

14 March 2011

Summary of public discussion of Transforming the East African ICT Sector report

On 25 February 2011, a team from the Excelsior Firm consultancy, presented the findings and recommendations from their report "Transforming the East African ICT Sector: Creating a Business Engine for ICT SMEs" at the World Bank office in Nairobi hosted by Dr. Tim Kelly, InfoDev Senior ICT Policy Specialist and Victor Gathara, ICT Specialist with UKaid/Department for International Development. The report was sponsored by InfoDev, UKAid, and Hivos to provide guidance on how the donor community can best support the growth of small and medium enterprises (SMEs) in the ICT sectors in Kenya, Rwanda, Tanzania, and Uganda.

Summarizing their report, the Excelsior Firm team provided an overview of the market based on interviews with approximately 100 local entrepreneurs, academics, investors, policy makers, consultants, and other experts. The team assessed the key barriers to ICT SME success in the region and proposed a comprehensive program for removing and lowering these barriers.

The audience of 40-50 people, was comprised primarily of members of the Kenyan tech community, but also included academics, journalists, donors, and government representatives. The ensuing discussion was very lively, with thoughtful feedback provided by Roger Hunwicks of Kencall, King'ori Gitahi of Nokia, Ken Mwenda of eMobilis, Jessica Colaço of iHub, Victor Gathara of UKAid, Ed Anderson of the World Bank, Tom Muga of USAID, Joseph Sevilla of Strathmore, and Tim Kelly of InfoDev, among others. Issues addressed included challenges related to infrastructure, barriers to working across borders, relevant education and training, the need for greater openness and collaboration within the local business community, the need for appropriate financing ranging from seed capital to funds for expansion and working capital, and the role of government.

Detailed comments from the audience are included in the attached exhibits.

The next steps for the consortium and additional interested donors such as SNV and USAID include a follow-up call to determine additional parties to engage, and a virtual sign-up for interventions that each organization wants to drive. The Excelsior Firm will stand-by for the next steps that come out of that call which may include helping to draft the detailed proposals or the TORs for specific interventions or for the Business Engine Coordination Office.



Session comments – 25 February 2010 (1/5)

Attendee name	Organization	Issues raised	Potential resolutions and additional commentary
Roger Hunwicks	KenCall	<ul style="list-style-type: none"> • Difficult to win international BPO contracts due to enduring negative perceptions of African-based outsourcing services • Labor and goods movement across the EAC region still perceived as a barrier • Recently installed Fiber has not met expectations on reliability due to vandalism related downtime, which in turn affects international clients service perception 	<ul style="list-style-type: none"> • Encourage local companies to outsource to build the sector and create exportable examples • Government needs to address vandalism issue (acknowledging it is a challenge given large coverage area)
Professor Joseph Sevilla	Strathmore University	<ul style="list-style-type: none"> • Challenge to continue driving innovation in the ICT sector , key factors include mentorship, continued availability of seed financing, and business knowledge 	<ul style="list-style-type: none"> • Examples to address these issues include mobile boot camps organized by Strathmore



Session comments – 25 February 2010 (2/5)

Attendee name	Organization	Issues raised	Potential resolutions and additional commentary
King'ori Gitahi	Nokia	<ul style="list-style-type: none"> • Believes a lot of innovation is taking place and universities are at the core of this effort • Key challenge is access to finance; perception is that international bodies are willing to provide funding and support, but not local banks 	<ul style="list-style-type: none"> • Educating the local banking sector on how ICT businesses are structured and how to evaluate risk to gain domestic support • Mentioned Nokia Open Innovation Summit as an opportunity for 200 innovators to share insights
Jessica Colaço	iHub	<ul style="list-style-type: none"> • Sharing insights and information across the region is an important goal of this effort as well 	<ul style="list-style-type: none"> • Afrilabs may be an initial anchor in sharing lessons learned across the region
Edward Anderson	World Bank	<ul style="list-style-type: none"> • Opportunities for additional government initiatives to create additional business opportunities and improved services to constituents – open government 	<ul style="list-style-type: none"> • Examples included eGovernment, public licenses to existing government data to unlock rich data sets, digitization efforts



Session comments – 25 February 2010 (3/5)

Attendee name	Organization	Issues raised	Potential resolutions and additional commentary
Dean Tom Wamalwa	Inoorero University	<ul style="list-style-type: none"> Discussed universities as foundation for developing the space Key is creating practical development opportunities Noted that organizational and business culture is important but not prominently featured 	<ul style="list-style-type: none"> Sees regional universities as a partner in this effort
Tom Muga	USAID	<ul style="list-style-type: none"> Appreciative of the report Would like to figure out how to integrate the <i>Business Engine</i> with partnering existing USAID programs 	<ul style="list-style-type: none"> Existing USAID programs include the Global Innovation Labs, Youth Program Also mentioned potentially enhancing the EAC standard protocols for additional regional integration and effectiveness



Session comments – 25 February 2010 (4/5)

Attendee name	Organization	Issues raised	Potential resolutions and additional commentary
Victor Gathara	UKaid/DfID	<ul style="list-style-type: none"> Framework of Evaluation, Evidence, Impact will drive UKaid's continued participation in driving outcomes in the ICT sector and will be looking for Excelsior to help define that 	<ul style="list-style-type: none"> Continued influence in the EAC integration process, e.g., riding the wave of the Common Market Protocol Universities potentially driving the data collection effort to fill in the gaps on the ICT landscape
Mary Njuguna	SNV, Dutch development organization	<ul style="list-style-type: none"> Looking for ways in which ICT can impact SNV's key priority areas <ul style="list-style-type: none"> WASH – Water, Sanitation and Hygiene Renewable Energy Agriculture 	<ul style="list-style-type: none"> Looking forward to continued engagement in the process



Session comments – 25 February 2010 (5/5)

Attendee name	Organization	Issues raised	Potential resolutions and additional commentary
Solomon Kyalo	Steiner Electronics	<ul style="list-style-type: none"> • Procurement favors larger entities due to capital requirements • Banks do not accept purchase orders as collateral due to lack of full backing of government 	<ul style="list-style-type: none"> • KICTB is engaging with PPPOA to create SME friendly tenders (answer provided by Andrew Lewela, KICTB project manager)
Ken Mwenda	EMobilis	<ul style="list-style-type: none"> • SME Marketing still a challenge (e.g., Kshs 150,000 for a quarter page add in the local dailies) • Access to finance more broadly 	<ul style="list-style-type: none"> • Creation and promotion of a SME marketplace?
Additional comments		<ul style="list-style-type: none"> • Critical mass of mentors still required • Question on whether mentors need to be ICT specific or broader business/ entrepreneurial background 	<ul style="list-style-type: none"> • Mentor qualification program can ensure mentorship quality and consistency (for both mentor and mentees)