

Maximizing the value-added of e-commerce in Africa

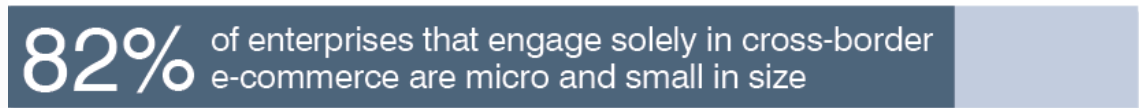
Understanding the region-specific challenges

A presentation at UNCTAD e-commerce week
Date: 18 April 2018

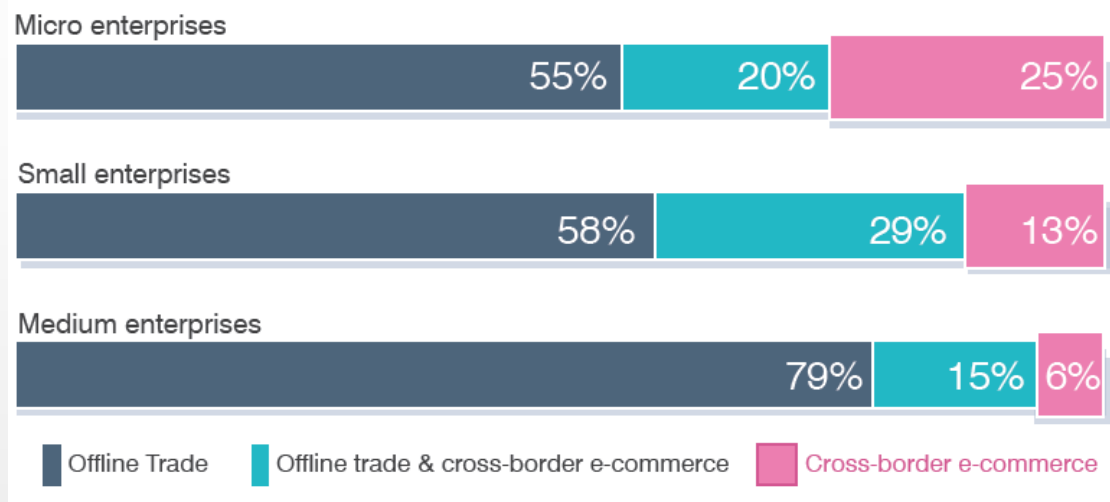


E-commerce opportunities for inclusive trade

E-commerce helps MSMEs internationalize



E-commerce enables micro enterprises in Africa to trade



E-commerce opens up new export opportunities in Africa, especially for micro enterprises

E-commerce offers women easier access to the international market



The share of women-owned enterprises doubles when moving from traditional offline trade to cross-border e-commerce

But more work has to be done to increase Africa's participation

There is interest to further engage in cross-border e-commerce

Percentage of those not yet doing cross-border e-commerce that have considered doing so:



When exporting through e-commerce, the market diversification of African companies is **a third** of those operating from developed countries

