COVID-19 AND E-COMMERCE

Key findings from a survey of e-commerce businesses and policy responses in 23 developing countries

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Why another survey?

“The COVID-19 pandemic has accelerated the shift towards a more digital world. The changes we make now will have lasting effects as the world economy begins to recover”

UNCTAD Secretary-General Mukhisa Kituyi

Risks

of rising digital inequalities, particularly in least developed countries (LDCs)

Opportunities

emerging from the crisis through increasing uptake of e-commerce and digital solutions
Survey key figures

23 countries involved

52% of businesses have less than 10 employees

38% of respondents are female

The survey covers the period March-July 2020

PRIVATE SECTOR
257 respondents (e-commerce businesses)

PUBLIC SECTOR
12 responses from countries
IMPACT ON BUSINESSES
Third party online marketplaces are doing much better than e-commerce companies.

Impact of COVID-19 crisis on monthly e-commerce sales

64% of **Third-party online marketplaces** saw their e-commerce sales increased.

58% of **E-commerce companies** saw their e-commerce sales decreased.

(In % of respondents for each group)
Key trends observed

Wholly-digital business models have been more resilient to the current crisis, expanding their sales and onboarding new merchants.

Sales through social media and search for essential items have fueled e-commerce growth.

E-payments have experienced fast growth, but cash on delivery remains prominent.
Severe impact on costs for the majority of the surveyed businesses

• Not all types of businesses and sectors have equally benefitted

• The COVID-19 crisis has affected the cost structure and the workforce

• Approximately $\frac{2}{3}$ of all respondent businesses saw their costs increase

• 44% of respondents reported a reduction in their workforce
Challenges encountered by e-commerce businesses

49% of the respondents complained that government did not prioritize the e-commerce sector sufficiently.

Exacerbated gaps in ICT adoption and connectivity.

Unaffordable Internet access.

Low capacity to invest in e-commerce business growth.

Disruptions in supply chains and trade logistics.

Persistent cash on delivery culture further accentuated.

Consumer protection and fair competition.
Most important business facilitation measures

Having a **national e-commerce strategy** to the forefront

Increased **publicity efforts** for e-commerce

**Skills trainings** to bring more businesses and consumers online

Measures to reduce **transaction costs** for e-payments (ex, in Rwanda)

For **25%** of businesses no measures were taken

Only **14%** managed to obtain more funding
COUNTRY EXPERIENCES AND COOPERATION
Best performers
Rwanda
Senegal
Tunisia
Cambodia
Togo

Most widespread measures

Financial incentives and liquidity support schemes

Digital solutions to provide health and education services remotely

More efforts are needed to take measures that are most e-business friendly and encourage digital transformation
Country experiences and cooperation

**TUNISIA**
Promoted quality standards to help build trust across the ecosystem
“label de confiance” initiative

**SENEGAL**
New collaborative platforms to onboard new businesses and support local produce providers:
e-Komkom and Ecommerce-senegal.sn

**UGANDA**
E-commerce platforms have been fast to promote contact-less payments and logistics by nurturing new partnerships with development partners, powering recovery from COVID-19 crisis
Country experiences and cooperation

CAMBODIA
Digital startups help blunt economic impact of COVID-19

MYANMAR
E-commerce and the digital economy are featured in the COVID-19 Economic Relief Plan

KIRIBATI
COVID-19 digital solutions boost financial inclusion and trade facilitation reforms
RECOMMENDATIONS and WAY FORWARD
Top 10 measures in support of COVID-19 recovery strategies

Recommended by the private sector – More than 200 respondents

1. Development of national e-commerce strategy (54)
2. Reduction of costs for internet access (47)
3. Reduced e-payment costs (43)
4. Financial incentives and liquidity support (40)
5. Increased Internet connectivity in underserved areas (36)
6. More ads on available e-commerce (30)
7. New online consumer protection measures (25)
8. New e-commerce marketplaces for essentials (25)
9. Skills training programs (22)
10. Maintenance logistics operations (17)
Top 3 measures for a COVID-19 recovery powered by e-commerce

- Development of a **national e-commerce strategy**
- Reduced **e-payment costs**
- Reduction of costs for **internet access**

Affordable connectivity and e-payments need to be framed within sound policy development processes
Investing in building digital readiness is key to turn e-commerce into an engine to power crisis recovery strategies.
How we are doing that?

- Holistic approach (seven policy areas) – eTrade for all
- eTrade Readiness: from assessment to implementation
- Women empowerment (eTrade for Women)
- Collective action and smart partnerships
- Need to scale up Aid for e-Trade Readiness
Thank you!

Find out more and download the report here: