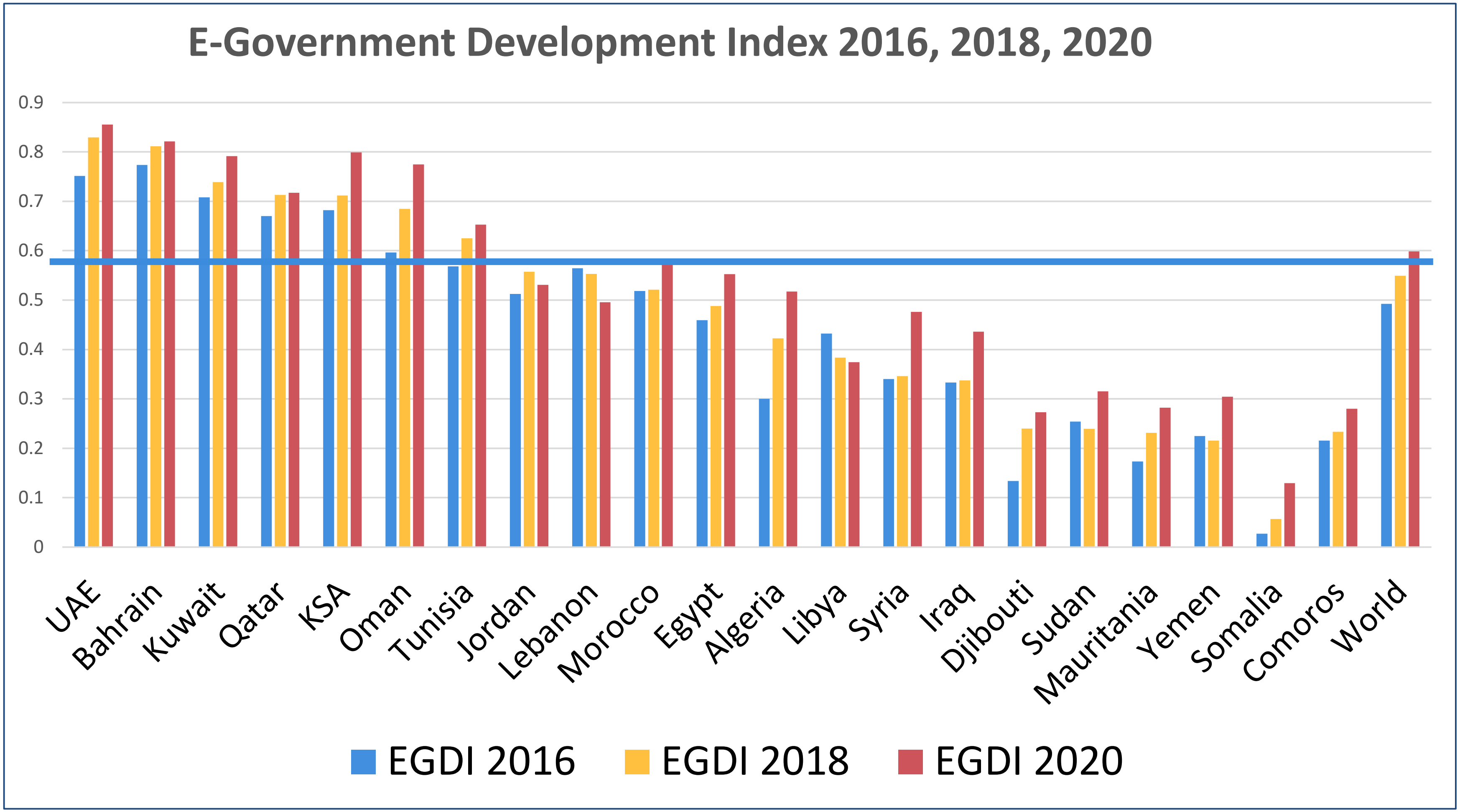
- **E-Services**: e-Government, e-Commerce and e-payment are relatively well developed in GCC, while still weak in other countries