Developed countries

15 export markets

Developing countries

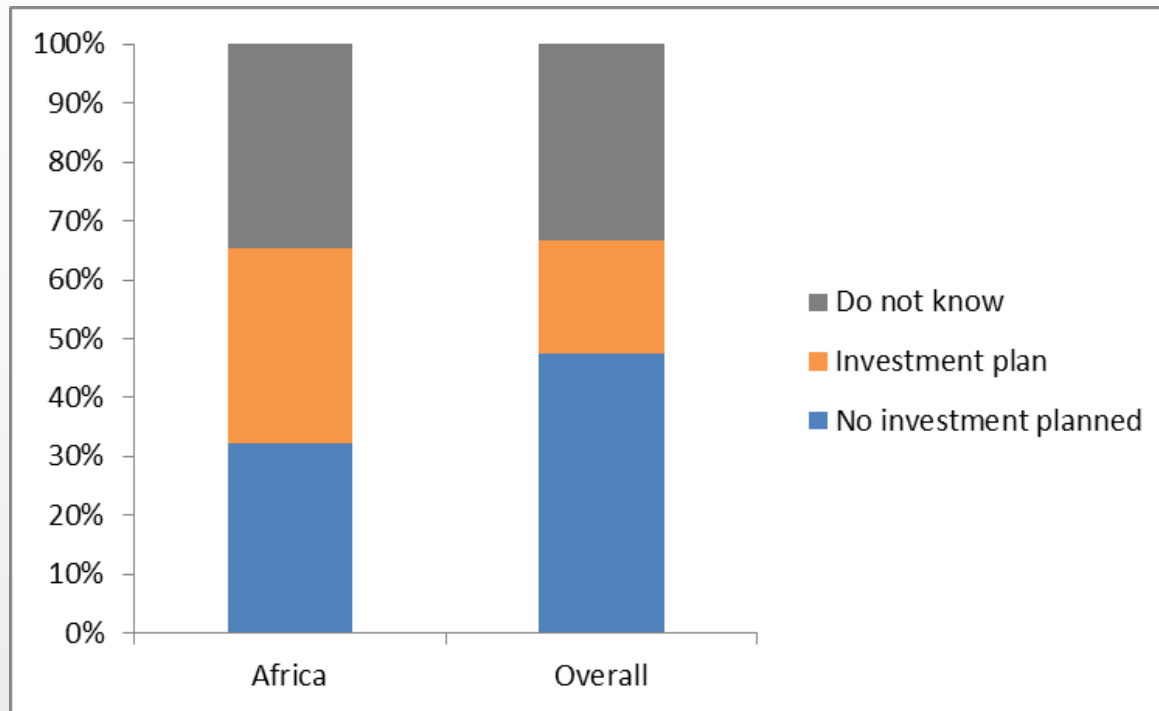
7 export markets

Africa

5 export markets

Untapped e-commerce potential in developing countries

A **third** of the respondents from Africa have plans to (further) invest in e-commerce in the next three years, almost twice as average



How can we all accompany business' interest in e-commerce?

By identifying challenges and acting upon them

ITC systematic approach

PHASE LAYER	ESTABLISHING ONLINE BUSINESS	INTERNATIONAL E-PAYMENT	CROSS-BORDER DELIVERY	AFTERSALES
Firm-level capabilities				
Immediate business ecosystem				
National environment				

Process/ value chain

Three layers of analysis/ action



See also [SME Competitiveness Outlook \(launch: 5 Oct\)](#)

