



Malawi

Rapid eTrade Readiness Assessment



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NOTE

Within the UNCTAD Division on Technology and Logistics, the ICT Policy Section carries out policy-oriented analytical work on the development implications of information and communication technologies (ICTs) and e-commerce. It is responsible for the preparation of the Information Economy Report (IER) as well as thematic studies on ICT for Development.

The ICT Policy Section promotes international dialogue on issues related to ICTs for development and contributes to building developing countries' capacities to measure the information economy and to design and implement relevant policies and legal frameworks. It also monitors the global state of e-commerce legislation (unctad.org/cyberlawtracker). Since 2016, the Section has coordinated a multi-stakeholders' initiative entitled eTrade for all (etradeforall.org), which aims to improve the ability of developing countries, particularly least developed countries (LDCs), to use and benefit from e-commerce.

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

Malawian currency, the Kwacha (MK), is exchanged at US\$ 732.18 at the middle rate of 23 August 2019.

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



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 (SDGs) 5, 8, 9, and 17. The initiative seeks to raise awareness, enhance synergies, and increase the scale of existing and new efforts by the development community 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 trade facilitation
- Payment solutions
- Legal and regulatory frameworks
- E-commerce skills development
- Access to financing

As part of the initiative, demand-driven assessments are envisaged to provide a rapid analysis of the current e-commerce situation in the countries concerned, and to identify opportunities and barriers. The resulting reports will serve as a valuable input to these countries' involvement in various discussions related to e-commerce and digital trade, such as in the context of the UNCTAD Intergovernmental Group of Experts (IGE) on E-commerce and the Digital Economy. It may furthermore help developing countries, especially LDCs, to identify areas in which they could benefit from assistance by eTrade for all partners.

Malawi's Rapid eTrade Readiness Assessment is the twenty-first of such assessments conducted by UNCTAD. This report is expected to contribute to the efforts of the Government of Malawi to build a robust, safe and business-friendly e-commerce and digital economy environment.

With the eTrade for all partners, UNCTAD is committed to supporting Malawi in its resolve to make e-commerce work for the country's development.

Shamika N. Sirimanne

Director, Division on Technology and Logistics, UNCTAD



As a founding partner of the eTrade for all initiative, the EIF continues its support of Rapid eTrade Readiness Assessments, recognizing that they are a crucial tool to better integrate the least-developed countries into the global digital economy. The eTrade Readiness Assessment of Malawi illustrates the opportunities that digital trade can offer for economic development. It also stresses that realizing these opportunities requires concerted efforts by the Government, the private sector and development partners.

With only two main suppliers and high costs as compared to African neighbours, less than 14 per cent of Malawians use the Internet, and the adoption of e-commerce in Malawi is relatively slow. This report responds with actionable recommendations for the Government of Malawi to help leverage development assistance in areas that will assist Malawi in meeting Sustainable Development Goal 9.c, which calls for universal affordable access to the Internet.

Apart from costs, another major constraint highlighted by this report is the population's lack of knowledge of, and trust in, online systems. This report prioritizes actions to strengthen this aspect by, among other things, addressing the skills gap inherent in higher education and training programmes that have not yet embraced the development of e-commerce skills. Other trust strengthening areas highlighted include cross-border transactions, personal data protection and dispute resolution mechanisms to manage consumer complaints. In addition, ensuring access to finance remains important for small businesses to realize the potential of digital trade.

While acknowledging significant constraints, the report also recognizes important improvements made in recent years, which show Malawi's desire to tackle these issues. By adopting the Electronic Transactions and Cyber Security Act, 2016, Malawi has laid a strong foundation to ensure the development of e-commerce-related services. Malawi is also implementing the WTO Trade Facilitation Agreement and is on the way towards setting up a National Single Window to foster paperless trade and e-payments.

The recommendations put forward in this eTrade Readiness Assessment will serve as a catalyst for bringing the solution-orientated partnership between the Government and the people of Malawi and the EIF, UNCTAD and the broader partnership in the EIF to the next level. By working together, we will address the overall need for the e-trade ecosystem to be structured and organized in Malawi to avoid the proliferation of informal and unskilled operators, with obvious losses for the Government and consumers.

Follow-through EIF support has proven to be successful in addressing the recommendations identified in various eTrade Readiness Assessments conducted in the past. These include support to e-commerce strategy formulation, capacity development and coordination in Bangladesh, Bhutan, Cambodia, Myanmar, Nepal, Rwanda and Senegal; and a targeted project for women-led small- and medium-sized enterprises in the South Asian region.

I would like to thank the authors of the report and our colleagues at UNCTAD for bringing to light the state of play of e-trade readiness in Malawi, taking stock of recent progress and identifying the necessary actions that will further support digital development in Malawi. I would also like to express my gratitude to Hon. Ibrahim Salim Bagus, Minister of Industry, Trade and Tourism; Dr Ken Ndala, Principal Secretary for the Ministry of Industry, Trade and Tourism (MoIT); Ms Christina Zakeyo Chatima and Mr Mufwa Munthali, respectively Director and Deputy Director of Trade at the MoIT; the EIF in-country team; and the Government of Malawi for the commitment in realizing the country's potential in digital economy.

The EIF stands ready to support Malawi's efforts in achieving poverty reduction and sustainable development through trade, including harnessing the potential of digital technology for promoting trade, in any way it can.

Ratnakar Adhikari

Executive Director

Executive Secretariat for the EIF



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This Rapid eTrade Readiness Assessment of Malawi was prepared by Alessandro Vitale, UNCTAD Consultant, in close collaboration with a team comprising Cécile Barayre, Mohamad Fakhreddin, Iris Macculi and Htet Myat Min, under the overall guidance of Torbjörn Fredriksson. In-country technical and coordination support of was provided by UNCTAD national consultant, Rachel Sibande, instrumental in ensuring prompt stakeholders' mobilisation and providing technical inputs to this assessment.

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ABBREVIATIONS

| | |
|----------------|---|
| AfCFTA | African Continental Free Trade Area |
| API | Application Programming Interface |
| APMC | Arts Production and Marketing Cooperative |
| ASYCUDA | Automated System for Customs Data |
| B2C | Business-to-Consumer |
| BAM | Bankers Association of Malawi |
| C2C | Customer-to-Customer |
| CAMA | Consumers Association of Malawi |
| CDS | Customs Declaration System |
| CERT | Computer Emergency Response Team |
| CFTC | Competition and Fair Trading Commission |
| CLF | Converged Licensing Framework |
| COMESA | Common Market for Eastern and Southern Africa |
| COSOMA | Copyright Society of Malawi |
| CPC | Consumer Protection Council |
| DAI | Digital Adoption Index |
| DFS | Digital Financial Services |
| EASSy | Eastern Africa Submarine Cable System |
| ECSC | E-commerce Service Centre |
| EIF | Enhanced Integrated Framework |
| FSDS | Financial Sector Development Strategy |
| GNI | Gross National Income |
| GoM | Government of Malawi |
| ICT | Information and Communications Technology |
| ICTAM | ICT Association of Malawi |
| IDI | ICT Development Index |
| IFAD | International Fund for Agricultural Development |
| ISP | Internet Service Providers |
| ITC | International Trade Centre |
| ITU | International Telecommunication Union |
| KYC | Know Your Customer |
| LDC | Least Developed Country |
| MACRA | Malawi Communications Regulatory Authority |
| MB | Megabyte |
| MBC | Malawi Broadcasting Corporation |
| MCCCI | Malawi Confederation of Chambers of Commerce and Industry |
| MoEST | Ministry of Education, Science and Technology |
| MFIs | Microfinance institutions |
| MGDS | Malawi Growth and Development Strategy |
| MICT | Ministry of Information and Communications Technology |
| MITA | Malawi Information Technology Agency |
| MITC | Malawi Investment and Trade Centre |