Potential of E-Commerce in the Arab Region

- **The Middle East is one of the fastest-growing e-commerce markets in the entire world.**
- It is estimated that online sales in the Middle East currently equal only 2% of total retail revenue, as opposed to 15% in more developed regions.
- **E-commerce in the Gulf States alone was estimated to quadruple from the $5 billion in profits seen in 2015 to $20 billion before 2020…..**
- There is huge potential for e-commerce profit during this modern age, especially after COVID-19, in the Middle East.
- **E-Payment is available in some countries mostly for bank account holders.**

E-Commerce in the Arab Region

In the Middle East there is **competition** between the e-Commerce platforms. The most important ones are:

- **Amazon.ae:** Amazon entered the region in 2017 by buying Souq.com.
- **Noon.com:** Seeing a lot of potential in this business, investments have surpassed the billion-dollar mark.
- **Souq.com:** In 2017, upwards of 8.4 million products were sold within 31 varied categories, from fashion, cosmetics, childcare and electronics.
- **Wadi.com**: it serves customers living in the UAE, Saudi Arabia, Bahrain, Oman, and Kuwait but is exploring possibilities of expanding.

Enabling Environment for e-Commerce

- **Infrastructure**: Internet access
- **Legislation** which are very important for processing and Trust
  - e-transaction, e-signature, e-payment,
  - E-Consumer and consumer protection on cyber space
  - Cyber crime
- **Institutions:**
  - Implementation and enforcement of legislation
- **Delivery of goods**
  - Reliable postal delivery (international and national)

Cyber Legislation in selected Arab countries

Country	E-transactions	E-signature	E-payment	E-commerce
Iraq	Law 78/2012	Law 78/2012	n/a	n/a
Jordan	E-Transaction Act 15/2015	By-laws 86/2016 and 11/2014	By-Law 111/2017	E-Transaction Act 15/2015
Kuwait	Law 20/2014	Law 20/2014	Law 20/2014	Law 20/2014
Mauritania	Law 022/2018	Law 022/2018	Law 022/2018	Law 022/2018
Oman	Decree 69/2008	Decree 69/2008	Decree 69/2008	Decree 69/2008
State of Palestine	Act 15/2017	Draft	Act 17/2000	n/a
Sudan	E-Transactions Acts 2007, 2015	Regulations emanating from the E-Transactions Act 2017	Regulations emanating from the E-Transactions Act	Regulations emanating from the E-Transactions Act
Syrian Arab Republic	Law 3/2014	Law 4/2009	Law 3/2014	Law 3/2014
Tunisia	Decree 2639/2008	Law 83/2000, Decree 1667/2001	Law 51/2005	Law 83/2000
United Arab Emirates	Federal Law No. 1 of 2006 on E- Commerce and E-Transactions	Federal Law No. 1 of 2006 on E- Commerce and E-Transactions	Regulatory Framework for Stored Values and Electronic Payment Systems	Federal Law No. 1 of 2006 on E- Commerce and E-Transactions

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Cybercrime and management of PKI in selected Arab countries

Country	PKI management	Cybercrime
Iraq	Available	Available[a]
Jordan	Available, 2016	Law 27/2015
Kuwait	Available, 2014	Information Technology Crimes law 63/2015
Mauritania	Instructions on e- certification, 2006	Law 007/2016
Oman	Available, 2016	Decree 12/2011 and its amendment, Law 45 of 2015
State of Palestine	Within e-Transactions Act	Law 10/2018
Sudan		Cybercrime Act, 2007 (amended in 2018)
Syrian Arab Republic	Law 4/2009, National Authority for Network Services	Decree 17/2012 on Cybercrimes and Law 9/2018 to establish special courts for cybercrime cases
Tunisia	Available, 2000	In 2015, organic Law 2015-26 of 7 August 2015 was added to fight against terrorism and the repression of money laundering
United Arab Emirates	Ministerial Resolution No. 1, 2008, regarding the issuance of certification and service provider regulations	Cybercrime Federal Decree Law 5, 2012, on Combating Cybercrimes, and its amendment, Federal Decree Law 12, 2016

