



Member States of the West African Economic and Monetary Union eTrade Readiness Assessment



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NOTE

The ICT Policy Section of the UNCTAD Division on Technology and Logistics carries out policy-oriented analytical work on the development implications of information and communications technologies (ICTs) and e-commerce. It is responsible for the preparation of the Digital Economy Report (IER).

The ICT Policy Section promotes international dialogue on issues related to ICTs for development and helps to build developing countries' capacities to measure the information economy and to design and implement relevant policies and legal frameworks. It also monitors the global status of e-commerce legislation (unctad.org/cyberlawtracker). Since 2016, the Section has coordinated the eTrade for all (etradeforall.org) multi-stakeholder initiative, which aims to improve the ability of developing countries, particularly least developed countries (LDCs), to use and benefit from e-commerce. In 2019, a new programme, eTrade for Women, was also launched as part of this initiative in order to promote a more inclusive digital economy with the help, in particular, of its network of eTrade for Women Advocates. These digital entrepreneurs are active in all developing regions, where they are helping to build capacity, serving as mentors and contributing to efforts to raise awareness about more inclusive gender policies.

Reference to companies and their activities should not be construed as an endorsement by UNCTAD of those companies or their activities.

The following symbols have been used in the tables:

Two dots (..) indicate that data are not available or are not separately reported. Rows in tables have been omitted in those cases where no data are available for any of the elements in the row.

A dash (-) indicates that the item is equal to zero or its value is negligible.

Reference to "dollars" means United States of America dollars (US\$), unless otherwise indicated.

Details and percentages in tables do not necessarily add up to the totals because of rounding.

The exchange rate used at the time of writing was US\$0.0017 to 1 CFA franc.



TABLE OF CONTENTS

PREFACE	VI
ACKNOWLEDGMENTS	VII
ABBREVIATIONS	VIII
INTRODUCTION	1
ETRADE READINESS ASSESSMENT - WAEMU COUNTRIES	4
STATUS OF THE E-COMMERCE ECOSYSTEM IN SEVEN KEY POLICY AREAS	4
1. E-COMMERCE STRATEGIES	6
2. ICT INFRASTRUCTURE AND SERVICES	13
3. TRADE LOGISTICS AND FACILITATION	17
4. PAYMENT SOLUTIONS	19
5. LEGAL AND REGULATORY FRAMEWORK	23
6. E-COMMERCE SKILLS DEVELOPMENT	27
7. ACCESS TO FINANCING	29
CONCLUSION: OUTLOOK FOR A REGIONAL ECOWAS E-COMMERCE STRATEGY	30
ANNEX I: REFERENCE DOCUMENTS AND WEBSITES	34
ANNEX II: RAPID ETRADE READINESS ASSESSMENTS PUBLISHED BY UNCTAD	36



FIGURES, TABLES AND BOXES

FIGURES

1. The e-commerce environment	8
2. WAEMU e-government indicators, 2018	9
3. Trends in sales since the start of the COVID-19 crisis (Percentages of respondents in each group)	10
4. Key measures introduced by the public and private sectors since the outbreak of the COVID-19 pandemic	11
5. Main additional forms of assistance for the sector that could be provided as part of a post-pandemic reactivation plan	12
6. ICT penetration in the WAEMU countries, 2018	14
7. Fees for different volumes of Internet access as percentages of GNI in the WAEMU region, 2019	15
8. Access to electricity in urban and rural areas of the WAEMU region, 2018 (Percentages)	16
9. Logistics Performance Index (LPI) and Integrated Index for Postal Development (2IPD) rankings of the WAEMU countries, 2018	17
10. Doing Business rankings for cross-border trade within the WAEMU region, 2019	18
11. Banking penetration rate in the WAEMU region, 2018	19
12. Penetration of mobile money within the WAEMU region, 2018	20
13. Mobile payments in the WAEMU region, by country and by type of operation, 2018 ...	21
14. Primary and secondary enrolment rates and literacy rates in the WAEMU countries, 2018	27

TABLES

1. Rankings of member States of ECOWAS on the UNCTAD B2C E-commerce Index, 2019	3
2. Policy impact of eT Readies	5
3. Major laws on the digital economy and e-commerce	24
4. Legal frameworks for e-commerce - inventory and outlook	25
5. Technical and financial partners	33

BOXES

1. e-Commerce negotiations	2
2. Strategies for promoting e-commerce and public-private cooperation in the follow-up to eT Readies	6
3. The importance of electronic payments has increased during the COVID-19 pandemic	22
4. Senegal passes legislation to promote start-ups	28
5. Recommendations for a WAEMU regional e-commerce plan	31



PREFACE

The eTrade for all initiative, launched at the fourteenth Ministerial Conference of UNCTAD in July 2016, is a practical example of how to harness the digital economy in support of the 2030 Agenda for Sustainable Development, notably Sustainable Development Goals 5, 8, 9 and 17. The initiative seeks to raise awareness, enhance synergies and scale up the international development community's efforts to strengthen the ability of developing countries to engage in and benefit from e-commerce by addressing seven relevant policy areas:

- E-commerce readiness assessment and strategy formulation
- ICT infrastructure and services
- Trade logistics and facilitation
- Payment solutions
- Legal and regulatory frameworks
- E-commerce skills development
- Access to financing

As part of this initiative, 27 demand-driven assessments have been conducted to provide a baseline analysis of the current e-commerce situation in the countries concerned and to identify opportunities and barriers. The resulting reports serve as a valuable input for these countries' involvement in various discussions related to e-commerce and digital trade such as those taking place in the UNCTAD Intergovernmental Group of Experts on E-commerce and the Digital Economy. The action matrices set out in those reports are also useful in helping developing countries, especially LDCs, to identify areas in which they could benefit from assistance by eTrade for all partners.

This publication is a synthesis of assessments carried out in seven countries of the West African Economic and Monetary Union (WAEMU) between 2018 and 2020: Senegal, Togo, Burkina Faso, Mali, Benin, the Niger and Côte d'Ivoire. Recommendations made on the basis of these assessments are aimed at supporting progress at the national and regional levels and contributing to the formulation of a regional plan for the Economic Community of West African States (ECOWAS), which has requested assistance from UNCTAD for the preparation of a regional e-commerce strategy based on those assessments.

I hope that this report proves to be of assistance to the region in its efforts to build a conducive ecosystem for the development of inclusive domestic and regional e-commerce networks that will tap into the region's vast potential in this sector. This is an area of activity in which young entrepreneurs can lead the way with the help of the technology and innovations whose pivotal importance has become even more apparent during the coronavirus pandemic.

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This synthesis of the eTrade Readiness Assessments of States members of WAEMU was prepared by Christopher Grigoriou, Consultant, in close collaboration with a team comprising Cécile Barayre, Iris Macculi, Valentina Rivas and Alessandro Vitale under the overall guidance of Torbjörn Fredriksson.

UNCTAD wishes to express its profound gratitude to the Commission of ECOWAS and the Commission of WAEMU for having reviewed this document. Valuable inputs regarding various sections of the report were also provided by members of a number of divisions of UNCTAD and of the United Nations Commission on International Trade Law (UNCITRAL).

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ABBREVIATIONS

2IPD	Integrated Index for Postal Development
A4AI	Alliance for Affordable Internet
AfCFTA	African Continental Free Trade Area
ARCEP	Autorité de Régulation des Communications Electroniques et de la Poste [Electronic Communications and Postal Regulatory Authority]
B2B/B2C	Business to business / Business to consumer
BCEAO	Central Bank of West African States
DESA	Department of Economic and Social Affairs
ECOWAS	Economic Community of West African States
EGDI	E-Government Development Index
GNI	Gross national income
ICT	Information and communications technology
ITU	International Telecommunication Union
LDCs	Least developed countries
LPI	Logistics Performance Index
UNCDF	United Nations Capital Development Fund
UNCITRAL	United Nations Commission on International Trade Law
UNCTAD	United Nations Conference on Trade and Development
UPU	Universal Postal Union
WAEMU	West African Economic and Monetary Union
WTO	World Trade Organization



INTRODUCTION

The global pandemic caused by the coronavirus disease (COVID-19) has underscored the importance of digital solutions for providing access to essential goods and services. A number of the governments of developing countries have therefore decided to step up the pace of e-commerce reforms in order to put their economies in a better position to deal with the consequences of the crisis. The pandemic has also highlighted the glaring disparities that exist in terms of means, practices and online opportunities for engaging in e-commerce, both between countries of differing levels of economic development and between different population groups within the same national or regional economy.

Recent events have heightened West African regional institutions' interest in adopting a region-wide strategy for the development of the digital economy and e-commerce. The need to do so was propounded early on by the trade ministers of the States members of the West African Economic and Monetary Union (WAEMU), who, in a ministerial statement issued on 29 September 2017, highlighted the strategic importance of e-commerce and trade in services in the Union's economy and recommended that a regional work plan be put in place. Pursuant to that recommendation, the Commission of WAEMU requested assistance from UNCTAD to organize a regional workshop to lay the foundations for the formulation of a regional work plan and to set in motion the steps involved in its development within WAEMU (see box 5). For its part, in May 2020, the Economic Community of West African States (ECOWAS) requested support from UNCTAD for the establishment of a regional strategy based on the seven eTrade Readiness Assessments of the e-commerce ecosystem carried out (in chronological order) in Senegal, Togo, Burkina Faso, Mali, Benin, the Niger and Côte d'Ivoire¹ and on other national and regional strategies.

The purpose of this document is to consolidate those assessments in order to provide an overview that will inform the development of a regional strategy within the framework of WAEMU or ECOWAS and that will contribute to initiatives now under way, such as those launched by the African Union, including the Digital Transformation Strategy for Africa 2020–2030, which it adopted in February 2020,² and the African Continental Free Trade Area (AfCFTA). At its thirty-third regular session,³ held in February 2020, the States members of the African Union recalled the relevant timelines: the original deadline for the conclusion of phase I of the AfCFTA negotiations (on goods, services and rules of origin) of June 2020 has been moved back to early 2021 owing to the effects of the pandemic, while the deadline for completion of phase II of the negotiations (investment, intellectual property rights and competition policy) remains December 2020. It was also decided that, although the negotiations for phase III were originally to focus on an e-commerce protocol, this will now be negotiated in parallel with the phase II issues.⁴ The Commission of the African Union has already embarked on the preparations for the upcoming e-commerce talks, which include the mobilization of resources for capacity-building support for the negotiators.

Building the capacity of ECOWAS negotiators and political decision-makers to fully grasp the development challenges associated with the growing importance of e-commerce and digital trade in national policies, regional integration processes and trade negotiations and to ensure that their decisions are based on a sound analytical foundation is of pivotal importance.

¹ The preparation of these eTrade Readiness Assessments was made possible by the generous support of the Government of Germany. The assessments are available at: https://unctad.org/en/Pages/DTL/STI_and ICTs/ICT4D-eTrade-Readiness-Assessments.aspx

² https://au.int/sites/default/files/documents/38507-doc-dts_-_french.pdf

³ Decision on the African Continental Free Trade Area (AfCFTA), Doc. Assembly/AU/4(XXXIII): https://au.int/sites/default/files/decisions/38180-assembly_au_dec_749-795_xxxiii_f.pdf

⁴ <https://www.bnnbloomberg.ca/africa-trade-pact-negotiators-to-fast-track-e-commerce-talks-1.1497040>



Box 1 e-Commerce negotiations

At the eleventh Ministerial Conference of the World Trade Organization (WTO), held in December 2017 in Buenos Aires, a number of its members, together accounting for over 90 per cent of global trade, expressed interest in negotiating rules on e-commerce with a view to enhancing e-commerce opportunities and addressing the associated challenges. These countries felt that the talks held within the framework of the 1998 work programme on electronic commerce had not made sufficient progress.

In the absence of a consensus within WTO on the launch of e-commerce negotiations, 71 of its members issued a joint statement on electronic commerce in which they indicated that they planned to initiate exploratory work toward a future accord. Following the discussions held throughout 2018, negotiations (commonly referred to as the Joint Statement Initiative on e-Commerce) were launched in March 2019 by the participating countries. In January 2020, these countries issued a new statement in which they indicated that they planned to draw up a consolidated negotiating text for presentation at the twelfth Ministerial Conference, which was to be held in Nur-Sultan, Kazakhstan, from 8 to 11 June 2020. The postponement of that assembly as a result of the COVID-19 pandemic and the lockdown declared in Geneva, where the negotiators meet, have led to the temporary suspension of those talks, seven sessions of which have already been held.