| | |
|---------------|--|
| MNOs | Mobile Network Operators |
| MoF | Ministry of Finance, Economic Planning and Development |
| MoIT | Ministry of Industry, Trade and Tourism |
| MPC | Malawi Posts Corporation |
| MRA | Malawi Revenue Authority |
| MSMEs | Micro, Small and Medium-Sized Enterprises |
| MTL | Malawi Telecommunications Limited |
| MTPW | Ministry of Transport and Public Works |
| NACIT | National College of Information and Communication Technology |
| NES | National Export Strategy |
| NSO | National Statistical Office |
| NSW | National Single Window |
| NTFC | National Trade Facilitation Committee |
| NTM | Non-Tariff Measure |
| OECD | Organisation for Economic Co-operation and Development |
| ORE | Operational Readiness for E-commerce |
| POS | Point of sale |
| PPP | Public-Private Partnership |
| QoS | Quality of Service |
| RBM | Reserve Bank of Malawi |
| RCIPMW | Malawi Regional Communications Infrastructure Program |
| SACCOs | Savings and Credit Cooperatives |
| SADC | Southern African Development Community |
| SDGs | Sustainable Development Goals |
| SMEDI | Small and Medium Enterprises Development Institute |
| Telcos | Telecom operators |
| TEVET | Technical, Entrepreneurial and Vocational Education and Training |
| TEVETA | TEVET Authority |
| TFA | Trade Facilitation Agreement |
| TNM | Telekom Networks Malawi |
| UN | United Nations |
| UNCDF | United Nations Capital Development Fund |
| UNCTAD | United Nations Conference on Trade and Development |
| UNDP | United Nations Development Programme |
| UPU | Universal Postal Union |
| US\$ | United States of America dollars |
| USF | Universal Service Fund |
| USSD | Unstructured Supplementary Service Data |
| VLP | Virtual Landing Point |
| WB | World Bank |
| WEF | World Economic Forum |
| WTO | World Trade Organization |





EXECUTIVE SUMMARY

Also known as the “the warm heart of Africa”, Malawi is a landlocked country with an estimated population of more than 17 million inhabitants, bordering with Mozambique, Tanzania and Zambia. It enjoys a stable political environment and an economy driven by agricultural production and trade, primarily tobacco, tea and sugarcane. Through Vision 2020, a series of five-year development plans, and the Malawi Growth and Development Strategy (MGDS) III (2017-2022), the country has embarked on a programme of structural reforms to address macroeconomic imbalances, foster economic diversification, and improve infrastructural endowment and social development indicators.

E-commerce has the potential to boost the country's economic performance, diversify sources of incomes, and improve accessibility to customers, markets and trade information, all of which play a key role in improving Malawi's capabilities that are instrumental to meet Malawi's development ambitions. Nevertheless, the conditions for success require the adoption of a series of fundamental reforms in a number of policy areas – primarily Internet infrastructure upgrading, as well as regulatory improvements and institutional strengthening – to allow Malawians to reap the benefits from emerging opportunities in the fast-growing global digital economy.

E-commerce readiness assessment and strategy formulation

The current Malawian national development plan, MGDS III, recognises ICT's role in accelerating growth of other sectors as enabler for poverty reduction and wealth creation. However, it does not explore the specific contribution of e-commerce and the digital economy as key drivers to sustain the Malawian developing economy, and neither has the country adopted a focused stand-alone e-commerce policy and strategy. Nonetheless, following the National ICT Policy of 2013, a number of policies and strategies address issues related to e-commerce, especially in the areas of e-government and the development of a legal framework for electronic transactions and e-payments uptake.

The overall e-commerce enabling environment in Malawi faces challenges however, hampering its further development. The main challenges include the population's lack of trust in online systems,

low level of Internet access by the population, low technology adoption by firms, lack of access to financing, and weak IT skills across the population. Government capacities to strategise and implement a digital economy development agenda are weak, and organizations representing e-commerce businesses and consumers are neither very visible nor structured in their lobbying efforts. Policy coordination and dialogue among different stakeholders in the e-commerce ecosystem needs to be organized. These challenges mean that the e-commerce ecosystem is still relatively embryonic.

ICT infrastructure and services

Less than 14 per cent of Malawians use the Internet according to ITU estimates. Affordable access to the country's ICT networks has been identified as one of the key areas slowing down the adoption of e-commerce in Malawi. The cost of Internet access, although decreasing, remains high by African standards and inaccessible for most Malawians. ICT infrastructures have only recently improved with support from the World Bank, fibre-optic backbone is now in place, but last-mile connectivity is still very limited. Over the last two years, telecom operators have started rolling out 4G coverage, mainly in large urban centres. In addition to limited funding for infrastructural upgrading, power supply hinders efforts to expand the network and improve the performance in Quality of Service (QoS) indicators. Taxation, market, and regulatory structures that do not encourage competition slow down efforts for price reductions in mobile data packages and extension of broadband coverage.