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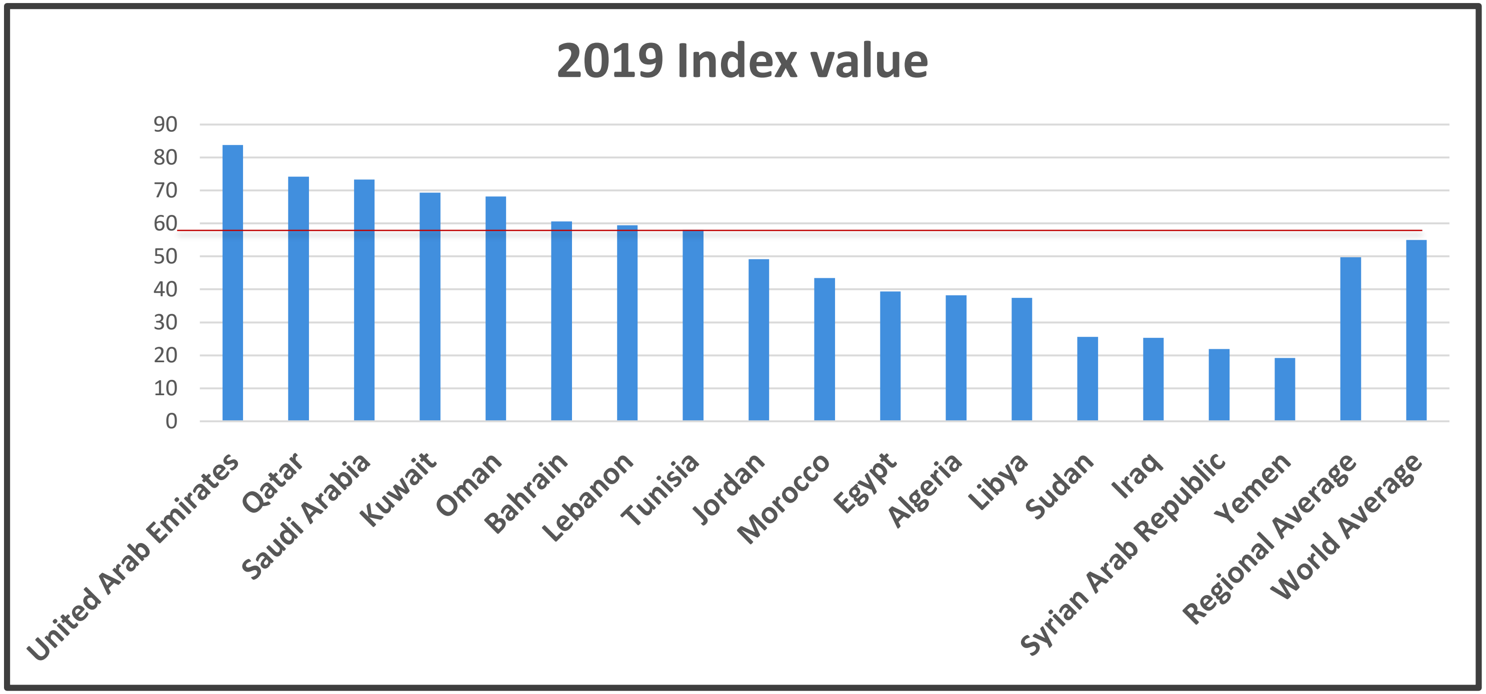
UNCTAD B2C E-Commerce Index, 2019, Arab Region

- It measures an economy’s preparedness to support on-line shopping.
- It has four components: **Internet penetration, e-payment account, security of on-line services, postal reliability Index.**

