

# Information & Communications Technology Association – Ethiopia (ICT-ET)

ICT Private Sector Recommendations  
December 2011

# Summary

- July 2011 MCIT – PPP Meeting
- Seven issues were raised by the private sector
- Each of the issues were then assigned to stakeholders
- ICT-ET posted the 7 issues on SurveyMonkey to solicit feedback from the ICT Community on Sept. 1, 2011
  - Although it was sent to 650 email addresses 4 times over 4 weeks, only 21 individuals provided feedback
- All feedback was shared with the various stakeholders to interpret, summarize and present at today's meeting
- **PLEASE NOTE THAT THE RESPONSES FROM THE SURVEY ARE OPINIONS FROM INDIVIDUALS & ORGANIZATIONS WITHIN THE ICT COMMUNITY HOWEVER ICTET HAS COMPILED AND IS PRESENTING THE RECOMENDATIONS AS FOLLOWS**

# Assigned Issues:

- 1) Develop recommendations on how to implement eGov strategy with respect to PPP (Amaha Bekele & Fikre Wondimu)
  - a. Tendering Process?
  - b. Direct Partnership?
  
- 2) Develop recommendations on how to attract investors to the ICT Park? (Levi Girma / Yilkal Abate)
  - a. Financial Incentives for ICT companies?
  
- 3) Develop recommendations on virtual ISPs? (Fikre Wondimu)
  
- 4) Develop recommendations on how to develop the ICT ecosystem? (Levi Girma/ Yilkal Abate)
  - a. Gap analysis
  - b. Comparative advantage/disadvantage
  
- 5) Develop recommendations on how to include young people in the ICT Policy/ Sector more actively (Levi Girma/ Yilkal Abate)
  
- 6) Develop a scorecard/ evaluation system to evaluate progress within the ICT sector (Kifle Woldehawarait)
  
- 7) Develop recommendations on methods to improve localization (ICT localization) (Seyoum Bereded)

## 1) Develop recommendations on how to implement eGov strategy with respect to PPP (Tendering Process? - Direct Partnership?)

- eGov strategies as far as the Private Sector can be implemented in either direct partnerships or a tendering process.
- The survey asked the private sector to give its preferences regarding as to how eGov initiatives are made available to it.
- The private sector was also given the option of suggesting other strategies.
- The respondents gave their choice and most gave their reasoning behind their choices.
- Direct partnership, Tendering Process, Hybrid system.

# 1) Develop recommendations on how to implement eGov strategy with respect to PPP (Tendering Process? - Direct Partnership? Or a Hybrid Strategy?)

- eGov strategies based on direct partnership was preferred by ~ 38% of the respondents.
- Core Competency Related Projects: Respondents gave the following instances for selecting Direct Partnership
  1. **Lack of a particular competency with in the private sector:** in terms of technology government must partner with external or internal entities for this type of project.
  2. **Technology Transfer Partnership:** Projects in which significant competency is transferred to the local ICT sectors.
  3. **Existing Private Initiatives:** Government should partner with private firms with proven track record and a particular competency deemed necessary to national interests.
- Financially Unique Projects: Projects that financially preclude competition.
  1. **Large self financing infrastructure projects.**
  2. **Projects requiring long term deferred compensations.**

# 1) Develop recommendations on how to implement eGov strategy with respect to PPP (Tendering Process? - Direct Partnership? Or a Hybrid Strategy?)

## Tendering Process

- Exists in and Fosters open competition
- Transparency is guaranteed
  1. Tender qualification is clearly stated
  2. Bid evaluation methodology is known to all
  3. KPI ( Key Performance Indicator ) benchmark are implemented
- Efficiency in terms of resources, time and infrastructure are part of the process

## Hybrid Process: ICTET recommended

- Initiate an RFI process
  - Based on RFI response, determine whether to proceed with RFP or go for a direct partnership.

## 2) Develop recommendations on how to attract investors to the ICT Park? Financial Incentives for ICT companies?

- **Financial Incentives:**

- Reasonable rent charges and/or low interest 'construction loans'
- Duty free privileges for 'essential communication equipment and terminals' (in part/full provided in the ICT sector investment incentives directive)
- Financial incentives (e.g. loans with grace periods of 3 -4 years)
- Repatriation of capital
- Tax holidays

- **Services & Management**

- Incubation & exchange center for students & start ups ( in part in the ICT Park plan)
- Investors / partners (VCs) who will invest in the various start ups
- Competition/ challenges (prizes)
- Remove bureaucracy/red tape – e.g. One Stop Shop
- ICT Park CEO who comes from the private sector
- Develop an environment where ICT consumption exists

## 2) Develop recommendations on how to attract investors to the ICT Park? Financial Incentives for ICT companies?

- **Infrastructure:**
  - Reliable and robust infrastructure (power, telecom, internet, roads etc) (planned for in the ICT Park Exec Summary)
- **Communication**
  - Open & clear communication with ICT companies
  - Awareness campaign of the benefits of ICT
- **Regulatory Environment**
  - Improve corresponding standards and regulations (e.g. VoIP)
  - Support of local ICT companies
    - PPP preference for locally based ICT companies vs. international ICT companies
    - Encourage international companies to partner with local ICT companies
    - ICT Companies within ICT Park should get ‘%’ point advantage on national tenders



### 3) Develop recommendations on virtual ISPs

- **Cost**

- Infrastructure costs are minimized due to existing infrastructure.
- Allows for greater concentration of firm's resources on Quality of Service (QoS)
- Allows Ethiopia Telecom to concentrate its aim on infrastructure building instead of a last mile services

- **Competition**

- Provides an equal starting points to competing firms
- Success or failure based on business model, price and solutions offered on the market place

- **Technology growth and proliferation**

- New technologies will potentially enter the market place. (Wireless Broadband, Voice Over IP...etc.)

