

ZIMBABWE'S CONTRIBUTION TO THE WORKING GROUP ON MEASURING E-COMMERCE AND THE DIGITAL ECONOMY (GENEVA, 28-29 NOVEMBER 2022)

1.0 Situational Analysis

Zimbabwe's population increased from about 16.8 million to 18 million between 2019 and 2022. According to the 2022 Population Census report, the median age is currently 23.3 years. In a country with such a low average age, internet trends have spiked upwards with an increasing number of users coming online every year. About 5 million people are now connected to the web, up almost half a million from the 2019 figure.

With almost a third of the population now experiencing the opportunities that are made possible by being connected to the global economy beyond their borders, Zimbabwe is beginning to experience a boost in online sales.

In addition, during the last few years, the government has embarked on a path of economic reforms to make international business easier and encourage foreign investment through the engagement and re-engagement strategy. These policies have seen new businesses emerge and the online marketplace to develop alongside them.

2.0 Digital Economy as an Economic Growth Enabler

The National Development Strategy 1 (2021-2025) identifies Information Communication Technologies as key enablers of economic development and government has entrenched them across all national development strategies for universal access to be attained by 2030.

In line with that strategy, implementation of e-Government services is being rolled out through investments in the requisite infrastructure, introduction of e-services to the citizenry in areas such as health, education, research and development, as well as the creation of Community Information Centres in some of the disadvantaged communities.

As a result of these interventions, strides have been achieved in the uptake and use of Information Communication Technologies, as evidenced by the high active mobile penetration rates of 94.2 percent and the internet penetration rate of 59.1 percent as at the first quarter of 2020. Government

targets to increase the internet penetration rate to 75.42 percent by 2025 with the mobile penetration rate going up to 100 percent during the same period.

3.0 Effects of COVID -19 on Business and Consumers

During 2021, the COVID-19 crisis led many people in Zimbabwe to significantly limit physical interactions. Self-imposed social distancing to avoid contagion, together with the strict confinement measures that government implemented, put a large share of traditional brick-and-mortar retail virtually on hold, at least temporarily. The Small to Medium Enterprises (SMEs) also had to explore innovative ways to conduct business and remain viable in the face of the challenges brought about by the pandemic. As a result, e-commerce became an important survival tool for small businesses.

Usually it takes years to build consumer trust and make inroads into e-sales figures, but the COVID 19 pandemic forced customers to change their shopping habits. Being confined to their homes during the nationwide lockdown, meant that people who could afford to do so, took advantage of online shopping accounts that they were initially skeptical to utilize. This development was further buttressed by the fact that remittance payments received from family members in the diaspora increased from US\$1.4 billion to US\$2 billion from 2021 to 2022.

The resulting shift from brick-and-mortar retail to e-commerce was therefore a significant development of the COVID-19 pandemic. The COVID-19 crisis is likely to have long-lasting effects on e-commerce.

4.0 Impact of COVID-19 Pandemic on E-Commerce

The COVID-19 crisis accelerated an expansion of e-commerce towards new firms, customers and types of products. It has provided customers with access to a significant variety of products from the convenience and safety of their homes, and has enabled firms to continue operation in spite of contact restrictions and other confinement measures.

Despite persistent cross-country differences, the COVID-19 crisis has enhanced dynamism in the e-commerce landscape in Zimbabwe and has expanded the scope of e-commerce, including through new firms,

consumer segments like the elderly and the youth and products (e.g. groceries). Meanwhile, e-commerce transactions in Zimbabwe have been diverse and include luxury goods and services from countries such as Japan, United Kingdom, China and Singapore among others to everyday necessities, relevant to a large number of individuals.

Some of these changes in the e-commerce landscape will likely be of a long-term nature, in light of the possibility of new waves of the epidemic, the convenience of the new purchasing habits, learning costs and the incentive for firms to capitalise on investments in new sales channels.

5.0 Challenges Encountered

Despite the efforts to promote e-commerce during the COVID-19 crisis, persistent digital divides imply that not everyone has been able to participate. Moreover, regulations that are not adapted to e-commerce can create barriers to firms, such as in the case of emerging omni-channel sales models or new modes of delivery. While many of these challenges existed before COVID-19, the current crisis and the new role of e-commerce for individuals and firms has heightened the need for policy action.

6.0 Policy Interventions

- For consumers, systemic challenges related to connectivity, financial inclusion, skills and trust (e.g. digital security, privacy and consumer protection) have been brought into sharp relief. To address this issue, government could expand affordable and quality broadband to rural and underserved areas, enhance financial inclusion, and foster trust and the acquisition of skills to participate in e-commerce.
- For firms, policy makers should reduce regulatory uncertainty to support the creation of innovative business models, e.g. in the context of an increasingly complementary relationship between offline and online sales strategies.
- Government needs to address the particular need of SMEs, including by ensuring a fair playing field in the context of intermediated services (e.g. online platforms). Ensuring sufficient competition in the retail sector and a well-functioning enabling environment for e-

commerce, including communication services, logistics or trade, is also crucial.

7.0 Measuring E-Commerce and Digital Economy

The COVID-19 crisis therefore increased the share of e-commerce in total retail trade. While official statistics may not be available, estimates suggest that online orders were up during that period. It is therefore important to note that, in spite of the huge strides in the use of e-commerce, a lot still needs to be done to produce credible statistics on e-commerce and digital economy. This poses challenges in measuring the degree of success of national policies and strategies that have been put in place to promote e-commerce as well as reviewing these policies.

8.0 Institutional Framework

The Zimbabwe National Statistics Agency (ZIMSTAT) is responsible for producing national statistics of all sectors of the economy. In 2020, ZIMSTAT in collaboration with the Postal and Telecommunications Regulatory Authority of Zimbabwe (POTRAZ) conducted the 2020 ICT Access by Households and Use by Individuals Survey. The survey was the third of its kind to be conducted in the country following the 2010 and 2014 rounds and focused on private households in both urban and rural areas of Zimbabwe's ten provinces.

The main objective of the survey was to collect data and produce statistics on access to ICTs by households and use by individuals so as to determine the level of digital divide in the country. The statistics are also critical for evidence based ICT policy formulation and regulatory interventions in support of the National Development Strategy 1, among others. This survey therefore did not specifically address statistics related to the value of e-commerce transactions in the country.

9.0 Conclusion

To date, compilation of statistical data on e-commerce, as well as the production of e-commerce and digital economy statistics has been hampered by budgetary challenges given the other competing national projects, such as the Population Census that was conducted in 2022.