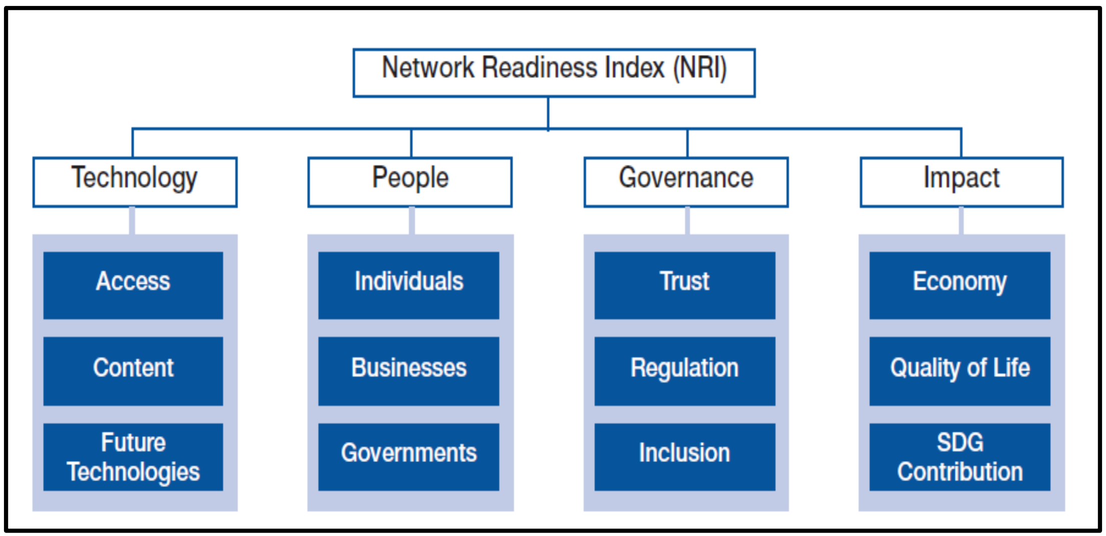


UNCTAD B2C E-Commerce Index, 2019, Arab Region

Country	Share of Individual using Internet	Share of Individual with e-Money	Secure Internet Servers	UPU Postal reliability score	2019 Index value	2019 Rank
United Arab Emirates	98	88	65	84	83.8	28
Qatar	100	66	54	77	74.2	47
Saudi Arabia	93	72	47	81	73.3	49
Kuwait	100	80	54	43	69.3	55
Oman	80	74	47	72	68.2	59
Bahrain	99	83	54	7	60.6	65
Lebanon	78	45	48	67	59.4	68
Tunisia	64	37	52	79	58.1	70
Jordan	67	42	43	44	49.2	87
Morocco	65	29	52	28	43.4	95
Egypt	47	33	35	43	39.4	102
Algeria	60	43	40	10	38.2	107
Libya	22	66	62	0	37.4	109
Sudan	31	15	18	38	25.6	130
Iraq	49	23	26	3	25.3	131
Syrian Arab Republic	34	23	30	0	21.9	134
Yemen	27	6	17	27	19.2	141
Regional Average	**65.5**	**48.5**	**43.8**	**41.4**	**49.8**	
World Average	**57**	**60**	**55**	**49**	**55**	

