



Toward a Central Asian Ecommerce Roadmap – ideas to kickstart conversation

Dr. Kati Suominen, Nextrade Group



USAID
FROM THE AMERICAN PEOPLE

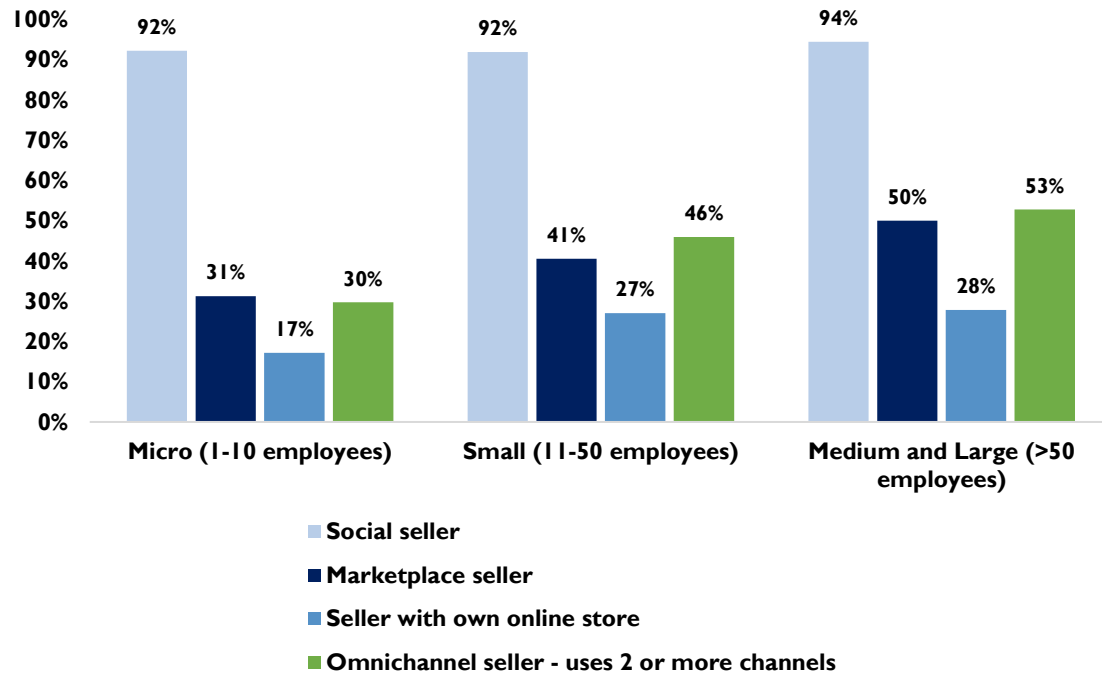