As of March 2020, a total of 83 countries had joined in the initiative, including 5 ECOWAS member States: Benin, Burkina Faso, Côte d'Ivoire, Nigeria and Senegal. These countries are deliberating on the terms of a future agreement based on the proposals put forward by various discussion groups. The issues addressed thus far include: trade facilitation and logistics, data flows, confidentiality, telecommunications, a permanent moratorium on the levying of customs duties on electronic transmissions, Internet and data access, non-discrimination and liability, consumer protection, transparency and cooperation. The talks have moved forward, but differences among the parties remain. WTO members as a whole have not agreed to negotiate an agreement, and the shape that such an agreement would take and how it would tie in with the multilateral trading system remain unclear.

Source: UNCTAD



The member countries of WAEMU have made progress, but inequalities in terms of e-commerce readiness persist within the region. The percentages of the population that use the Internet differ considerably from one country to the next, as does the speed with which their governments have adopted laws, policies and regulations to provide a framework for the inclusion of e-commerce and the advancement of the digital economy as a development goal. The UNCTAD Business-to-Consumer (B2C) E-commerce Index, which covers 152 countries, indicates that the seven WAEMU countries that it includes are not yet ready to engage in e-commerce and ranks the Niger in last place. The absence or very scanty nature of official trade statistics on cross-border e-commerce also makes it difficult to assess these kinds of trade flows.

Table 1 Rankings of member States of ECOWAS on the UNCTAD B2C E-commerce Index, 2019

2019 ranking (152 countries)	Country	Percentage of Internet users in the population (2018 or most recent available)	Persons aged 15 and over with an account (percentages, 2017)	Secure Internet servers (normalized, 2018)	Postal Reliability Index of Universal Postal Union (UPI) (2018 or most recent available)	2019 Index	Change in Index (2017–2018)	2018 ranking	Percentage of the population making purchases online (2017), World Bank
79	Nigeria	42	40	48	83	53.2	-5.5	75	4%
97	Ghana	39	58	31	43	42.8	-10.6	85	4%
98	Senegal	46	42	29	53	42.7	-0.4	108	3%
118	Côte d'Ivoire	47	41	26	11	31.3	-2.5	123	3%
128	Togo	12	45	23	24	26.2	-10.2	120	2%
136	Mali	13	35	25	12	21.5	-9.2	130	3%
138	Benin	20	38	22	3	21.0	-7.9	137	3%
139	Sierra Leone	9	20	11	40	20.1	-2.5	142	1%
142	Burkina Faso	16	43	14	2	18.8	-11.9	132	2%
144	Liberia	8	36	13	10	16.7	-6.4	143	1%
152	Niger	5	16	1	0	5.4	-9.6	151	1%

Source: UNCTAD and the World Bank Global Findex database



ETRADE READINESS ASSESSMENT – WAEMU COUNTRIES

Status of the e-commerce ecosystem in seven key policy areas

The preparation of eTrade Readiness Assessments (“eT Readies”) has made it possible to provide governments and stakeholders in the region with a framework for an exchange of views and information and a clear sense of purpose regarding the development of e-commerce (see table 2).

The methodology used to prepare eT Readies involves direct interaction on a regular basis among the different participants in the digital ecosystem during the project cycle and after its completion, whether via in-country workshops, briefings for the authorities, meetings for preparing and validating the assessments or interchanges with technical and financial partners. The purpose of these exchanges is to ensure the effective dissemination of information within the digital ecosystem and to promote the implementation of the recommendations made in the reports. This approach makes it possible to: (1) put together a comprehensive picture of the e-commerce and digital economy ecosystem; (2) raise the awareness of the institutions and officials making up the governance framework about the growing importance of e-commerce; and (3) bring different stakeholders together so that they can engage in a constructive dialogue that will strengthen the digital ecosystem in each country.



Table 2 Policy impact of eT Readies

<p>Status report on the ecosystem in the key seven policy areas as a basis for a fuller understanding of the interdependent problems linked to the digital economy</p>	<p>Review and assessment of:</p> <ol style="list-style-type: none"> 1. E-commerce readiness and policy and strategy formulation; 2. ICT infrastructure and services; 3. Trade logistics and facilitation; 4. Payment solutions; 5. Legal and regulatory frameworks; 6. E-commerce skill-building; 7. Access to financing.
<p>Increasing awareness on the part of institutions and officials making up the governance framework about the role of e-commerce in national and regional development</p>	<ul style="list-style-type: none"> • Identification of e-commerce and digital economy focal points • Active engagement at the ministerial level and buy-in by authorities • Constructive multi-stakeholder interaction at the government administration level • Sharing of information, needs and priorities with the private sector
<p>Framework and tools for all stakeholders to engage in discussions and work together to promote the development of e-commerce</p>	<ul style="list-style-type: none"> • Sharing of information and formation of working relationships among practical and technical partners, non-governmental organizations (NGOs) and numerous civil society actors • Seeking out synergies with technical and financial partners • Identifying needs for technical assistance / project documents /technical and financial partners.

A number of findings concerning challenges to be overcome by the WAEMU member countries in seven key policy areas are discussed in detail below.



1 – E-commerce strategies

1.1 - A lack of political vision that is reflected in a near-total absence of e-commerce strategies

Despite an awareness of the role to be played by e-commerce, only Senegal (in late 2019) has adopted an e-commerce strategy following the assessment conducted in 2018 (see box 1). There is no such strategy at the regional level either.

In most of the WAEMU countries, there has been a proliferation of agencies working in the area of the digital economy. This has led to competition among the different technical institutions and/or ministries and the risk of the formation of organizational silos, with each agency developing its own sectoral approach to the digital economy and e-commerce and the consequent lack of a shared vision on the part of the various actors concerned.

Discussions held in the course of consultations with the public and private sectors have succeeded in starting up a dialogue around a collective vision of e-commerce.

Box 2 Strategies for promoting e-commerce and public-private cooperation in the follow-up to eT Readies

In 2020, UNCTAD started a monitoring exercise to follow up on the implementation of eT Ready recommendations in the 18 countries for which assessments were conducted between 2017 and June 2019. This exercise underlined the need to continue to pursue the public-private dialogue engendered by those assessments, particularly with respect to the design of national and regional e-commerce strategies. Among the countries of the WAEMU region, first Senegal and then Benin and Togo have come to appreciate the importance of having a national e-commerce strategy to guide the e-commerce sector. In line with the eT Ready recommendations, the Senegalese National E-Commerce Development Strategy (SNDCES) was drafted with the support of the Enhanced Integrated Framework (EIF) secretariat and launched in December 2019. The strategy is being implemented with the support of the National Digital Council and the E-Commerce Working Group. SNDCES is part of the national strategy for the digital economy, Digital Senegal 2016-2025, which is currently being reviewed and updated with support from the United Nations Development Programme (UNDP). The COVID-19 crisis has heightened the need for greater public-private cooperation, and the Ministry of Trade and the small and medium-sized enterprises of Senegal have therefore requested private-sector operators to identify solutions based on collective efforts in the areas of e-commerce, logistics and payment systems. In Benin, a national coordinating mechanism for the sector has been put in place as part of a project aimed at expanding the use of e-commerce. The steering committee for that project is headed up by the Minister of Industry, Trade and Craft Enterprises. For the immediate future, priority actions include the drafting of a strategy for the e-commerce sector, and the country has asked for assistance from its development partners in this connection.

Source: UNCTAD



1.2 - A lack of knowledge about the sector and an absence of follow-up mechanisms

- There is a lack of familiarity with the actual definition of “e-commerce” as such in the WAEMU countries which has led to a confusion of the two concepts of the digital economy and e-commerce, including, in some cases, at the institutional level.
- The assessments carried out in seven of the member countries of WAEMU indicate that the e-commerce sector is lacking firm leadership and a clear vision of how to promote online commerce, particularly on the part of the departments responsible for trade.
- There is little or no tracking or systematic analysis of activities relating to e-commerce in terms of employment, trade flows or potential revenues which translates into a relative lack of understanding and underuse of the sector. The scarcity of reliable statistics on e-commerce and the digital economy is also hindering action and interfering with efforts to monitor and evaluate the policies that have been adopted.
- Those industries or groups that stand to lose and those that stand to gain from the development of e-commerce (the potential “losers” and “winners”) need to be identified. The strategic objectives of this sector’s development to be pursued at the international, regional and national levels through the promotion of exports, craft industries and tourism also need to be delineated, along with the social objective of achieving the inclusion of those segments of the population that are the least involved in this form of commercial activity.

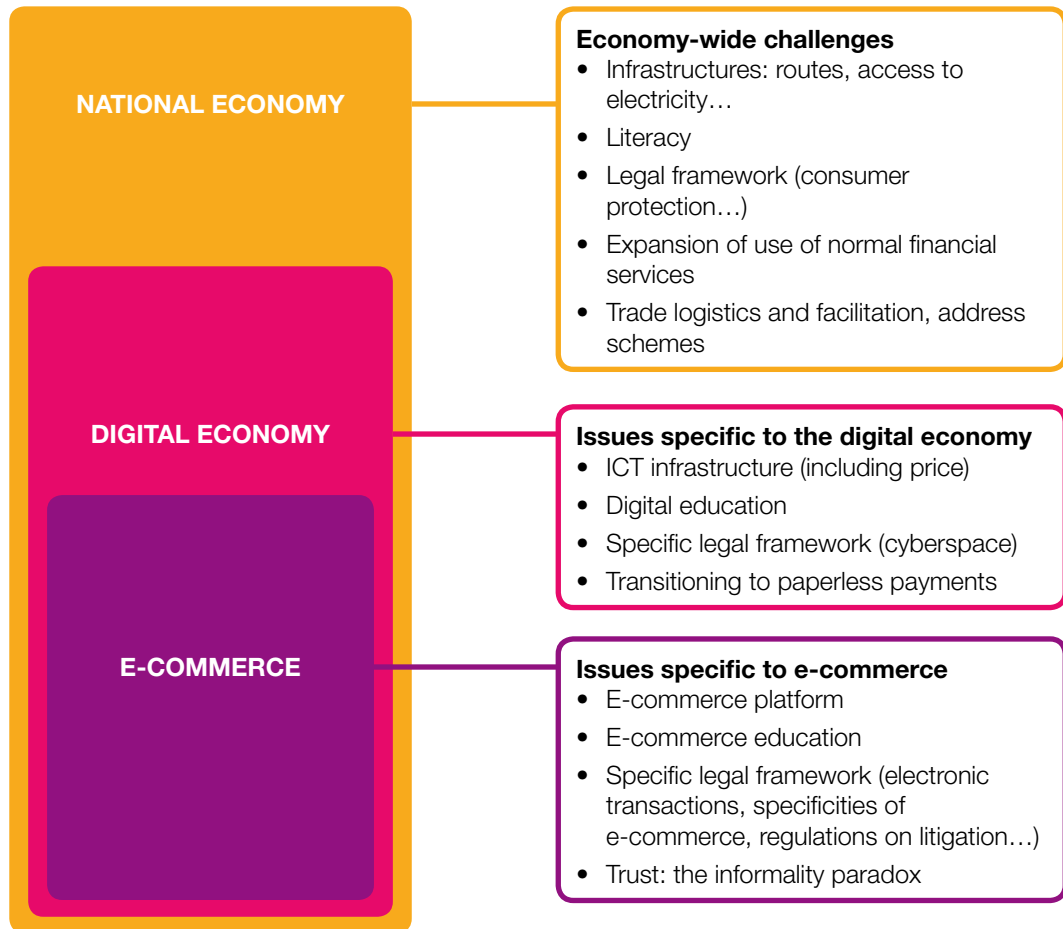
1.3 - The e-trade/informal trade paradox

- The assessments point to a strong demand on the part of online buyers and vendors for more tailored laws and regulations that would provide greater protection for online operations. This demand for protection is somewhat paradoxical given that this sector of activity is still quite informal, with cash payments being made against delivery that circumvent any form of regulation or direct taxation.

1.4 - The constraints on e-commerce stemming from its environment

- The assessments indicate that e-commerce is subject to significant constraints and difficulties in three main areas (see figure 1):
 1. Economy-wide structural challenges in the WAEMU countries, such as insufficient access to electricity and illiteracy;
 2. Issues relating to the digital economy as such (e.g. factors hampering the deployment of ICT infrastructure and Internet access for potential e-commerce participants);
 3. Issues specific to e-commerce itself.
- If economy-wide difficulties or difficulties specific to the digital economy are beyond the control of e-commerce actors, starting with the departments responsible for trade, it is nonetheless important for:
 1. These obstacles to be taken into consideration so that action can be taken to head them off in advance whenever possible;
 2. Departments responsible for e-commerce to track advances closely so that a comprehensive picture of e-commerce issues and needs can be pieced together.