Digital technology has multiple effects

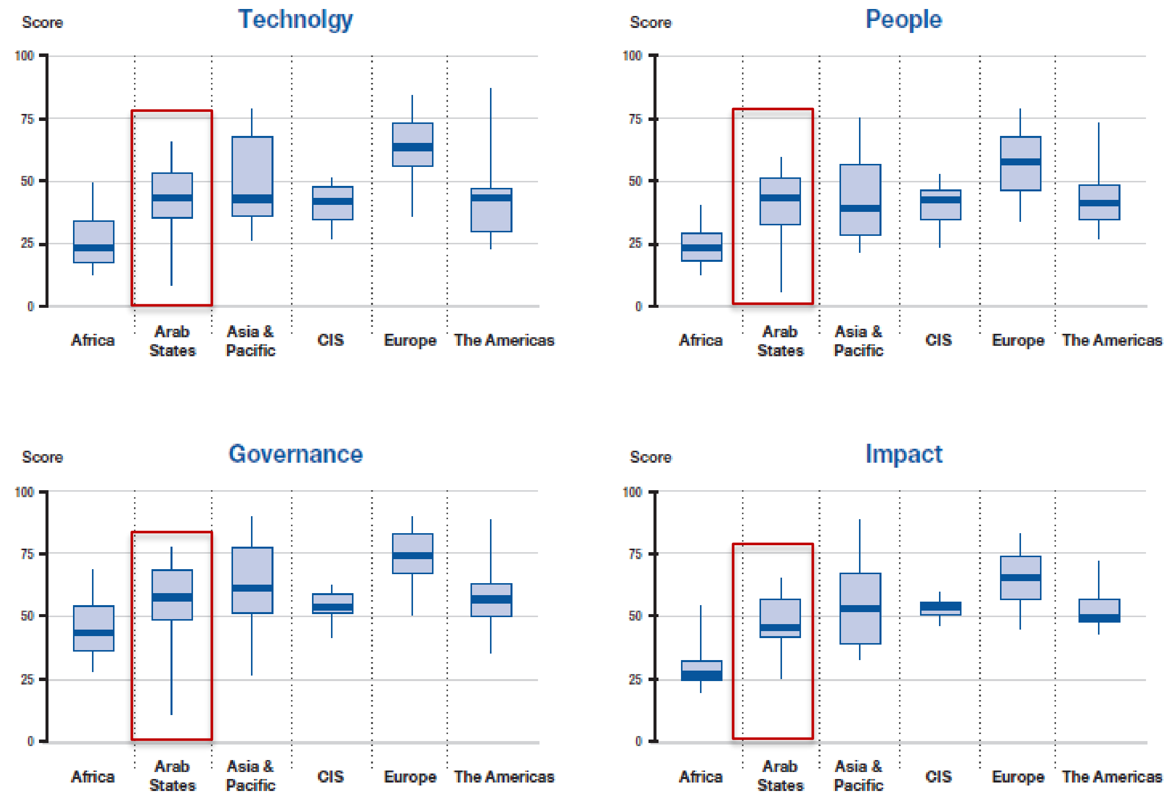
As Digital Technology affects various aspects of life. It is important to have a holistic framework for the multi-faceted impact of ICT on society and the development of nations.



Country	Rank	Score
United Arab Emirates	29	65.45
Qatar	33	63.73
Bahrain	40	58.73
Saudi Arabia	45	56.49
Kuwait	54	53.39
Oman	55	52.87
Jordan	73	46.97
Tunisia	84	42.04
Lebanon	86	41.44
Morocco	87	41.83
Egypt	92	38.58
Algeria	98	35.3
Yemen	121	12.33

Network Readiness Index in the Arab Region

- The Arab states show a large dispersion of the overall score of NRI.
- The strongest dimension in the Arab region is People
- The region's greatest challenges is the Impact.
- United Arab Emirates is leading the region.



Note: The whiskers indicate minimum and maximum values, while the extremes of a box indicate the 25th and 75th percentiles. The line within a box represents the median (i.e. 50th percentile). CIS = Commonwealth of Independent States.

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Recommendations for enhancing Digital Economy in the Arab Region

- **Develop the digital economy for moving towards knowledge-based society in the Arab region.**
- Strengthen legal and regulatory framework for digital economy
- **Collect statistics and information about ICT firms, including small IT companies (classification, size, revenues and workforce, contribution of the ICT sector to the national economy).**
- Develop RDI strategies aligned with the needs of the industry and collaborate in RDI at the regional and international levels.
- **Promote e-commerce by strengthening its enabling environment especially e-payment system.**

Thank you

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