CLDP

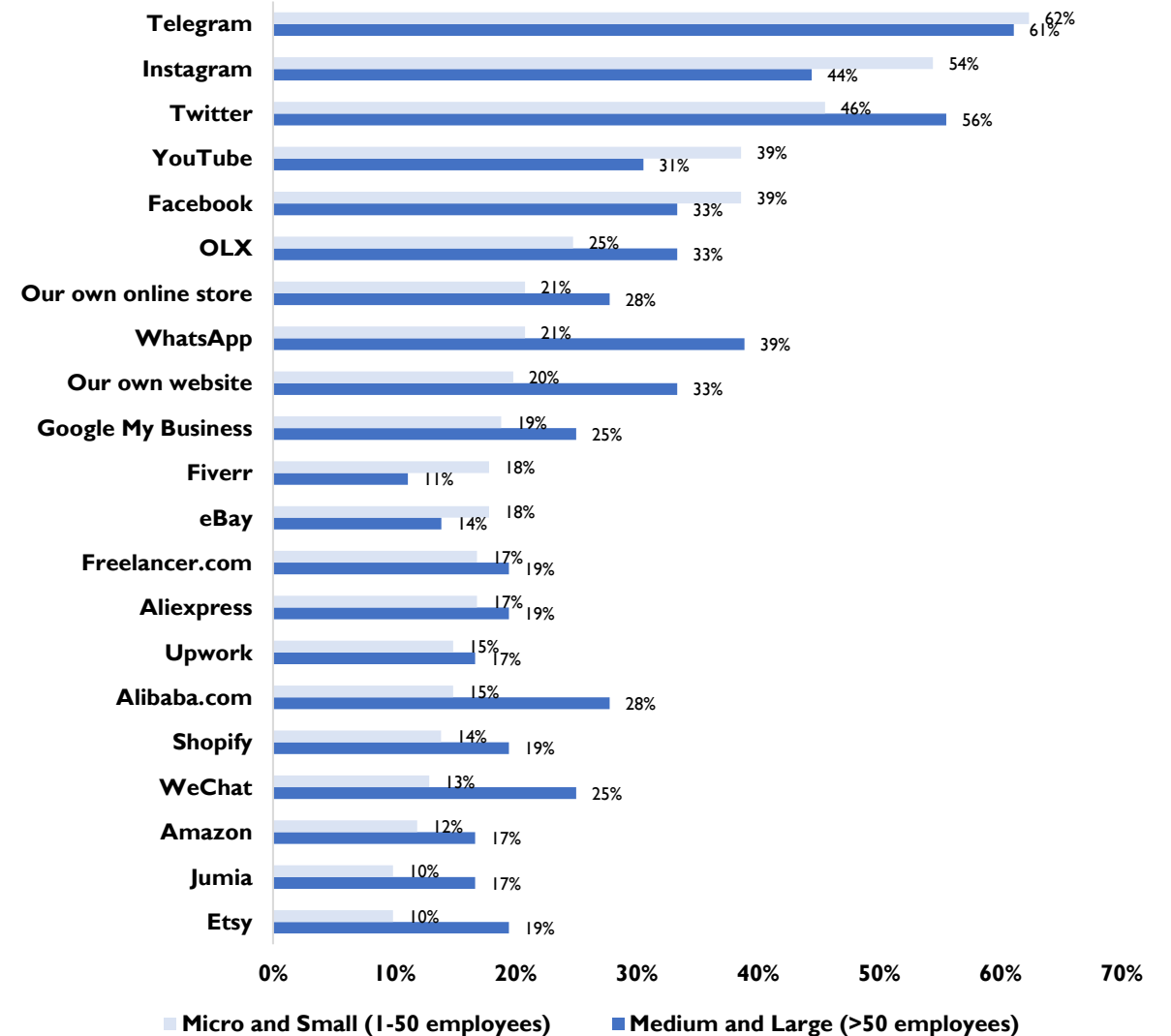
COMMERCIAL LAW DEVELOPMENT PROGRAM

Firms already sell online especially using social channels – and even small firms are leveraging marketplaces