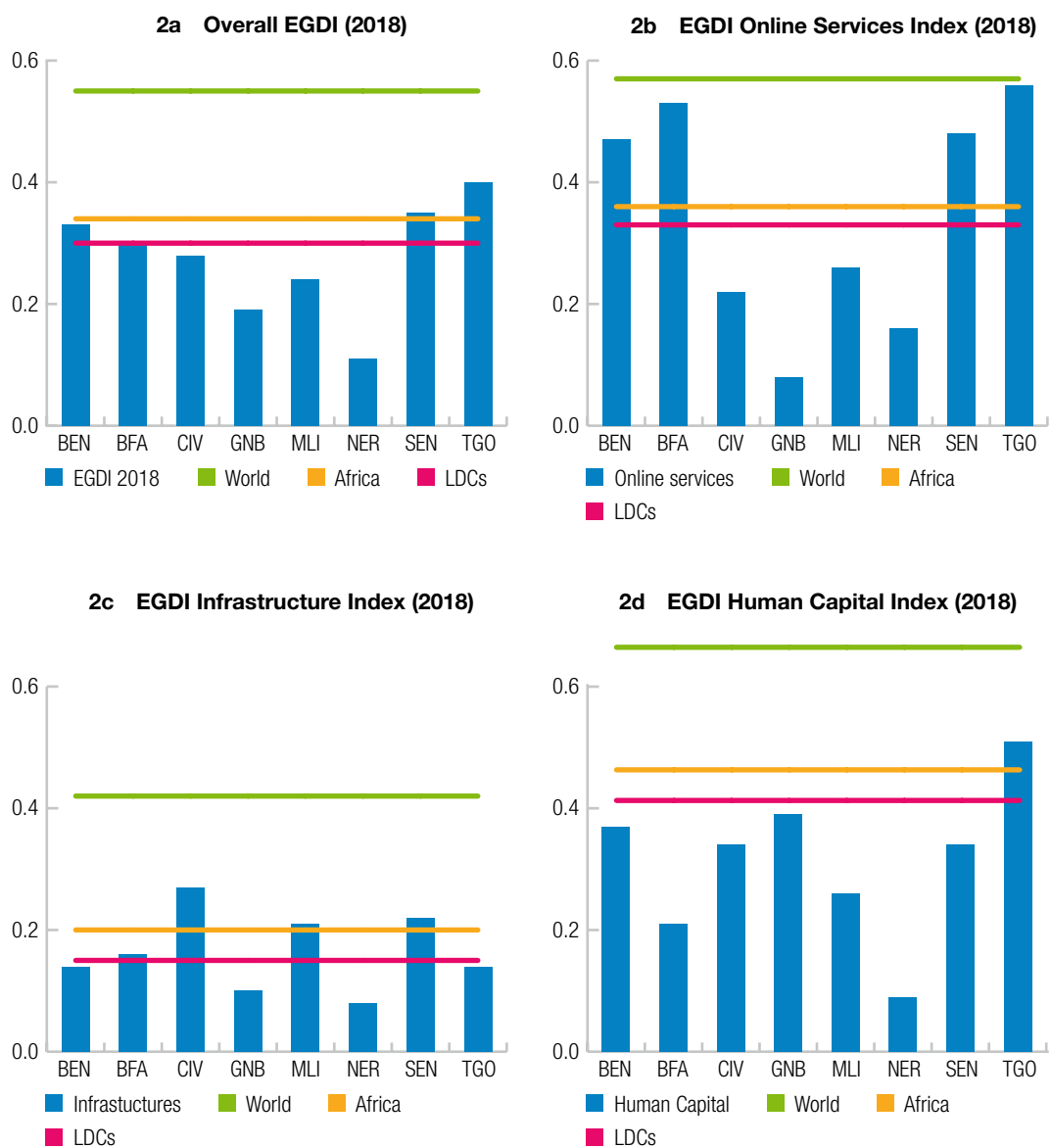
Figure 1 The e-commerce environment

1.5 - The countries' role in promoting the digital economy through the development of online government administrative services and e-government

The State acts as a driver of the expansion and promotion of access to the digital economy by digitizing some government activities (e.g. online payment of wages to some civil servants, providing some of its services virtually, etc.).

- Senegal is the only WAEMU country that ranks above the average for Africa on the United Nations E-Government Development Index (EGDI), while four of the WAEMU countries have an EGDI ranking below the average for the least developed countries (LDCs).
- The limited supply of infrastructure and digital skills is holding back the development of e-governance and online services (see section II for a discussion on the availability of ICT infrastructure).
- The situation in this respect varies considerably across the WAEMU countries, and this is reflected in the EGDI (see figure 2):
 - The rankings of Benin, Burkina Faso, Senegal and Togo for the online services component of EGDI are close to the global mean.
 - The rankings of all the member countries of WAEMU on the infrastructure and human capital components of the index are very low.

Figure 2 WAEMU e-government indicators, 2018



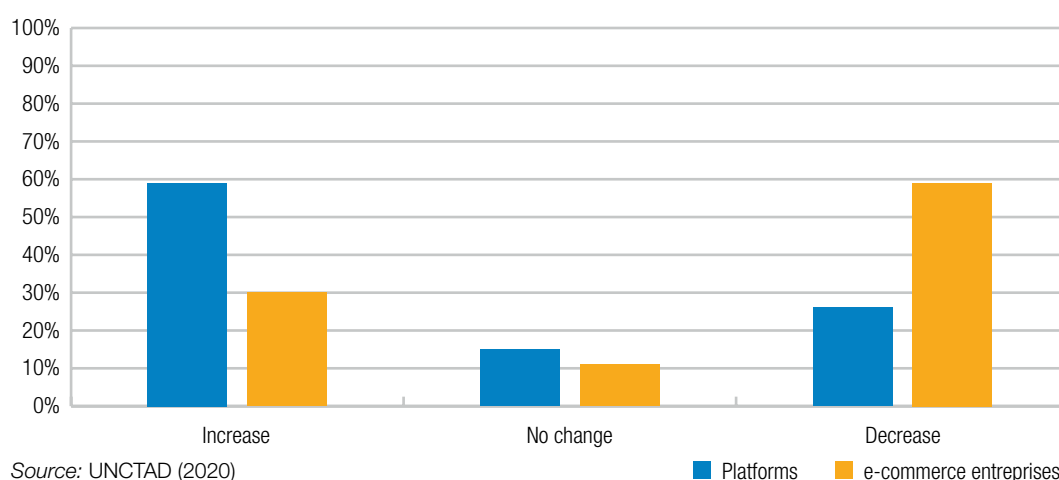
Source: DESA (2018)



A survey of e-commerce businesses and online platforms was conducted by UNCTAD in June and July 2020 in all the countries where the eT Ready Programme is active. The survey results provide information that contributes to a fuller understanding of the impact that the pandemic is having on the e-commerce sector.⁵ The information provided by the 65 companies in the WAEMU countries that responded to the UNCTAD questionnaire indicates that online platforms are doing better than e-commerce enterprises that sell all or some of their products and/or services online, as the former have seen either a larger upturn or a smaller decrease in their sales than the latter (see figure 3). In addition, 52 per cent of the online platforms reported an increase in the number of online vendors using their platform.

Figure 3 Trends in sales since the start of the COVID-19 crisis (Percentages of respondents in each group)

Survey question: “How have your monthly sales been affected since the start of the COVID-19 crisis? (Choose only one answer)”



These results, in keeping with the results for all 23 countries covered by the survey, also corroborate other findings of the study. For example, the use of the various types of online payment systems (mobile money, online banking, credit/debit cards and online payment platforms) has risen sharply. Nevertheless, cash payment against delivery is still the most common practice, and it has also expanded during the pandemic, along with the e-commerce sector itself. As for the pandemic’s impact on employment, a total of 45 per cent of all the respondents said that they have downsized their staff, and 47 per cent report an increase in their operating costs.

The study also found that governments have played a role in encouraging people to make use of e-commerce and digital solutions during the pandemic.

Senegal has stepped up the implementation of its National E-Commerce Development Strategy (SNDCEs) in response to the COVID-19 crisis and set up a consortium of e-commerce operators in June 2020 to that end. Campaigns to raise awareness of e-commerce services have been carried out, and a number of public-private cooperation initiatives have heightened the visibility of online commerce and urged operators to use e-commerce platforms. Efforts are also being made to encourage the public to buy locally in order to help producers make it through the pandemic and to expedite the supply of essential goods in the wake of the outbreak. A media-based (radio and television) programme of instruction for students who are nearing graduation (baccalauréat) and an online platform for remote learning for students have been approved by the Government of Mali, and mechanisms of this type are already being implemented by the Government of the Niger.

⁵ UNCTAD (2020), “COVID-19 and e-commerce”, forthcoming.

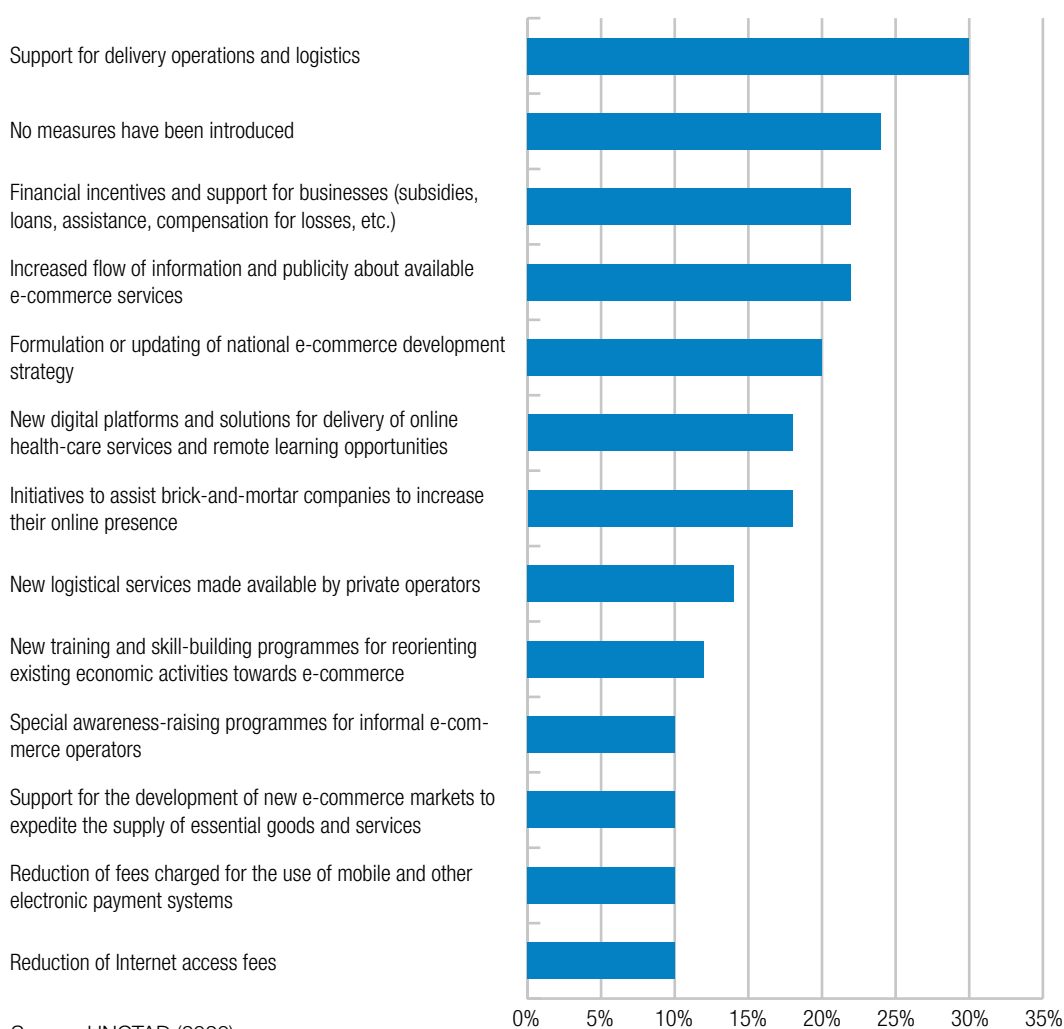


Fifty of the survey respondents shared their views about the types of government measures that had been the most influential in facilitating e-commerce activity since the start of the pandemic and about what other measures could be taken to help reactivate the sector.

Their responses (see figures 4 and 5) indicate that e-commerce has become a more prominent component of government initiatives (20 per cent) and that during the height of the COVID-19 crisis priority has been placed on ensuring the availability of supplies (30 per cent), providing financial support to businesses (22 per cent) and buttressing businesses' online visibility (22 per cent). Another 24 per cent of respondents said that no measure of any significance has been introduced, however. The most effective government and private-sector measures for underpinning an economic reactivation are seen as being a reduction in the cost of Internet access (62 per cent), a lowering of the fees charged for the use of mobile payment systems (46 per cent) and the expansion of Internet coverage (50 per cent); another 58 per cent of the respondents felt that the development or updating of a national e-commerce strategy is one of the measures that should be a priority component of economic recovery plans.

