



## E-Solutions to connect Moroccan SMEs to global markets



### The challenge

E-commerce accounts for more than US\$15 trillion in business-to-business (B2B) transactions and well over US\$1 trillion in sales to consumers each year. Online sales present unique opportunities for small and medium-sized enterprises (SMEs) to access international markets. Platforms such as eBay, Alibaba and Etsy, coupled with payment systems like PayPal, make it possible for SMEs to become 'micro-multinationals' selling to customers around the world.

Yet the internet-enabled erasure of geographical barriers has not yet translated into reality for SMEs in many developing countries seeking to scale up international sales. While major B2B transactions are paid for by traditional letters of credit or bank transfers, smaller-scale purchases are more complicated. Credit card purchases do not always cross borders smoothly, and potential customers are often uneasy about having sensitive information processed by unknown foreign banks. Bank transfers for modest amounts are expensive, and the coverage of international payment systems is far from universal. Merchant accounts – essential to sell things, as opposed to simply purchase them – are not made available in several locations, due to foreign exchange controls or because small market sizes do not outweigh the costs of anti-money-laundering controls. Costly logistics presents another challenge to SME competitiveness: internet consumers want free shipping and easy returns.

African companies account for less than 2% of global consumer e-commerce. Morocco is an unusual case: it has a number of successful domestic e-commerce businesses, but foreign exchange restrictions, challenges managing customs duties and local taxes in destination markets, and difficulties building relationships with international buyers mean that the country's enterprises are largely absent from the global e-commerce marketplace.

### The solution

ITC has developed a comprehensive package of technical and advisory services, collectively referred to as 'E-Solutions,' to help firms better understand e-commerce and overcome barriers to selling goods and services over the internet.

Some of these solutions were piloted in Côte d'Ivoire in 2014, where sellers were enabled to receive payments from the United States in a legally compliant manner through PayPal, Visa, and MasterCard. The full suite of services was put to the test in Morocco in 2015. In January of that year, a group of Moroccan SMEs that had been using e-commerce to sell products domestically formed a cooperative, called 'Made in Morocco,' with the goal of exporting. In May, the firms, whose wares range from olive oil and cosmetics to books and music, asked ITC for help with boosting their access to – and competitiveness in – foreign markets.

ITC took a multi-pronged approach. On the payments side, to enable the cooperative to correctly handle import duties and domestic taxes, and to counter customer unease with unfamiliar banks, ITC helped it establish a formal commercial presence in Europe, the United States and the United Arab Emirates. These structures enable the cooperative's members to process credit card payments and repatriate earnings in a cost-effective and transparent manner; they also reassure customers that they will benefit fully from local consumer protection laws. On logistics, ITC brokered storage, distribution, and transportation deals with international partners to facilitate competitive shipping times and costs. These make it possible for Made in Morocco firms to ship in bulk – and hence at low unit cost – to 'e-fulfilment' warehouses, such as one in France, where products can be swiftly repackaged and dispatched when orders come in from the region. Importantly, the local presence makes it easy for unsatisfied customers to return purchases.



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1. Money transaction facilitated by ITC application 2.-4. ITC 'e-Commerce Souk' event 'Made in Morocco,' Geneva



200%

increase in the share of Made in Morocco website visitors who make a purchase

Since ITC initiated its collaboration with Made in Morocco, several members of the cooperative have sold goods such as couscous, spices, and home decoration items in Europe for the first time. The cooperative is growing, and now counts over 400 SMEs. Made in Morocco has sharply increased export sales, and has tripled its 'transformation rate' – the share of website visitors who become customers. It has also generated its first foreign B2B deals, including a sale of argan oil worth over US\$30,000 to a hotel in Paris.

ITC is also working to directly build awareness of Made in Morocco by connecting the firms to overseas customers through trade fairs, exhibitions and special events. For example, in December 2015, ITC held 'e-Commerce Souks' – from the Arabic word for markets – in Geneva, enabling products from about 25 Made in Morocco members to be sold directly to individuals and local businesses there.

## The future

In 2016, ITC is planning to roll out E-Solutions in Ethiopia, Mongolia, Rwanda and Senegal. In addition to national cooperatives and online platforms, the three African countries will be grouped into a Pan-African collective – the Africa Electronic Commerce Cooperative – for greater scale and impact.

During the year, ITC will organize a series of promotional events, dubbed an 'e-Commerce Caravan,' showcasing Made in Morocco merchandise together with products from

the other African countries in multiple cities across Europe. The caravan, which is in effect a travelling series of pop-up stores, will aim to make direct sales and to drum up new online interest through the cooperatives' own sites as well as via other marketplaces, such as eBay and Amazon, where their products will be made available. DHL, which is partnering with ITC, will facilitate the importation of the goods into Europe as well as the fulfilment of online orders.

## Funders

Canada, Denmark, Germany, India, Ireland, Norway, Sweden