How firms sell online, by firm size



Platforms used to market and sell online

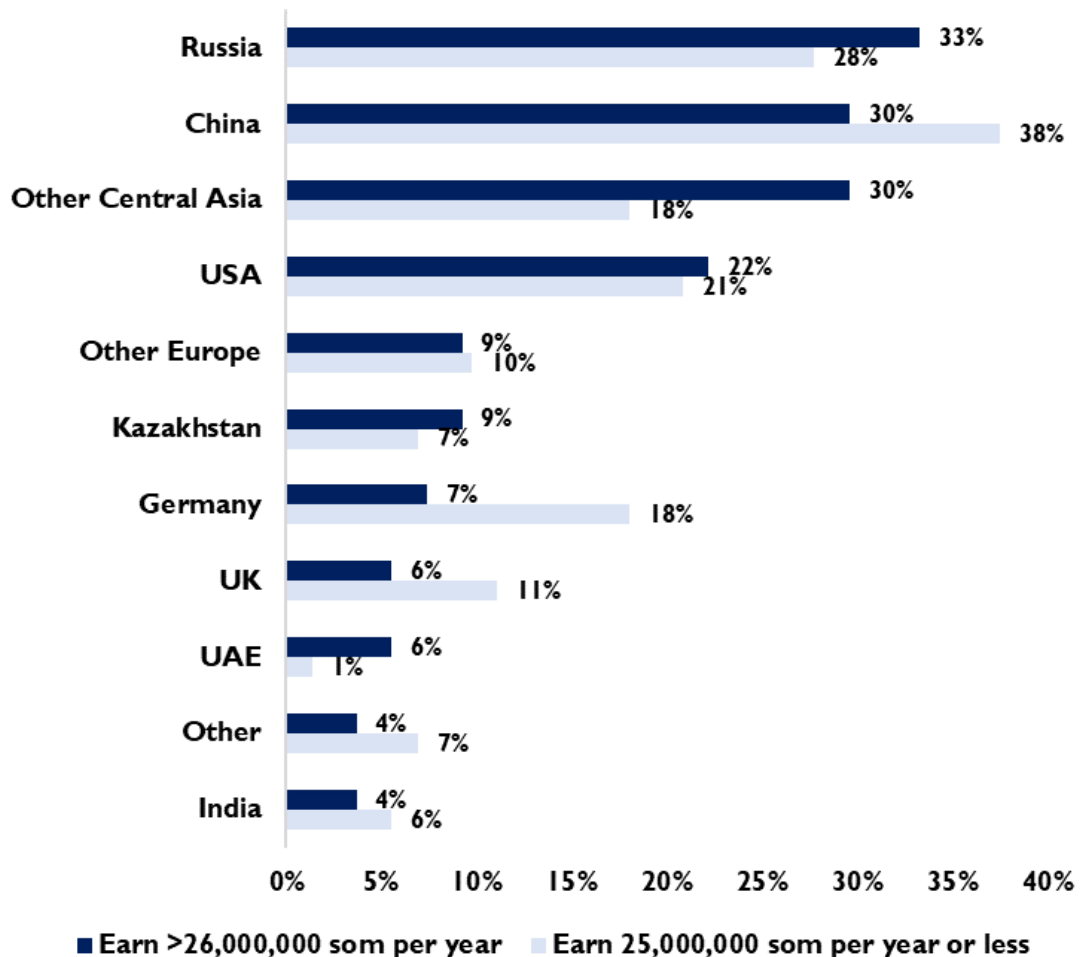


But Central Asian businesses have many priority needs to export more online

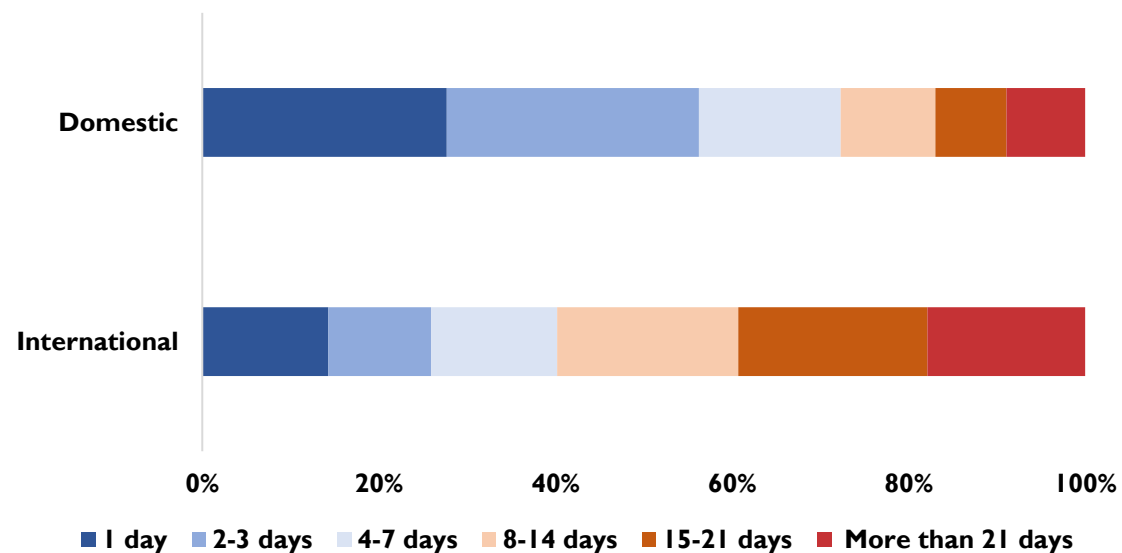


Central Asian consumers import online purchases from Russia, China, Central Asia, USA, but face logistics challenges