Figure 4 Key measures introduced by the public and private sectors since the outbreak of the COVID-19 pandemic

Survey question: "What governmental or private-sector measures have done the most to facilitate your e-commerce activity since the start of the COVID-19 crisis? (Choose up to five of the most applicable options)"

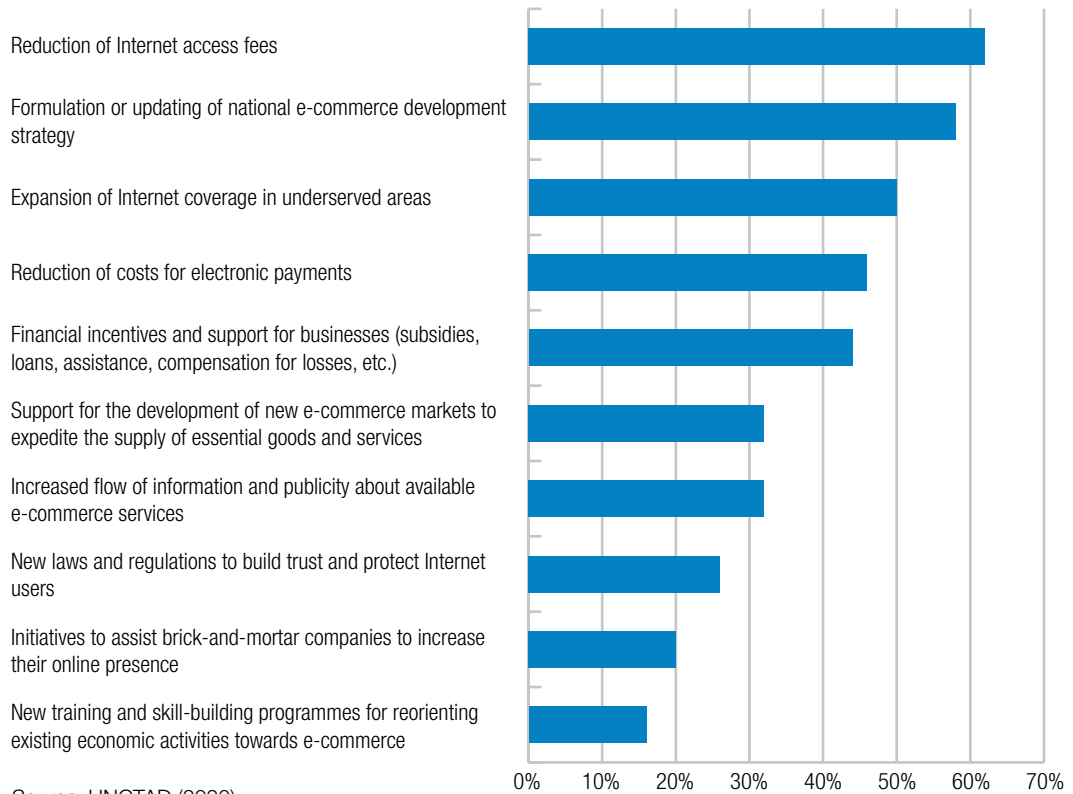


Source: UNCTAD (2020)



Figure 5 Main additional forms of assistance for the sector that could be provided as part of a post-pandemic reactivation plan

Survey question: "What supplementary measures could be taken by the government or the private sector to facilitate e-commerce as part of a plan to relaunch the economy after the COVID-19 crisis?" (Choose up to five of the most important options)



2 – ICT INFRASTRUCTURE AND SERVICES

An inventory of ICT infrastructure points to an uneven distribution of ICT access and an infrastructure deficit. There are some differences across the countries, but this overall situation constitutes a major obstacle to the development of the digital economy and e-commerce in the region.

The WAEMU countries are linked up to the Internet by a number of intercontinental submarine fibre-optic cables.

- These include the Africa Coast to Europe (ACE) cable, SAT-3 / WASC (South Atlantic Transit 3 / West Africa Submarine Cable), WACS (West African Cable System), the Main One and, for Senegal, Atlantis-2. A number of the WAEMU countries are landlocked and so must rely on the deployment of land-based backbones, which are more costly and complicated and are at greater risk of breaks in the cables.
- Numerous projects involving Big Tech are under way. In May 2020, a consortium of multinational telecommunications and Internet companies – including the French operator Orange, China Mobile International, Facebook, the South African MTN GlobalConnect, Saudi Telecom Company (STC), Telecom Egypt, the British operator Vodafone and the West Indian Ocean Cable Company (WIOCC) – unveiled a project to lay a 37,000-km subsea cable called “2Africa” that will encircle the African continent and is set to come on stream in 2024.⁶

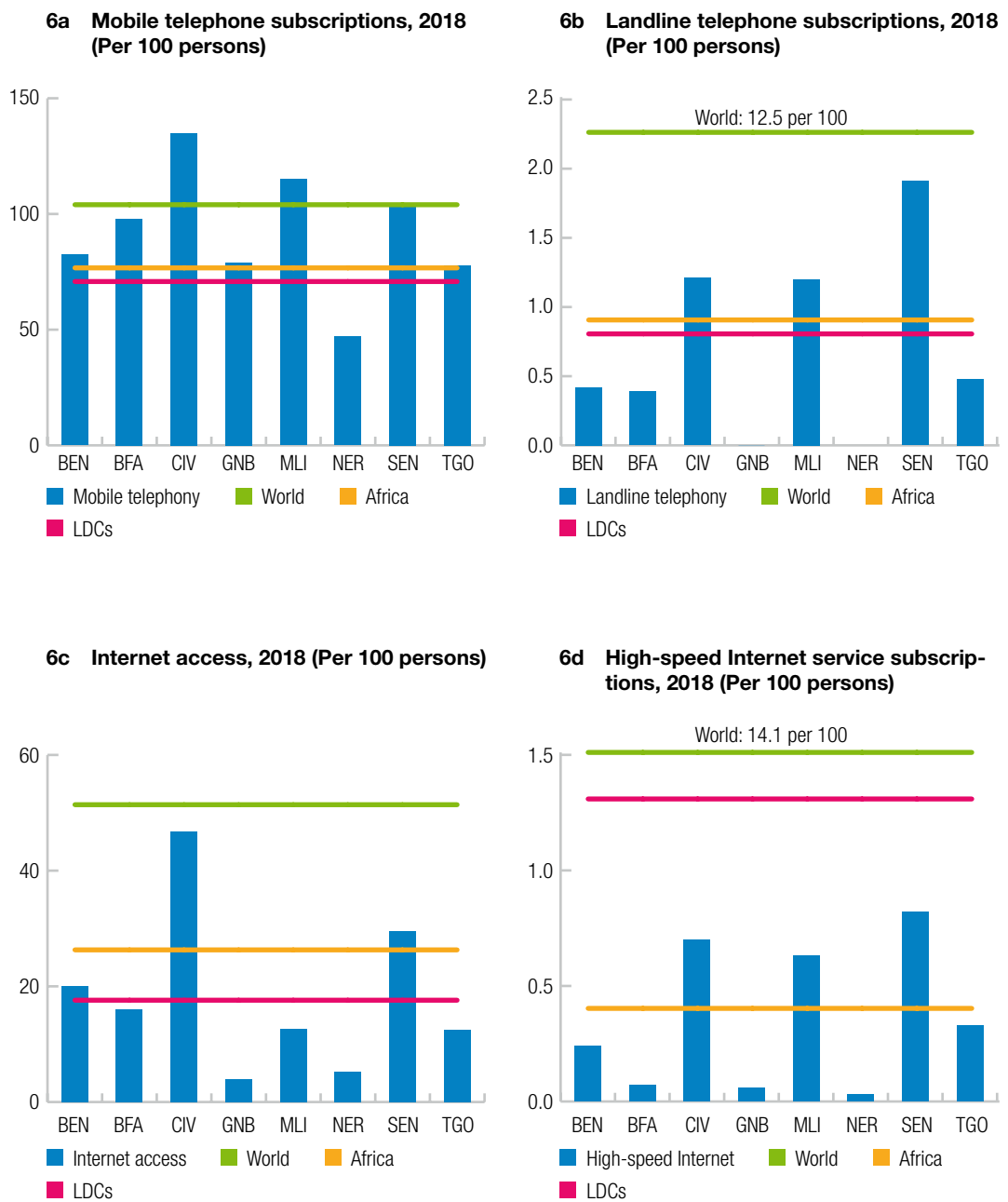
The relevant infrastructure in WAEMU is underdeveloped despite significant investments made by most of the countries to build up, in particular, the Internet backbone. Interconnections are difficult to establish, and their coverage is only partial (the “last mile problem”). The telecommunications operators interviewed during in-country consultations reported that the market is still too small and unprofitable and that investment opportunities are not attractive owing, in particular, to the poor quality of the Internet backbone.

The penetration of landline telephony is marginal, as is high-speed Internet access. Access to mobile telephone service, on the other hand, has improved swiftly in recent years, at least in urban areas. Internet access is mainly provided by mobile devices, many of which are limited to messaging services (2G) that are not sufficient to support e-commerce activities (see figure 6).

⁶ In June 2019, Google announced that it is going to lay another submarine cable, called Equiano, to link Portugal with South Africa by 2021. This cable will not have a landing point in any of the WAEMU countries but will have a branch landing in an ECOWAS country (Nigeria).



Figure 6 ICT penetration in the WAEMU countries, 2018



Note: The available data for Côte d'Ivoire does not differentiate between 2G (messaging service) and 3G and 4G (high-speed Internet)

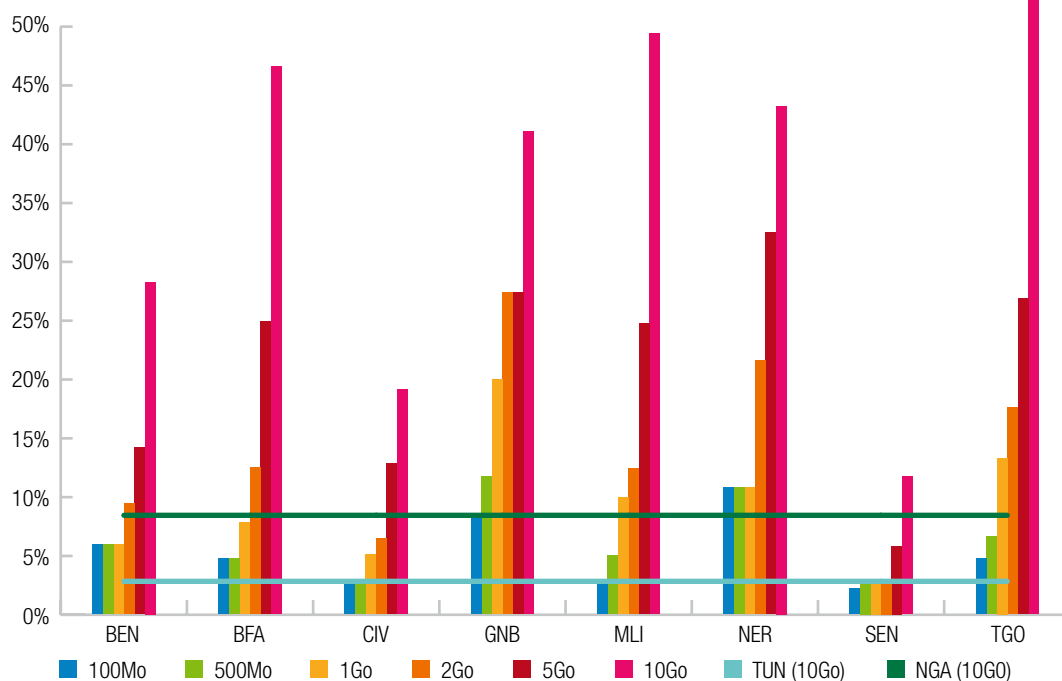
Source: International Telecommunication Union (ITU) (2019) and the Electronic Communications and Postal Regulatory Authority (ARCEP) of Benin and the Electronic Communications and Postal Regulatory Authority (ARCEP) of the Niger (2019)



Internet access in the WAEMU region is relatively expensive

- The cost of obtaining Internet access in the WAEMU countries (2019) acts as a considerable constraint on its further development given the low level of the population's purchasing power, as Internet connection fees represent a heavy burden relative to mean income levels (see figure 7).
 - The fee for over 1GB of data per month is equivalent to 5 per cent of per capita gross national income (GNI) in the WAEMU countries as a whole, with the exception of Senegal.
 - The fee for just 100 MB of data per month is equivalent to 5 per cent of per capita monthly GNI in three of the WAEMU countries.
 - The fee for over 10GB of data per month is equivalent, on average, to 36.7 per cent of per capita GNI.
 - By way of comparison, in Nigeria the fees for less than 5GB and for 10GB of data are equivalent to 1.7 per cent and 8.5 per cent. Nigeria is the only member country of ECOWAS to have achieved the United Nations affordability target of access to 1GB of mobile broadband data for the equivalent of 2 per cent or less of per capita monthly GNI.
 - For a middle-income country such as Tunisia, the fees for less than 5GB and 10GB of data represent 1.2 per cent and 2.9 per cent of per capita GNI, respectively.