TRADE IMPACT
FOR GOOD

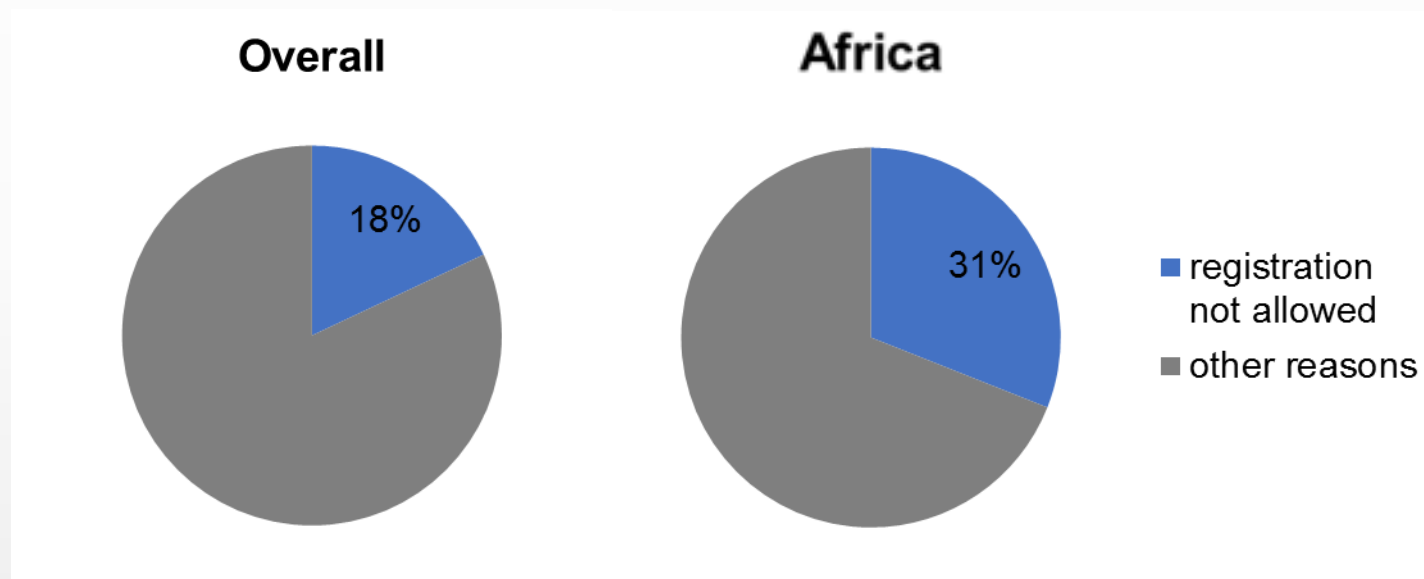
ESTABLISHING
ONLINE BUSINESS

INTERNATIONAL
E-PAYMENT

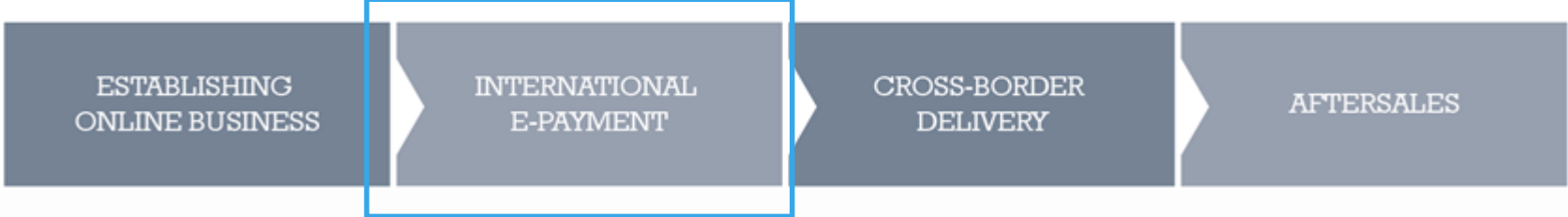
CROSS-BORDER
DELIVERY

AFTERSALES

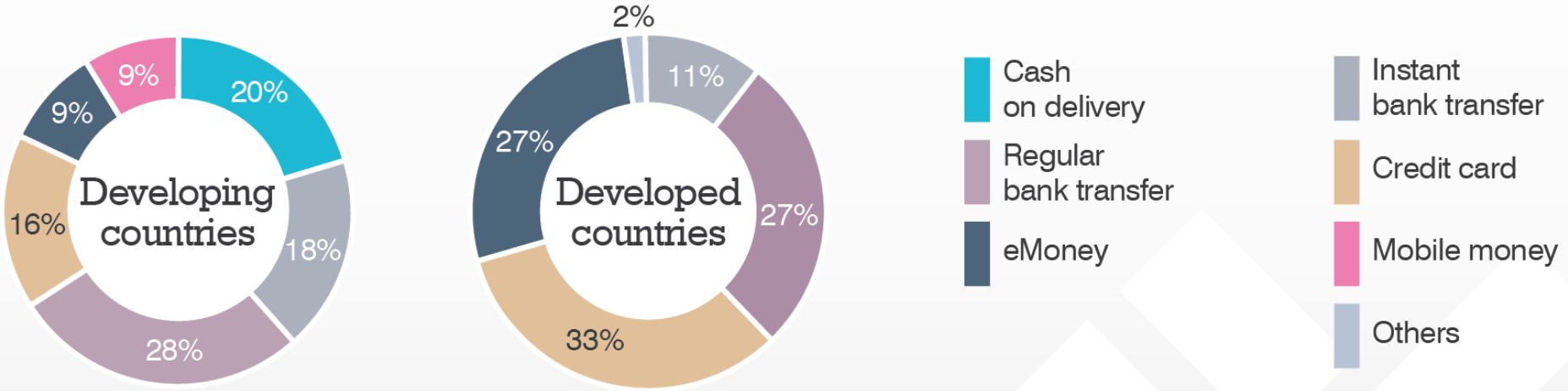
Access to platforms: more reported cases of companies being denied registration as a seller on e-commerce platforms



- **19%** for Africa companies (vs 15% overall) identify costly membership on e-commerce platforms as a major bottleneck at this phase



- **28%** of companies in Africa (vs. 23% overall) identify a missing link between third party payment providers and banks as a major bottleneck in this phase



Mobile money is more widely used in Africa than developing country average.

9% IN DEVELOPING
22% IN AFRICA

ESTABLISHING
ONLINE BUSINESS

INTERNATIONAL
E-PAYMENT

CROSS-BORDER
DELIVERY

AFTERSALES

27% Costly postal and courier delivery

18% Finding warehouses and delivery at destination

11% Customs procedures and duties

10% No access to delivery with tracking ability

9% Anticipating payable duties

7% Data localisation

7% Preparing documentation

6% Warehouse organization

4% Handling surges in sales

Costly postal and courier delivery services is a major challenge

Logistic costs are higher in developing countries



26%
IN DEVELOPING
COUNTRIES



14%
IN DEVELOPED
COUNTRIES

The share of logistic cost over final price is **nearly double** in developing countries.

ESTABLISHING
ONLINE BUSINESS

INTERNATIONAL
E-PAYMENT

CROSS-BORDER
DELIVERY

AFTERSALES

Enterprises estimate the share of transactions that involve product return, refund or cancellation as follows:

LDCs

11.8%

Africa

10%

Developing countries

6.7%

Developed countries

4.6%

Product return a substantial cost factor

The average share of transactions that involve product return/refund drops as the level of development increases

One in ten transactions by e-commerce companies **in Africa and LDCs** could involve additional costs in handling aftersales or product return

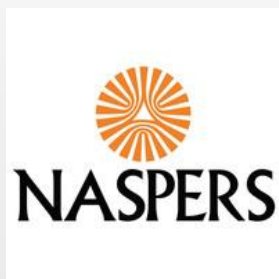
Emerging business ecosystem in Africa

ESTABLISHING
ONLINE BUSINESS

INTERNATIONAL
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CROSS-BORDER
DELIVERY

AFTERSALES



E-Strategies for action



ITC embraces the digital reality and works with partners to transform digital disruption into business opportunities, especially for MSMEs.

With 15 years of experience, ITC's e-strategies bring partner countries onto the highway.

- Deep sector expertise
- Tailored to countries' needs
- An inclusive and pragmatic method
- Co-ownership facilitates action

E-strategies for:

- Côte d'Ivoire
- The Gambia
- Mauritius
- Rwanda
- State of Palestine
- Saint Lucia
- Sri Lanka
- Ukraine



E-strategies: <http://www.intracen.org/itc/trade-strategy/e-Strategies/>



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Thank you

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<http://www.intracen.org/itc/sectors/services/e-commerce/>