% of persons buying from international markets

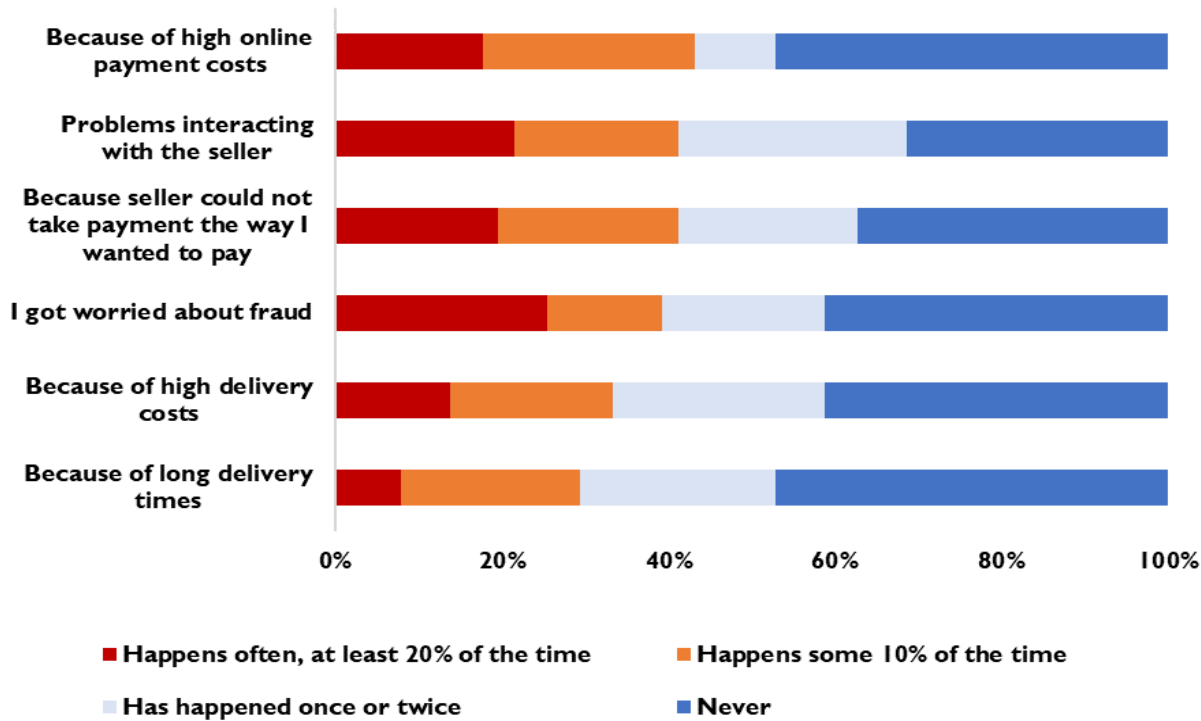


Typical delivery times reported by Uzbek shoppers in domestic and international ecommerce



...as well as payments and trust challenges

Consumers – I have canceled an international order...



Consumers – I would buy more online if...



Proposed purpose of the regional ecommerce roadmap

Regionally interoperable digital market where transacting across borders is as simple as selling and buying online domestically

TO ATTAIN GOAL: solve Central Asian firms' main problems to do regional ecommerce

- Frictions in payments interoperability which complicates sellers' acceptance of payments the way foreign buyers want to pay
- Limited access to working capital to fulfill orders
- High logistics costs and times in international delivery
- Firms' challenges to engage in crossborder ecommerce and carry out regional digital marketing
- Challenges to deal with diverse national digital regulations in crossborder ecommerce

General theory of change



Growth of trade, MSMEs, and job-creation in developing countries

- Growth in developing countries' trade
- Growth of MSMEs in developing nations; increased enterprise formation
- Growth in the number of well-paying jobs in developing country MSMEs and services ecosystems

MSMEs' use of ecommerce and global online marketplaces increased

- Growth in the number of developing country MSMEs that sell and buy online, including across borders
- Growth in the volume of domestic and cross-border online transactions by developing country MSMEs
- Growth in the diversity of MSMEs' export markets and products and services sold by MSMEs