Figure 7 Fees for different volumes of Internet access as percentages of GNI in the WAEMU region, 2019



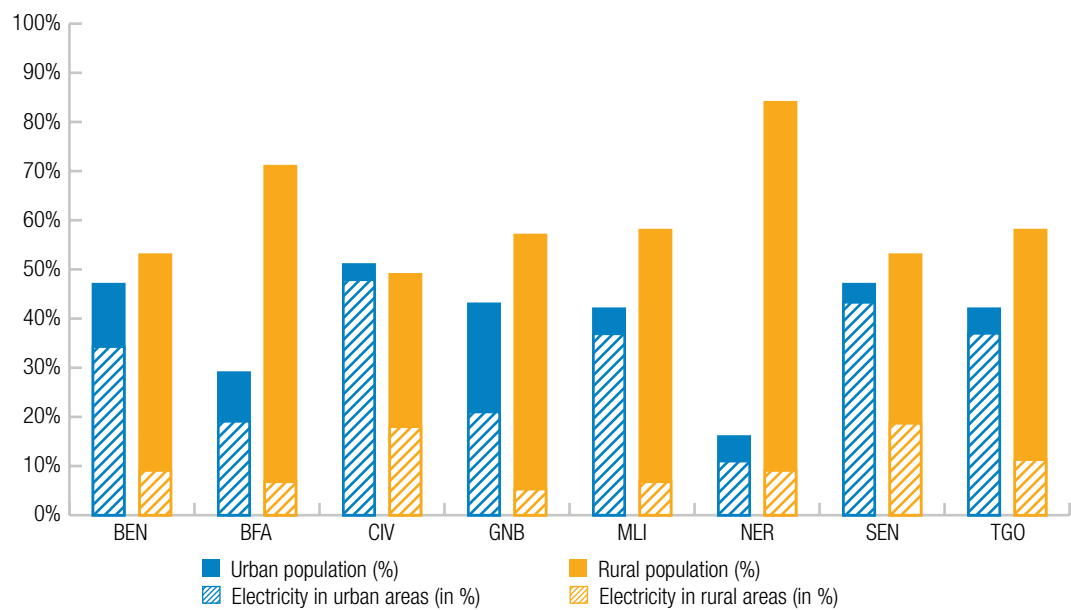
Source: Alliance For Affordable Internet (A4AI) (2020)



Access to electricity continues to be a structural obstacle

- Reliability issues often arise in connection with high-speed (3G, 4g) Internet access because of cable disruptions, electricity cuts or other reasons.
- Interruptions in access to electrical power supplies continue to be a structural problem for the countries of the subregion. Access to electricity in the WAEMU region averages just 43.5 per cent, which is too low to make involvement in e-commerce feasible.

Figure 8 Access to electricity in urban and rural areas of the WAEMU region, 2018 (Percentages)



Source: World Bank Sustainable Energy for All (SE4ALL) database (2020)

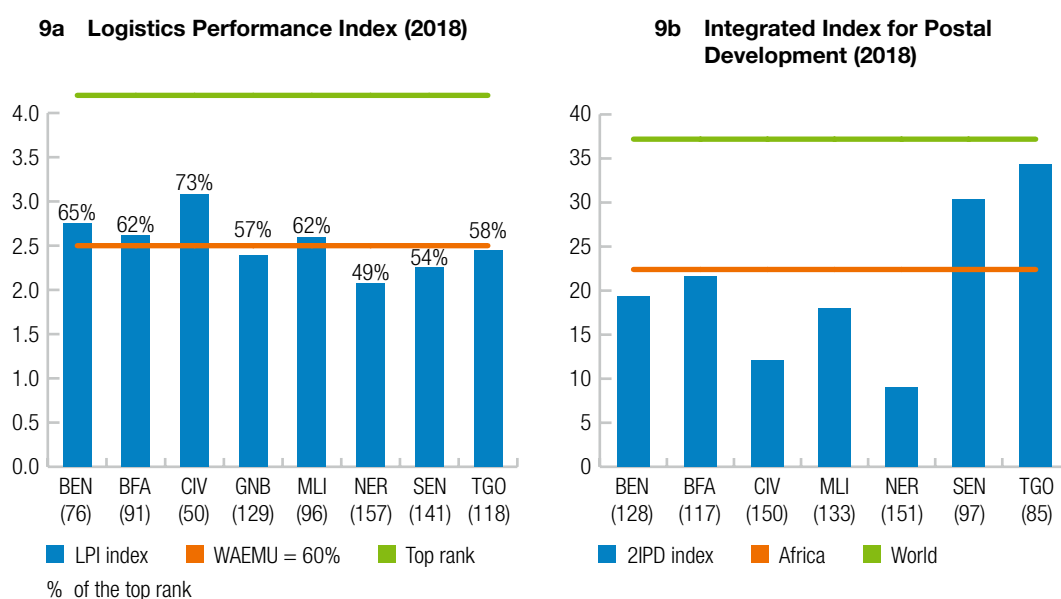


3 – TRADE LOGISTICS AND FACILITATION

E-commerce delivery services run into logistical problems owing to insufficient road infrastructure and a lack of physical address systems.

- One of the main logistical problems is the uneven quality of road infrastructure. The resulting increase in transport costs and delivery delays are curbing the expansion of e-commerce, especially for the three landlocked WAEMU countries: Burkina Faso, Mali and the Niger.
- Physical address systems are few and far between. Initiatives for the development of numerical address systems are under way (a partnership with what3worlds in Côte d'Ivoire, a pilot project with OpenStreetMap in the Niger) or are in the pipeline, but they remain subject to technical constraints (GPS, etc.). Other options are also being put in place (e.g. the use of relay points).
- E-commerce ventures in the WAEMU region tend to develop their own delivery services because of the problems encountered with postal services (see figure 9). The underperformance of the WAEMU countries in this connection is reflected on the Logistics Performance Index (LPI) of the World Bank (2020) and the Integrated Index for Postal Development (2IPD) of the Universal Postal Union (UPU) (2019). This translates into high costs that can pose an entry barrier for small start-ups.

Figure 9 Logistics Performance Index (LPI) and Integrated Index for Postal Development (2IPD) rankings of the WAEMU countries, 2018



Note: The figures shown for each country are their rankings as a percentage of the score of the top-ranked country in the world (Germany)

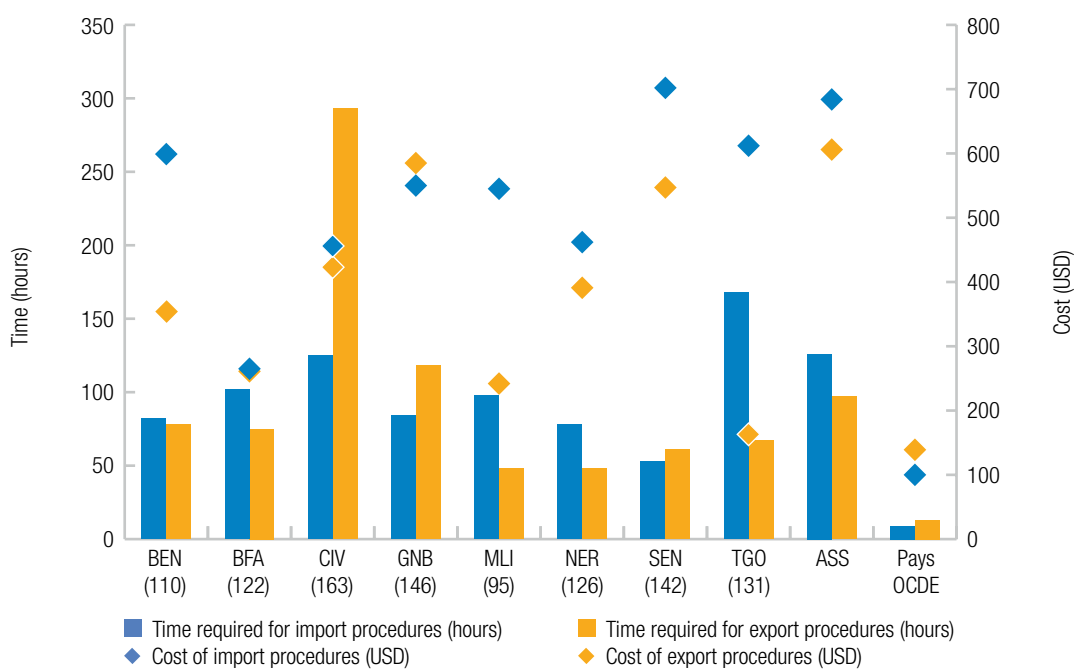
Source: World Bank (2020) and Universal Postal Union (2019)



Customs and cross-border trade: costs remain high and delays are still long despite the customs modernization and reform drives launched by the WAEMU countries.

- Efforts to reform and modernize customs administrations have been undertaken in most of the WAEMU countries, but cross-border customs clearance procedures are still costly and time-consuming (see figure 10).
- All the WAEMU countries except Guinea-Bissau have recently ratified the 2013 Trade Facilitation Agreement:
 - Niger (6 August 2015)
 - Togo (1 October 2015)
 - Côte d'Ivoire (8 December 2015)
 - Mali (20 January 2016)
 - Senegal (24 August 2016)
 - Benin (28 March 2018)
 - Burkina Faso (21 September 2018)
- All the WAEMU countries have embarked on an effort to computerize their systems and make customs clearance procedures paperless. The ASYCUDA World computerized customs management system has been set up in Benin, Burkina Faso, Côte d'Ivoire, Mali, the Niger and Togo. Guinea-Bissau is still using ASYCUDA++. Côte d'Ivoire has renamed its system SYDAM World. Senegal has a system of its own (known as GAINDE).
- One-stop foreign trade windows are gradually being introduced as part of the transition to paperless procedures under the terms of the Trade Facilitation Agreement.

Figure 10 *Doing Business* rankings for cross-border trade within the WAEMU region, 2019



Note: Each country's ranking on the global index is shown in brackets

Source: World Bank (2020)

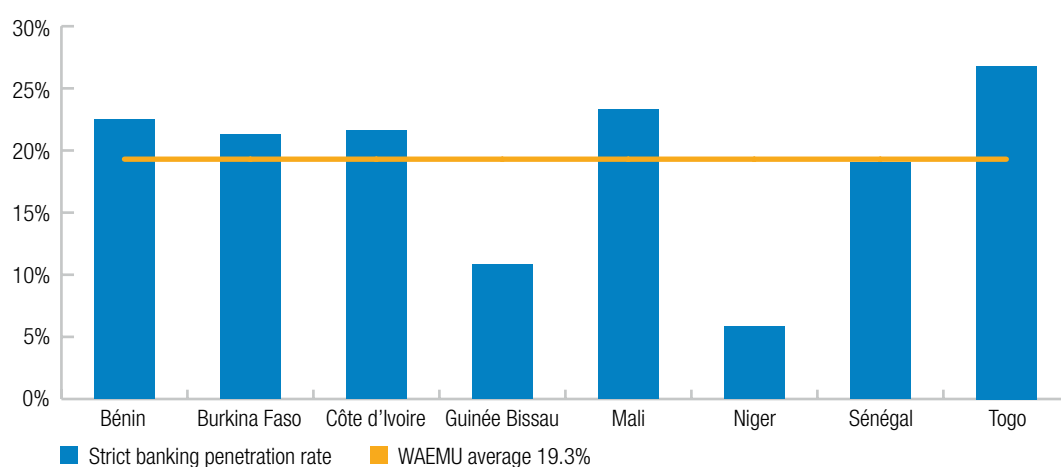


4 – PAYMENT SOLUTIONS

Most electronic transactions are paid for in cash on delivery because of the very limited penetration of formal banking systems in the WAEMU economies, uneven patterns of electronic money usage across WAEMU countries and the unpopularity of systems for paying for goods in advance of delivery, which in many cases is attributable to mistrust on the part of online buyers.