### 3) Develop recommendations on virtual ISPs

- **Marketing**

- Custom and tailor made solutions can be made available to meet unique IT needs in the market place
- Privately branded, highly advertised and marketed ISP and services can attract new customers insuring better market penetration

- **Regulation**

- Government sets up a bench marks such as minimum requirements for being a virtual ISP, consumer protection, continued competition.
- Pricing of broadband services provided by ET must be structured to allow profits to be made by the virtual ISPs

- **Survey Results**

- All but one survey respondents favored virtual ISP integration into the Ethiopian ICTmarket place.

## 4. Please provide recommendations on how to develop the ICT ecosystem. (For example, what are the gaps? What are Ethiopia's comparative advantages and disadvantages? )

- **Recommendations:**

- Awareness:

- Policies should focus on promoting the consumption of ICT products and services
- Create awareness campaign about the benefits of ICT within the private and public sectors
- Engage the Diaspora
- Encourage ICT adoption within educational institutions
- Creative promotion of ICT consumption/ development using Ethiopia's other strengths. e.g. Top athletes talking about how technology helps them improve their performance, matching/marrying cultural strength and longevity with use of ict technology to sustain it, public figures interview on technology etc

- Regulation:

- Legalize cost reducing technologies such as VoIP
- Privatization of ICT services

- Other:

- Low cost devices and services (e.g. bandwidth)
- Knowledge transfer
- Implement local technologies and skills
- Present real life problems for universities to solve
- Make national annual( if need be permanent) technology grant available for ICT tech that solves a key problem or advances a solution for a needed gap.

## 4. Please provide recommendations on how to develop the ICT ecosystem. (For example, what are the gaps? What are Ethiopia's comparative advantages and disadvantages? )

- **Gaps**

- Ancient culture which is slow to change and is not an open society
- Local language content and services (e.g. Ethiopian versions of Facebook, Google etc)
- Limited privately owned media and telecom service providers

- **Comparative Advantage:**

- Skilled yet cheap labor
- Large market (80M+) with a large percentage under 20 years of age
- Government's commitment to ICT (e.g. ICT Park, ICT incentives, eGOV etc)

- **Comparative Disadvantage:**

- Low ICT penetration and minimal ICT services
- Closed systems (e.g. telecom)
- Poor infrastructure
- Inadequate levels of ICT awareness
- English is not widely spoken
- Lack of team work and project management skills
- High taxes (e.g. mobile handset) and relatively expensive SIM and call charges

## 5) Develop recommendations on how to include young people in the ICT Policy/ Sector more actively

- **Awareness:**
  - Introduce the youth to social networking tools which encourage ICT engagement.
  - Devise active programs in high school, college and university to promote ICT
  - Demonstrate to the youth that ICT education/ skills will provide them with work
- **Education:**
  - Provide quality education with international standards
  - Proper accreditation and monitoring of ICT institutions
  - Knowledge transfer
  - Develop 'culture' of working together
- **Participation:**
  - Government should provide advice to and also receive advice from the 'young' on ICT related matters
  - Engage them in the decision making process through participation in various forums
  - Assign some of the eGov projects to this population (including internships)
  - Proliferation of Incubation centers
- **Rewards:**
  - Competitions & challenges (including financial incentives)
  - Recognition
- **Regulation:**
  - Require international companies to hire locally

## 6. Recommendations on developing a scorecard/ evaluation system to evaluate progress within the ICT sector

- **Why:**

- Increase focus on strategy and results
- Improve organizational performance by measuring what matters
- Align MCIT strategy with the work people/department do on a day-to-day basis
- Focus on the drivers of future performance
- Improve communication of the organization's Vision and Strategy
- Prioritize Projects / Initiatives
- To improve levels of project success within the ICT sector

- **Recommendations/Approach:**

- Establish a PMO (Project Management Office)
- Implement a common methodology and standardize quality control
- Categorize short and long term goals/objectives
- Assign Point System for the ICT sector
- Identify objective and subjective measures

## 6. Recommendations on developing a scorecard/ evaluation system to evaluate progress within the ICT sector

- **The Six Steps on developing a scorecard/evaluation system:**
  - Organization
  - Strategy
  - Strategic Objectives
  - Strategy Maps
  - Performance Measures and Targets
  - Building Process

## 7) Develop recommendations on methods to improve localization (ICT localization)

- **ICT languages**

**Issue:** Very low usage level in ICT languages (English specifically)

**Rec:** Develop a plug-in into the user browser with a capacity of translating the information from English to Ethiopian local languages in real time

- **Technology Literacy**

**Issues:** Low technology literacy

Lack of access to ICT tools and the internet

**Rec:** End user training

- **Scarcity of Localized Solutions**

**Rec:** Universities across the country should offer undergraduate and graduate level degree in Linguistic and Natural Language Processing Studies



## 7) Develop recommendations on methods to improve localization (ICT localization)

- **Minimal ICT usage by Women**

**Issue:** Low level of ICT utilization by women

**Rec:** Encourage female participation in ICT

- **Public policy on localization**

**Issue:** All localization initiatives should be guarded by a back end localization policy

**Rec:** Development of policies to promote Localization

- **Lack of Local ICT Content**

**Issue:** Lack of relevant local content

**Rec:** Initiate a comprehensive Localization project on “Fundamentals of local language computing”

## 7) Develop recommendations on methods to improve localization (ICT localization)

- **Lack of Standards**

**Issue:** Standardization of local language character sets and key board

**Rec:** Linguist and Technological Standards development

- **High Cost of Localized Solutions**

**Issue:** High cost of localized solutions

**Rec:** Investment in R & D organizations