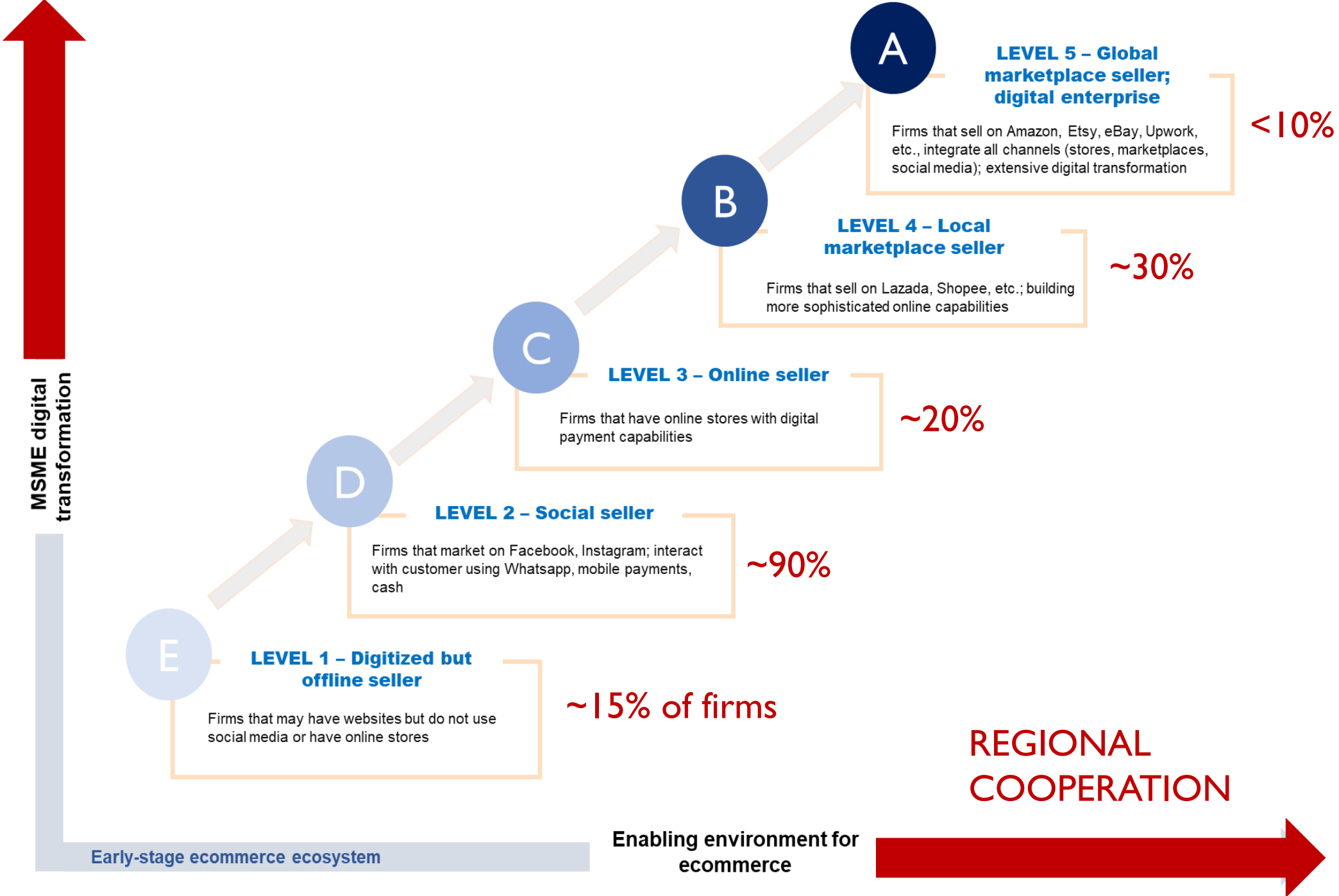
MSMEs' ease of doing digital business improved

- Ease for MSMEs to mount online stores, use regional and global online marketplaces, secure services for ecommerce
- Improved ease of doing business and client services among platforms and ecosystem services to SMEs
- Improved compatibility of national ecommerce-related policies and regulations, for MSMEs to sell across borders