- E-commerce payments mainly take the form of cash on delivery.
- The limited penetration of the banking system militates against online payments. The strictly defined banking penetration rate averaged 19.3 per cent for the WAEMU region as a whole in 2018 (BCEAO).⁷

Figure 11 Banking penetration rate in the WAEMU region, 2018



Source: Central Bank of West African States (BCEAO) (2019)

- The use of electronic money and mobile payment systems is swiftly gaining ground, but at an uneven pace, in the WAEMU countries:
 - More than 40 per cent of the population has an active mobile money account in Benin, Burkina Faso and Côte d'Ivoire, and their volumes of mobile money transactions are equivalent to over 40 per cent of national GDP. By contrast, less than 10 per cent of the population has an active mobile money account in Guinea-Bissau (9 per cent) and the Niger (2.7 per cent), while their volumes of electronic transactions are equivalent to less than 5 per cent of GDP.
 - The growing use of mobile money is generating a strong demand for telephony/banking interoperability, and initiatives have been designed and are now being implemented in order to meet this demand.
 - The fees charged for mobile money transfers could block or slow the large-scale adoption of this payment solution in the WAEMU region.⁸

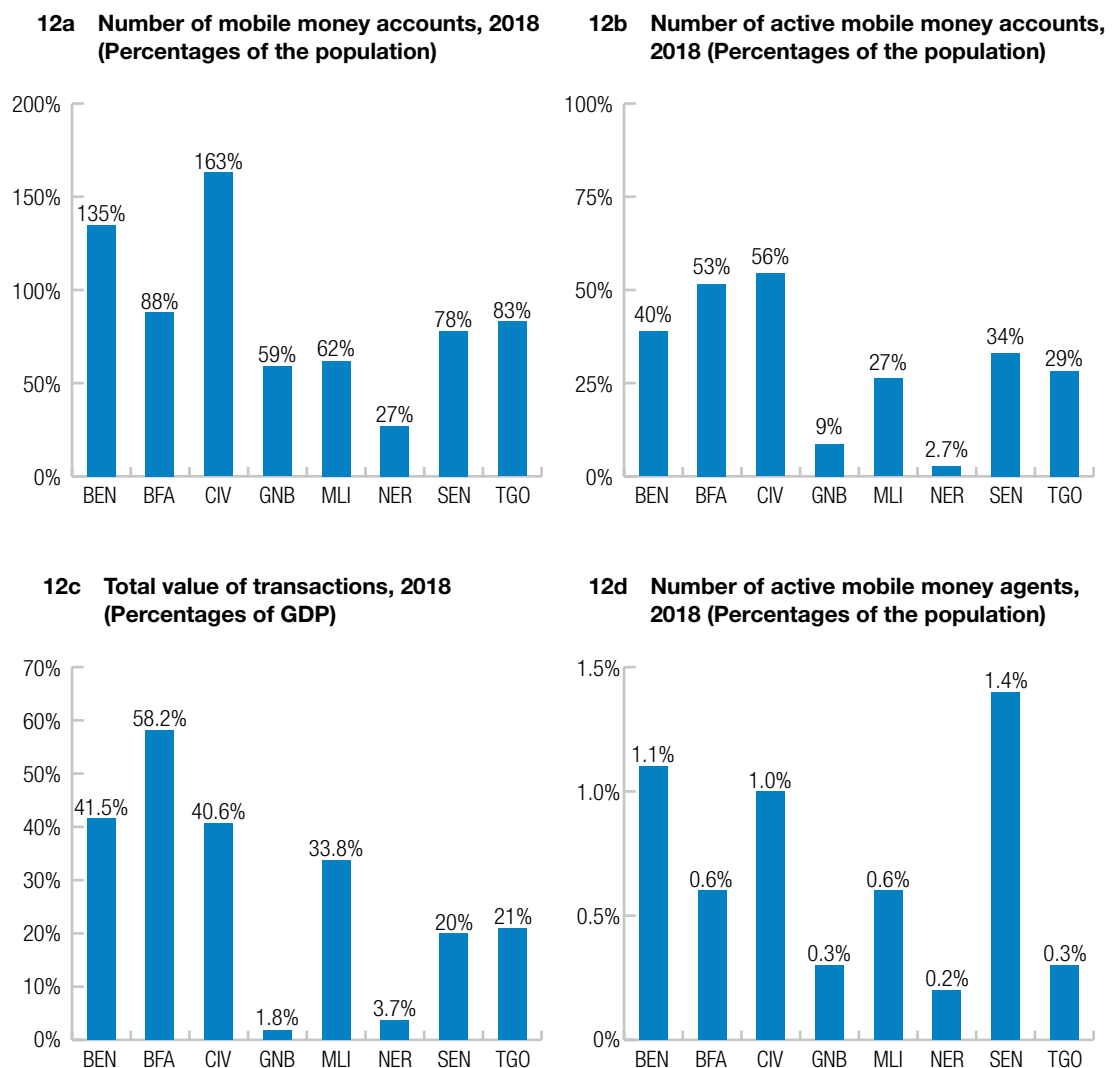
⁷ The strictly defined banking rate measures the percentage of the adult population that holds a bank, postal service, national savings bank or Treasury account.

⁸ To address this issue, in April 2020 the Central Bank of West African States (BCEAO) issued Notice No. 004-03-2020 on the promotion of electronic payments as part of the effort to combat the spread of COVID-19.



- Côte d'Ivoire, Burkina Faso, Mali and Benin account for more than 90 per cent of electronic transactions in terms of value.
- The bulk of mobile money transactions in terms of value – 72 per cent – are replenishments/withdrawals (84 per cent in Côte d'Ivoire and 71 per cent in Mali).
- Person-to-person transfers, including informal commercial payments, represent 17 per cent of the amounts involved (41 per cent in Benin and 24 per cent in Burkina Faso).
- Formal-sector payments requiring a special chip are just a fraction of the total (4 per cent of the amounts of electronic money involved).

Figure 12 Penetration of mobile money within the WAEMU region, 2018



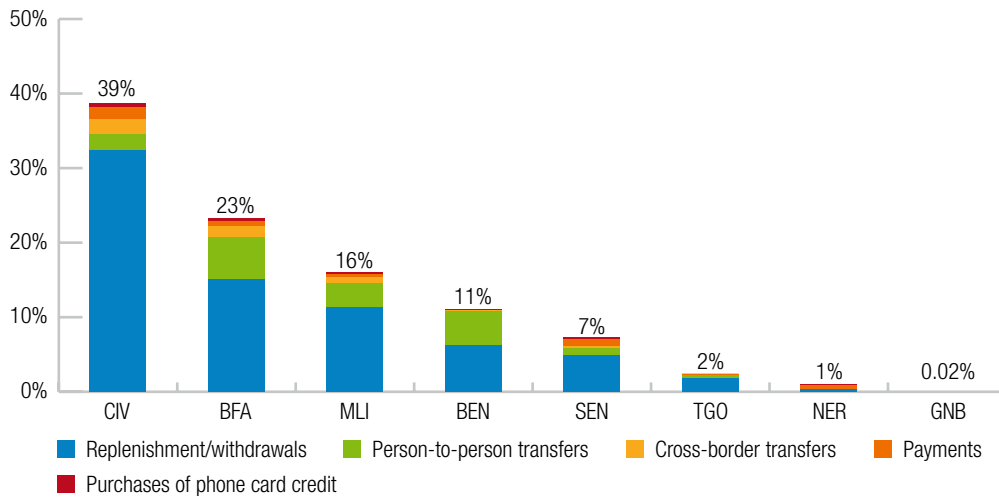
Note: The totals may exceed 100 per cent for countries in which residents have more than one account

Source: International Monetary Fund (2019)

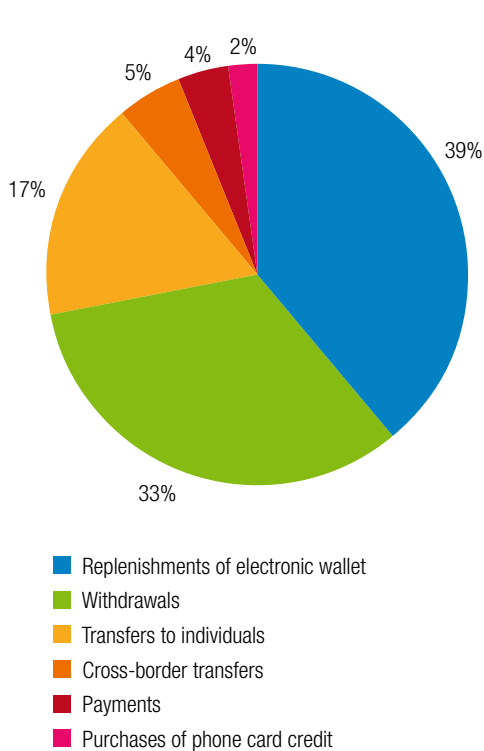


Figure 13 Mobile payments in the WAEMU region, by country and by type of operation, 2018

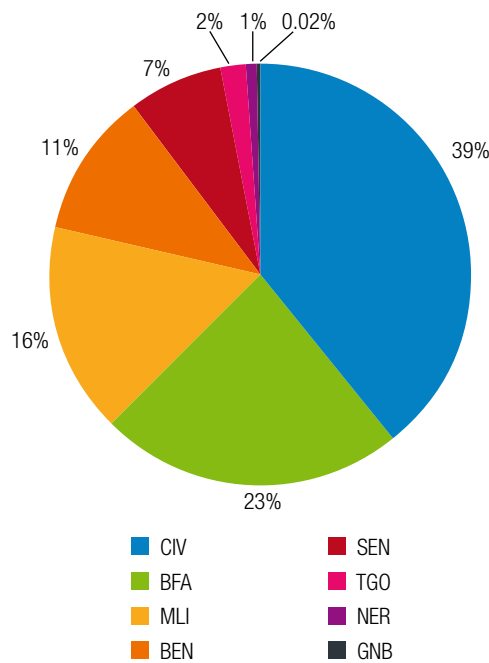
13a Distribution of mobile payments, by country and by type of operation, in terms of value



13b Distribution of electronic transactions, by type of operation in terms of value



13c Distribution of electronic transactions, by country in terms of value



Box 3 The importance of electronic payments has increased during the COVID-19 pandemic

Apart from the economic damage that the pandemic has caused by disrupting value chains and driving up unemployment in sectors such as tourism and transportation, the COVID-19 crisis has sparked a surge in the use of digital applications and platforms that support the expansion of e-commerce (especially for the supply of essential goods), teleworking, telemedicine, remote learning and other virtual activities, all of which are associated with a steep increase in the types of transactions that involve electronic payments. At the regional level, this trend has been bolstered by the issuance in April 2020 of Central Bank of West African States (BCEAO) Notice No. 004-03-2020 on measures for the promotion of electronic payments as part of the effort to combat the spread of COVID-19. This step by BCEAO has boosted the use of electronic payments and innovation in both the public and private sectors. In Togo, a platform called Novissi is being used to channel compensatory incomes to members of the most vulnerable groups, including those in the informal sector, to alleviate the loss of income triggered by the COVID-19 crisis. These compensatory allowances, which are paid in mobile money, can be used to buy essential goods and to pay household water and electricity bills. In Burkina Faso, as a result of the pandemic, the pace of the implementation of private-sector projects on the development of payment aggregation platforms has been stepped up. One such platform is LAGFO, developed by the fintech firm Ticanalyse, which people can use to make purchases and send payments online using a QR code or a code sent by SMS.

Source: UNCTAD



5 – LEGAL AND REGULATORY FRAMEWORK

The countries of the WAEMU region have widely differing legal and regulatory e-commerce frameworks which need to be harmonized. In addition, many of their national laws and regulations date from 2010 and 2011 and now need to be revisited. An assessment of the regional legal framework is one of the priorities established by the ECOWAS Commission.

Two tiers of regulations at the regional level

WAEMU has the benefit of a legal framework devised by ECOWAS that is conducive to electronic transactions, including e-commerce:

- Supplementary Act A/SA.2/01/10 on electronic transactions establishes instruments for the regulation of electronic transactions and defines the obligations and responsibilities of the parties involved along with measures for ensuring the security of such transactions.
- Supplementary Act A/SA.1/01/10 on personal data protection puts in place a mechanism for the protection of data collection, processing, transmission, storage and use. It also calls for the establishment by each member State of a personal data protection agency.
- Anti-Cybercrime Directive C/DIR/1/08/11 of 19 August 2011 deals with the definition of new ICT-specific offences and the adaptation of member States' existing criminal statutes and criminal procedures to address cybercrime.

However, these legislative texts have not been transposed into national laws, are underenforced and do not take into consideration many of the emerging features of the digital ecosystem.

The African Union Convention on Cyber Security and Personal Data Protection, signed in Malabo on 27 June 2014, serves as a point of reference for the management and oversight of e-commerce and the digital economy in general. This instrument, which is intended for application throughout the continent, covers electronic transactions (notably electronic signatures), personal data protection, cybersecurity and the fight against cybercrime. It goes further than the ECOWAS instruments applying to the WAEMU countries, which do not deal with cybersecurity. It is also the most complete regional instrument of its type. It has not yet entered into effect, however, since it must first be ratified by 15 member States and, thus far, only 14 States have signed it (including Guinea-Bissau and Togo) and only 5 have ratified it (Senegal being one of them).⁹ Given the rapid pace of technological development and the digital challenges that it poses, the ECOWAS instruments and the Malabo Convention need to be adapted to conform to the current digital landscape so that their provisions address all the relevant issues and take into account emerging technologies' impact on the legal framework (blockchain, big data, open data, personal data, the cloud, etc.).

While all the countries have adopted laws on e-commerce, in most cases their legal frameworks still need to be expanded upon and/or updated and implemented.

There is also a great need to promote the acquisition of specialized skills by members of the police force and judicial services in the areas of data protection, consumer protection and cybercrime.

⁹ <https://au.int/sites/default/files/treaties/29560-sl-AFRICAN%20UNION%20CONVENTION%20ON%20CYBER%20SECURITY%20AND%20PERSONAL%20DATA%20PROTECTION.pdf>



Table 3 Major laws on the digital economy and e-commerce

Country	Electronic transactions	Data protection and privacy laws	Cybercrime	Online consumer protection
Benin	Act No. 2017-20 of 13 June 2017 (the Digital Code)	Act No. 2017-20 of 13 June 2017 (the Digital Code)	Act No. 2011-10 of 25 August 2011 on combating corruption and related offences	Act No. 2017-20 of 13 June 2017 (the Digital Code)
Burkina Faso	Act No. 045-2009/AN of 10 November 2009 on the regulation of electronic services and transactions	Act No. 010-2004/AN of 20 April 2004 on personal data protection	Penal Code	No law ¹⁰
Côte d'Ivoire	Act No. 2013-546 of 30 July 2013 on electronic transactions	Act No. 2013-450 of 19 June 2013 on personal data protection	Act No. 2013-451 of June 2013 on cybercrime	Ordinance No. 2012-293 of March 2012 on telecommunications and ICT
Guinea-Bissau	No data	No data	No data	Decree No. 7/2012 of 23 October 2012
Mali	Act No. 2016-012 of 6 May 2016 on electronic transactions, trade and services	Act No. 2013-015 of 21 May 2013 on personal data protection	Act No. 2016-012 of 6 May 2016 on electronic transactions, trade and services Act No. 2019-056 of 5 December on cybercrime in Mali	No data
Niger	Act No. 2019-03 of 30 April 2019 on electronic transactions	Act No. 2017-28 of 3 May 2017 on personal data protection as amended in 2019	Act No. 2019-33 of 3 July 2019 on cybercrime	Act No. 2019-50 of 30 October 2019 on consumer protection violations and the corresponding penalties
Senegal	Act No. 2008-08 of 25 January 2008 on electronic transactions Decree No. 2008-718 of 30 June 2008	Act No. 2008-12 of 25 January 2008 personal data protection	Act No. 2008-11 of 25 January 2008 on cybercrime	Decree No. 2014-770 of 14 June 2014 on operators' obligations regarding consumer information rights
Togo	Act No. 2017-07 of 22 June 2017 on electronic transactions	Act No. 2019-014 of 29 October 2019 on personal data protection	Act No. 2012-018 of 17 December 2012	Act No. 2017-07 of 22 June 2017 on electronic transactions

Source: UNCTAD

¹⁰ See the UNCTAD World Consumer Protection Map: <https://unctadwcpm.org/docs/BFA.pdf>



Table 4 Legal frameworks for e-commerce – inventory and outlook

The legal framework for electronic transactions needs to be updated and/or supplemented in order for it to fulfil its purpose.

- Laws on electronic transactions were adopted by some of the WAEMU countries before the promulgation of the ECOWAS 2010 Supplementary Act. Those laws focus on the business-to-consumer (B2C) segment, however, and do not provide sufficient coverage of business-to-business (B2B) electronic contracts.
- The application of these laws may depend on subsequent decrees which may take a long time to be promulgated.
- The entry into force of such laws and implementing decrees may be subject to the adoption of new, costly technologies that may in turn place technical and financial obstacles in the way of a more widespread use of electronic communications media. The certification required for the adoption of electronic signatures may be one example. If the key public infrastructure recommended in ECOWAS Supplementary Act A/SA.2/01/10 of 16 February 2010 for that purpose is used, its implementation will pose interoperability issues.
- The powers of the legislative and judicial branches will need to be strengthened in order to overcome the difficulties involved in enforcing these laws in the new digital ecosystem.
- Shortages of administrative resources often limit the application of ECOWAS and WAEMU regulatory instruments.

Most of the WAEMU countries must deal with legal gaps and omissions when engaging in cross-border electronic transactions.

- The lack of consistent and/or uniform national and regional regulatory frameworks, together with a lack of coordination and cooperation between national and regional legislators, may act as a serious constraint on local and foreign e-commerce firms' efforts to extend the scope of their operations to include markets outside the borders of their home countries. Harmonized or standardized commercial regulations within the African Continental Free Trade Area (AfCFTA), in particular, would enhance predictability and hence legal certainty for companies seeking to do business internationally.
- The WAEMU countries stand to gain from becoming parties to the United Nations Convention on the Use of Electronic Communications in International Contracts, as Benin did following its adoption of its Digital Code in 2018. Senegal has signed the 2006 Convention but has not yet ratified it.
- The aim of the Convention is to streamline and harmonize the use of electronic communications in international trade. States parties to this instrument undertake to accept foreign electronic signatures on the basis of the principles of non-discrimination in electronic communications, technological neutrality and cross-border functional equivalence. The Convention enhances legal certainty and commercial predictability.



The regulatory framework, and particularly its provisions on data protection, cybercrime and consumer protection, should be disseminated and made accessible to potential users.

- The regulation of e-commerce should build consumers' confidence that they will be protected from Internet scams and encourage them to change over from some of their customary "physical" buying practices to online purchasing. In order to buttress the expansion of e-commerce at the national, regional and continental levels, legislators need to take an entire range of factors into account, including the importance for consumers of having the possibility of changing their mind after making a purchase and receiving a refund, the safety of products bought online, legal avenues for disputing electronic transactions, the protection of banking and personal data, and assurance that a given website is reliable and represents an actual company offering genuine, accurately described goods or services. The United Nations Guidelines for Consumer Protection encourage States to ensure that e-commerce users are afforded the same level of protection as that afforded in other forms of commerce. Member States are also encouraged to review their consumer protection policies to ensure that they accommodate the special features of electronic commerce and ensure that consumers and businesses are informed and aware of their rights and obligations (Guidelines Nos. 63 and 64).
- This information should also help to address the mismatch between the growing demand for protection, particularly from government, and recourse to informal practices.
- Senegal is the only WAEMU country to have ratified the African Union Convention on Cyber Security and Personal Data Protection of 27 June 2014, along with Guinea, Mauritius and Namibia. A regulatory framework that would give rise to genuine cooperation among African States in the battle against cybercrime is highly desirable, since it would afford stronger protection for e-commerce companies against hacking and for consumers against Internet scams.

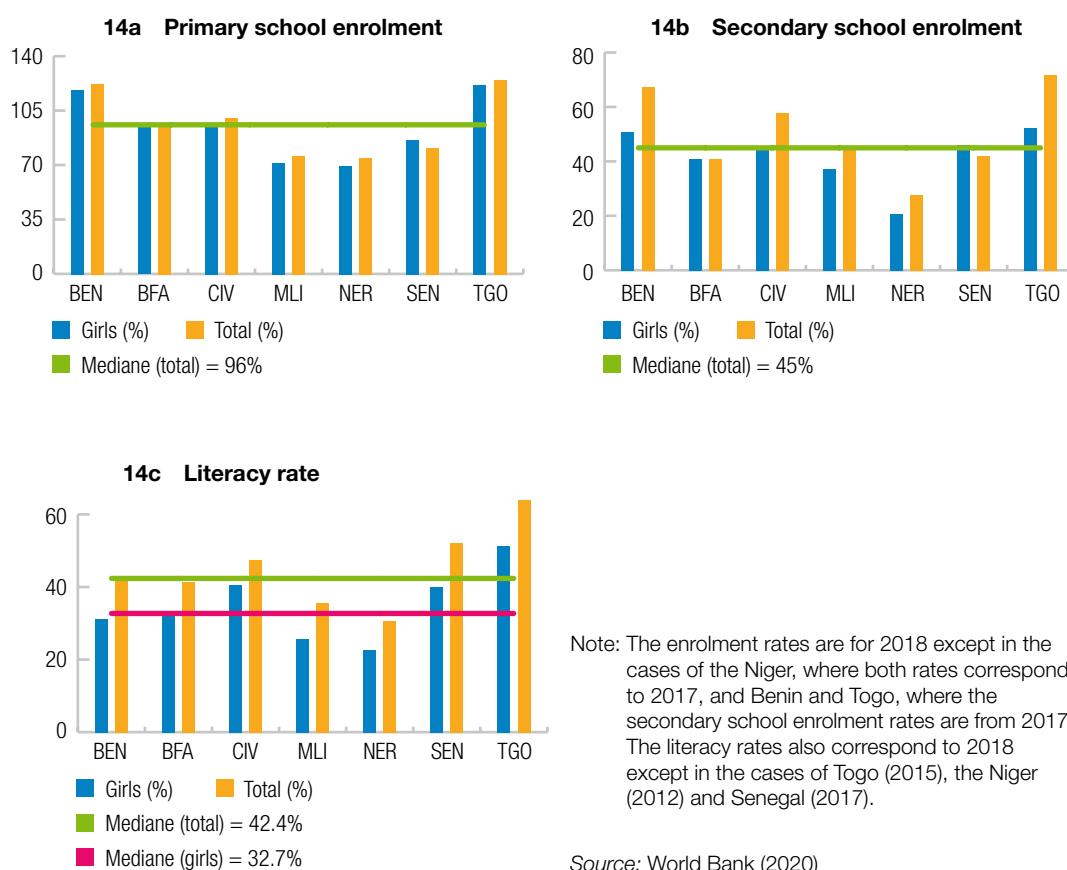


6 – E-COMMERCE SKILL-BUILDING

The acquisition of the skills required for engaging in e-commerce is limited by the overall level of human capital development in the WAEMU countries. An inventory needs to be undertaken in order to determine how well existing training opportunities match up with the skills needed in the e-commerce market and the digital economy.

- Illiteracy is widespread in the WAEMU countries: the average literacy rate is 42 per cent for the countries' populations as a whole and is 32.7 per cent for women.
- Access to higher education is marginal: the mean enrolment rate for post-primary education is 45 per cent.
- There are striking disparities between male and female e-commerce entrepreneurs, and very few women attempt to establish start-ups. To address this situation, UNCTAD has launched the eTrade for Women initiative to assist women entrepreneurs in the digital economy to become genuine contributors to more inclusive forms of development and wealth creation in their countries and their region. This initiative is working with a network of regional advocates such as Patricia Zoundi Yao of Côte d'Ivoire to enable the next generation of women entrepreneurs to grow their businesses and make their voices heard in policy-making circles. Some of the main areas in which this initiative is working are capacity-building and an exchange of views with decision-makers. Its first masterclass in Africa was held in February 2020 in Abidjan and was attended by 17 women entrepreneurs from seven WAEMU countries and the Central African Economic and Monetary Community (CEMAC).

Figure 14 Primary and secondary enrolment rates and literacy rates in the WAEMU countries, 2018 (percentages)



- The cross-cutting nature of e-commerce and the digital economy make it difficult to assemble and expand clusters of the necessary skill sets:
 - Project management skills in the component areas of specialization
 - Mastery of the relevant computer and digital tools
 - Business plan development.
- The mismatch between training opportunities and the needs of the market are substantial in some cases. These mismatches should be inventoried so that gaps and unmet needs can be identified with a view to expanding and fine-tuning the types of initial training (universities) and further training (incubators) that are on offer.

The network of start-up incubators should be mentored and supported in order to foster the emergence of e-commerce and digital economy actors.

Box 4 Senegal passes legislation to promote start-ups

Follow-up to eTrade Readiness Assessments (“eT Readies”) in the region has included the identification of a number of noteworthy and quite ambitious initiatives in various countries that could potentially be reproduced at the regional level. In Senegal, the Startup Act, which was passed by Parliament in December 2019 and promulgated by President Macky Sall on 6 January 2020, is the fruit of a successful cooperative effort on the part of the public and private sectors involving the various stakeholders in the innovation ecosystem. This new law empowers the Government of Senegal to take certain fiscal and administrative measures, paves the way for the facilitation of access to financing and support for businesses and makes it easier to gain access to public markets. The effectiveness of this law is leveraged by provisions in the 2020 Finance Act that give start-ups tax exemptions for their first three years in operation and lowers the cost of registering as a business. The new law will also help to promote cooperation on policy, as it provides for the establishment of a start-up assessment committee to serve as a platform for public-private cooperation in the area of innovation. A flourishing digital ecosystem and supportive infrastructure for start-ups are essential conditions for nurturing the creation and growth of e-commerce ventures. Tools such as the StartUp Act are warmly welcomed by the private e-commerce sector because they open the door to various forms of support, including financial measures and public-private partnerships. This Senegalese law is the first of its type in sub-Saharan Africa and follows in the footsteps of a Tunisian law that was the first of its kind in the African continent. Other West African countries, such as Ghana and Mali, are moving in the same direction. The eT Ready for Mali reports that draft start-up legislation has been approved by the Council of Ministers and is awaiting adoption by the legislature.