Adoption of good policies, regulations, and practices key to MSME ecommerce

- Digital infrastructures
- Digital regulations on online transactions
- Cybersecurity policies
- Digital regulations on online behaviors
- Digital payment regulations
- Ecommerce logistics and trade facilitation
- MSME ecommerce export promotion
- MSME financing
- MSMEs in e-procurement
- National ecommerce strategy and statistics

Enabling more firms to grow into regional online sellers

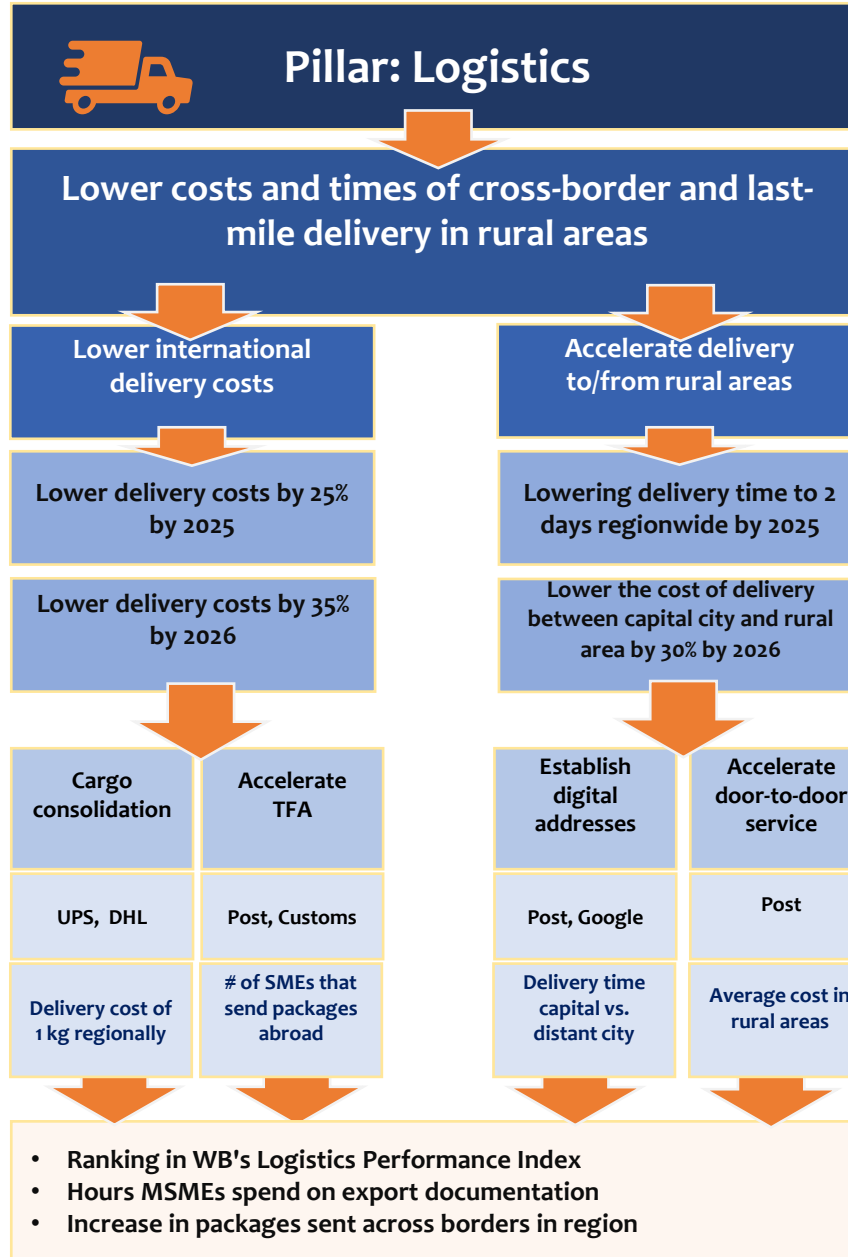


Source: Nextrade Group.