Source: UNCTAD



7 – ACCESS TO FINANCING

- Enterprises in the e-commerce sector of the WAEMU countries face two types of difficulties when seeking financing.
 - Access to financing in these countries can be limited by the fact that banks often confine their activities to those of a deposit-taking institution and/or provide loans only to companies in traditional industries that are seen as low-risk borrowers.
 - E-commerce start-ups rarely have access to bank credit or loans because they often operate on the border between the formal and informal sectors and lack collateral or other assets to put up as security for a loan.
- Owners or managers of e-commerce start-ups generally lack project management skills such as those required to draw up a business plan and design a marketing strategy that could be used to demonstrate their projects' viability to lending institutions.
- The WAEMU economies' low banking penetration rates only add further to digital-economy entrepreneurs' difficulties in gaining access to credit institutions.

Technology start-ups in West Africa have access to very few fundraising opportunities with a few exceptions in Nigeria in ECOWAS and, to a lesser extent, in Senegal in WAEMU.

- In all, 85 per cent of the firms that have won a place on the MyAfricanStartup 100 investment list, which has been created with the support of the African Development Bank, are English-speaking companies, with start-ups in Nigeria, Kenya and South Africa occupying half of the places on the 2019 list.¹¹ Senegal is the French-speaking country with the most start-ups on the list. Financial services and business service enterprises make up the great majority of the firms selected for inclusion.
- According to the Partech investment fund,¹² the ECOWAS countries received 29 per cent of the funds invested in start-up tech in 2018, with 26 per cent of that sum corresponding just to Nigeria. Senegal (1.9 per cent) is the leading French-speaking hub and is seventh in the ranking. Ghana (0.5 per cent), Mali (0.3 per cent) and Côte d'Ivoire (0.1 per cent) are the only other ECOWAS countries with start-ups included on the list.
- Nigeria (26 per cent), Kenya (30 per cent) and South Africa (21.5 per cent) together accounted for over 75 per cent of the funds invested in 2018 in start-up tech.

¹¹ The selected start-ups are chosen for the innovativeness of their technology and their solutions. To be eligible, these firms must be growing their businesses but must have had a turnover of less than €1 million per year for at least the last two years and must be operating internationally.

¹² The Partech annual Africa Tech Venture Capital Report covers equity rounds totalling between US\$200,000 and US\$100 million dollars for firms for which Africa is the main market.



CONCLUSION: OUTLOOK FOR A REGIONAL ECOWAS E-COMMERCE STRATEGY

This overview has highlighted the main obstacles confronting the WAEMU member countries in seven policy areas and offers a solidly based analysis with a view to the preparation of a strategy for the ECOWAS countries as a group.

This analysis points to a growing demand for e-commerce on the part of all the WAEMU countries and to the emergence of ecosystems (of varying degrees of development from country to country) in which e-commerce plays a direct or indirect role via the development of the digital economy, e-commerce platforms, and electronic payment solutions.

Major challenges or difficulties are also shared by the West African countries covered in this study, and those challenges will have to be overcome if e-commerce is not to remain a realm accessible only to the minority group made up of the more well-to-do segments of the urban population.

One important factor is that, throughout this region, the expansion of e-commerce activity depends on the extent of Internet access, which is determined by the scale and reliability of ICT backbone and network infrastructure and last-mile connections. The difficulties encountered in this respect are heightened by unequal access to electricity.

E-commerce activity is also heavily dependent on reliable logistics. However, for the most part, delivery services are relatively poor, as is the quality of postal services, road infrastructure and addressing systems.

The development of paperless payment solutions and the establishment and enforcement of a legal framework that will provide full security for the various parties involved in the e-commerce logistics chain are also major issues.

Regional bodies clearly have a role to play in coordinating national initiatives for surmounting these challenges while drawing on support from their technical and financial partners and working in collaboration with the private sector.

As part of the analytical work undertaken by UNCTAD, a regional e-commerce workshop¹³ was organized in October 2018 pursuant to a recommendation made by the WAEMU trade ministers at their meeting in Cotonou on 29 September 2017 regarding a regional work plan that reflects the strategic importance of e-commerce in the economy of the Union. The workshop participants laid the groundwork for the formulation of just such a regional work plan and for the steps required to develop that plan within the WAEMU framework (see box 5).

¹³ <https://unctad.org/en/pages/MeetingDetails.aspx?meetingid=1948>



Box 5 Recommendations for a WAEMU regional e-commerce plan**1. An e-commerce strategy**

- 1.1. The cross-cutting nature of e-commerce and the digital economy call for an inclusive, multidisciplinary approach in policy-making and regulatory matters. Member States therefore need to put in place effective coordination mechanisms at the national level for all relevant ministries and stakeholders. The engagement of the private sector in this effort is imperative in order for policy-makers to gain a fuller understanding of the issues and of possible solutions within the framework of WAEMU.
- 1.2. Regional dialogue plays an essential role in the coordination of the development of e-commerce within the WAEMU countries. Member countries need to share the experience they gain as they prepare and implement policies for promoting e-commerce and the digital economy as part of their countries' economic and social development process. This topic could figure on the agendas of the Union's ministerial meetings.
- 1.3. Member States should take advantage of the opportunities offered by international forums such as eCommerce Week, the UNCTAD Intergovernmental Group of Experts on e-Commerce and the Digital Economy and discussions held by the World Trade Organization and other member organizations of the eTrade for all initiative (etradeforall.org).
- 1.4. Member States are invited to make use of the eTrade for all platform and the various solutions proposed by international organizations and other partners for issues encountered in the seven key policy action areas for e-commerce development.
- 1.5. Member States should monitor and evaluate the progress made in the seven action areas. The WAEMU Commission may wish to request the preparation of an annual report based on selected e-commerce development indicators. E-Commerce readiness indicators should be adopted, possibly in coordination with international organizations. The Commission could coordinate the collection of the relevant data.
- 1.6. The Commission and member States of WAEMU should explore avenues for funding the implementation of recommendations made pursuant to the Rapid eTrade Readiness Assessments conducted in member States.
- 1.7. The Commission and member States of WAEMU should, where necessary, consider undertaking more thorough assessments.

2. ICT infrastructure and services

- 2.1. Member States should stimulate investment and pursue development strategies based on the pooling and sharing of telecommunications infrastructure, ICT service interoperability and the reinforcement of competition and transparency in the digital sector.
- 2.2. Member States should adopt and implement development plans for promoting inclusive and affordable broadband access to ICT networks.



3. Trade logistics and facilitation

- 3.1. Member States should make use of new technologies (e.g. geolocation) to develop address systems.
- 3.2. The WAEMU Commission should give consideration to means of avoiding the double taxation of goods within the Union as soon as possible.
- 3.3. The WAEMU Commission and member States should give consideration to the possibility of introducing a de minimis duty free regime.
- 3.4. The WAEMU Commission and member States should launch and support regional projects for the introduction of paperless external trade and e-commerce procedures.
- 3.5. The WAEMU Commission and member States are invited to include postal services in national and regional e-commerce development strategies with a view to increasing the reliability of deliveries and strengthening their participation in the implementation of payment solutions.
- 3.6. The WAEMU Commission and member States should build capacity for the adoption and implementation of standards for cross-border e-commerce.
- 3.7. The WAEMU Commission and member States should promote the dissemination and application of standards that will facilitate e-commerce such as ISO 6523, ISO 27018 and bar codes.

4. Payment solutions

- 4.1. The WAEMU Commission and the Central Bank of West African States (BCEAO), in coordination with the Commission of ECOWAS, should strengthen their cooperative efforts to expedite the interoperability of digital financial services.
- 4.2. The WAEMU Commission and BCEAO should review the regulatory framework for payment platforms with the aim of improving the security of payment operations, pooling payment infrastructure and enhancing cooperation among the parties concerned.
- 4.3. The WAEMU Commission and member States should encourage the private sector to develop payment solutions designed to meet the needs of the population.

Source: UNCTAD



These recommendations should figure in discussions concerning the establishment of an ECOWAS regional strategy. The formulation of such a strategy should be preceded by agreement on a shared vision by the community of member States, together with time-bound objectives underpinned by performance targets and indicators and a defined budget.

The initial analysis presented in this report may serve to help determine the specific features and role of e-commerce in the region and the shape that this sector of activity may take going forward.

ECOWAS has embarked on deliberations in preparation for the implementation of a common strategy by its member States that will address the various obstacles and priorities in each of the seven key policy areas and identify potential technical and financial partners (see table 5).

Based on the series of eT Readies that have informed this report, ECOWAS may decide to target the following areas of action as priorities. These issues were discussed during the session on strengthening e-commerce in ECOWAS that was held during the eCommerce Week organized by UNCTAD in April 2020.

- Strengthening the essential infrastructure needed in order to develop the e-commerce sector and make it an attractive area of activity (the electricity grid, road and logistical infrastructure, physical or digital addresses).
- Close tracking of the inroads made in the development of the digital economy by completed or ongoing projects in the areas of ICT infrastructure, national projects to convert given procedures or activities into paperless operations that could be joined in by other member States or expanded to include them, the establishment of paperless and interoperable payment systems and the updating and harmonization of ECOWAS e-commerce legislation.
- Monitoring and stewardship of the e-commerce sector with the help of a supranational e-commerce observatory. This would make it possible to accurately quantify the scale of e-commerce in each sector by providing inputs for the statistical analysis of trade flows, to centralize and distribute a complete list of accredited e-commerce operators and to provide regulatory enforcement support to member States.

Table 5 **Technical and financial partners**

eT Ready policy area	Technical and financial partners
E-commerce strategies	ECOWAS, WAEMU, UNCTAD
ICT infrastructure and services	African Development Bank, World Bank, ECOWAS, WAEMU, ITU
Trade logistics and facilitation	WBG, UNCTAD, WCO, UPU
Payment solutions	BCEAO, ITC, WAEMU, UNCDF, UPU, World Bank, private partners (Mastercard, Visa, etc.)
Legal and regulatory framework	ECOWAS, UNCTAD, UNCITRAL, World Bank
Skill-building	ILO, ITC, UNCTAD, World Bank
Access to financing	BCEAO, ITC, UNCDF



ANNEX I: REFERENCE DOCUMENTS AND WEBSITES

Documents

- UNCDF (United Nations Capital Development Fund), *Rapport de l'Enquête Annuelle des Fournisseurs de Services Financiers Numériques 2017*, 2018.
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- UPU, *Postal Development Report 2019. Perspectives on the Performance of Postal Operators Worldwide*, October 2019.

Websites

- Regional organizations: BCEAO (www.bceao.int), WAEMU (www.WAEMU.int)
- International organizations: eTrade for all, UNCTAD, UPU, ITU, World Bank, IMF, WTO.



ANNEX II: RAPID ETRADE READINESS ASSESSMENTS PUBLISHED BY UNCTAD

- Niger: *Évaluation rapide de l'état de préparation au commerce électronique* (May 2020)
- Bénin: *Évaluation rapide de l'état de préparation au commerce électronique* (May 2020)
- United Republic of Tanzania: *Rapid eTrade Readiness Assessment* (April 2020)
- Mali: *Évaluation rapide de l'état de préparation au commerce électronique* (December 2019)
- Malawi: *Rapid eTrade Readiness Assessment* (December 2019).
- Kiribati: *Rapid eTrade Readiness Assessment* (October 2019).
- Tuvalu: *Rapid eTrade Readiness Assessment* (October 2019).
- Lesotho: *Rapid eTrade Readiness Assessment* (March 2019).
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- Madagascar: *Évaluation rapide de l'état de préparation au commerce électronique* (January 2019).
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- Burkina Faso: *Évaluation rapide de l'état de préparation au commerce électronique* (September 2018).
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- Nepal: *Rapid eTrade Readiness Assessment* (December 2017).
- Samoa: *Rapid eTrade Readiness Assessment* (October 2017).
- Bhutan: *Rapid eTrade Readiness Assessment* (April 2017).
- Cambodia: *Rapid eTrade Readiness Assessment* (April 2017).

See also: <https://unctad.org/en/Pages/Publications/E-Trade-Readiness-Assessment.aspx>