I. Set vision and overarching, measurable regional goals

- Examples of overall goals (these are just illustrative! The Big Goals can be anything you choose for the region):
 - 50 percent increase in cross border ecommerce flows by 2025
 - Doubling of the number of firms that engage in cross border ecommerce
 - Doubling the number of consumers that buy from other Central Asian markets
- *Need to decide whether to focus on both B2B and B2C ecommerce and on goods and services*

Illustrative structure of each thematic area [just as an example of structure – contents defined by Central Asian stakeholders]

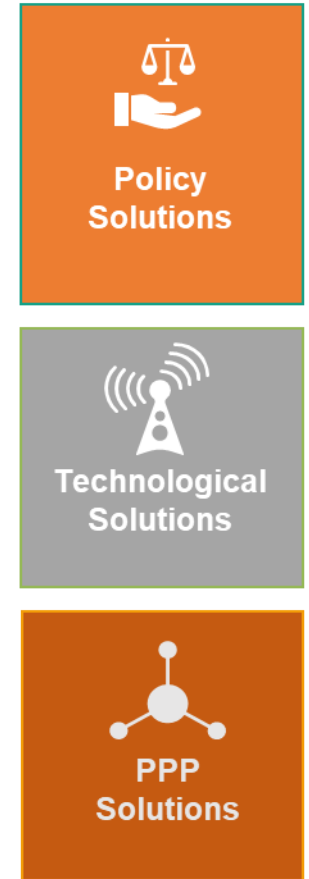


Clear, measurable goals







- Actions to meet the goal
- Responsible party
- KPIS

Regionally comparable "macro" indicators

Types of solutions



Same for each area – goals, actions to attain them, measure impacts **(illustrative only!)**

	 Logistics	 Payments & Fintech	 Digital regulations	 Promotion of SMEs
Goals [just various examples]	<ul style="list-style-type: none"> Lower regional delivery times to <7 days and regional to <3 days, and domestic to <2 days Lower international delivery costs by 30% Increase the ranking of the regional in the LPI index of WB by 25% 	<ul style="list-style-type: none"> Digital payments in 50% of transactions by 2025 Cross-border payments available to 50% of mobile payment users by 2025 Reduction of cross-border payment fees to the global average by 2025 	<ul style="list-style-type: none"> Companies can sell through the region applied the same digital regulations as in their country Increase in the number of startups, Fintechs, regional logistics companies 	<ul style="list-style-type: none"> Increase the proportion of online sellers with stores to 50% by 2025 Increase the share of Central Asian marketplace sellers to 50% in 2025 Double the online sales of current sellers by 2022
Short-term actions (2023-24) 	<ul style="list-style-type: none"> Automate risk management in border clearance by applying technologies (e.g., AI, blockchain) 	<ul style="list-style-type: none"> Promote the adoption of digital payments for example with QR codes and card adoption 	<ul style="list-style-type: none"> Enable companies to learn about digital regulations and apply them 	<p>Improve the digital and marketing skills of MSMEs especially to establish stores on global marketplaces</p> <p>Empower B2B marketers to use ecommerce channels (like Shopify) to sell directly to consumers</p>
Medium term actions (2025) 	<ul style="list-style-type: none"> Facilitate B2B and B2G transactions in logistics chains through digital payments, blockchain, and "smart contracts" 	<ul style="list-style-type: none"> Develop of interoperable cross-border payments with ISO 20222, standardized QR codes and APIs 	<ul style="list-style-type: none"> Creating regional Digital Identity: offering consumers and businesses a unique digital identity to transact across the region 	
Long-term actions (2026)				
Responsible				
Measurement				

Working modality

1. All parties decide on the common overall regional vision and goals
2. Stakeholders will break into four working groups
 - 6-8 people
 - Led by a chair and vice chair, from two countries, and involve also 2-3 private sector leaders
 - Define own working modality, such as 2 virtual meetings + emails
3. Tasks of working groups:
 - Set specific goals in a thematic areas
 - Define actions
 - Define operationalization of actions

CDLP and FGI can facilitate

- Baseline data
- Drafting action plans
- Sharing good global practices from other regions

Timeline



Next steps

1. Central Asia stakeholders decide whether proposed

- Topics in the roadmap
- Structure of roadmap
- Process to create roadmap
- Stakeholders in roadmap

...Make sense? How would you revise them?

2. Do we start with 3-4 topics or just 1-2 first?

3. Do we need strategy/foresight sessions?