Nonetheless, the telecom regulator, MACRA, and the recently established Universal Service Fund (USF) are driving efforts towards greater access and affordability of ICT services. In the private sector, the demand for ICT services is relatively thin and the few local ICT service providers are mostly outward-looking to fuel their growth. E-commerce businesses are poorly developed, and the sector is characterised by a proliferation of informal operators and a low survival rate for companies.

Trade logistics and trade facilitation

In general, transport infrastructure suffers from low levels of investment, minimal private sector



involvement, and limited competition in some sub-sectors, hindering the opportunities for building an integrated multi-modal network, which is particularly relevant for countries like Malawi to become effectively land-linked¹. The market of postal and logistic services for e-commerce is nascent, and most active operators have not yet structured a coherent offer that would suit e-commerce business models. Investments are also hindered by the lack of an addressing system and the small size of the market. The Malawi Post Corporation (MPC), despite the existence of an e-Post strategy, is still focused on its universal service mandate and has yet to fully embrace a digital modernisation process. Malawi has however prioritised trade facilitation reforms and implementation of the WTO Trade Facilitation Agreement, including the establishment of a National Single Window, which is currently underway. This should provide a renewed impetus towards paperless trade and e-payments.

Payment solutions

Malawians are still reluctant to use cashless solutions when buying goods and services remotely. The booming use of mobile money in Africa has not left out Malawi, and although overall uptake in the country is below the continental average, it is still a key driver for financial inclusion. Over the last few years, regulatory dynamism - driven by the Reserve Bank of Malawi - has laid the foundations for banks and other financial services providers to experiment and launch new products with mixed records of success. While integration between mobile money and online banking is gaining ground, sustained by the establishment of a National Switch and regulatory intervention to allow interoperability of payment instruments, third-party applications from fintech and start-ups are struggling to enter a market dominated by strong incumbents-telecom operators and banks. Credit cards still suffer from security concerns, use of PayPal faces some challenges despite some improvements. In general, more needs to be done to sensitise and build awareness about the advantages of e-payments and stimulate their use, starting by shifting government payments to digital channels.

Legal and regulatory framework

Malawi adopted a key law in 2016, the Electronic Transactions and Cyber Security Act, containing the

main elements ensuring and developing e-commerce-related services. However, there is a need to enact regulations and to create awareness of the existing legal framework across the private sector and society at large. The trust in buying and paying for goods and services online is currently very low. Cross-border transactions, personal data protection and dispute resolution mechanisms to manage consumers' complaints are all areas requiring particular attention from lawmakers to fill gaps in the legal framework. On top of this, red-tape plus costly and time-consuming procedures make the overall business environment quite cumbersome for start-ups and Micro, Small and Medium-Sized Enterprises (MSMEs), lowering the incentive to quit the informal economy and build robust e-commerce marketplaces.

Skills development for e-commerce

Limited connectivity and lack of trust in e-commerce is also translated into low use of the Internet for business purposes, signalling a general need for the support of digital adoption and literacy. Higher education and training programs have not yet embraced curricula suitable to develop e-commerce skills; they mostly target traditional ICT engineering or business administration tracks. Technical and vocational education training is also focused on traditional trades. The result is that an important skills gap needs to be addressed through a new education and training offer for Malawian graduates to increase their employability and self-employment opportunities. A dynamic start-up environment supported by a number of business incubators and accelerators has boosted Malawians' digital entrepreneurship, but start-ups' growth and their profitability remain critical, particularly for e-commerce business development projects. The business and trade development support system must rethink its structure and integrate support for digital transformation.

Access to Financing

The last major area of challenge identified in this rapid assessment relates to the difficulty of accessing funding options by companies, particularly MSMEs, because banks' assets are concentrated on a few borrowers and, together with microfinance institutions (MFIs), banks are not serving the credit needs to sustain companies' growth and innovation investments.

¹ The Vienna Programme of Action addresses the needs of landlocked developing countries (LLDCs) and covers the decade 2014-2024. The comprehensive high-level midterm review culminated in a meeting from 5-6 December 2019 and is supposed to reaffirm commitments to help turn LLDCs into land-linked countries. The Zero Draft High Level Political Declaration is accessible here: <https://www.un.org/pga/73/wp-content/uploads/sites/53/2019/06/Zero-Draft-LLDC-VPoA-MTR.pdf>

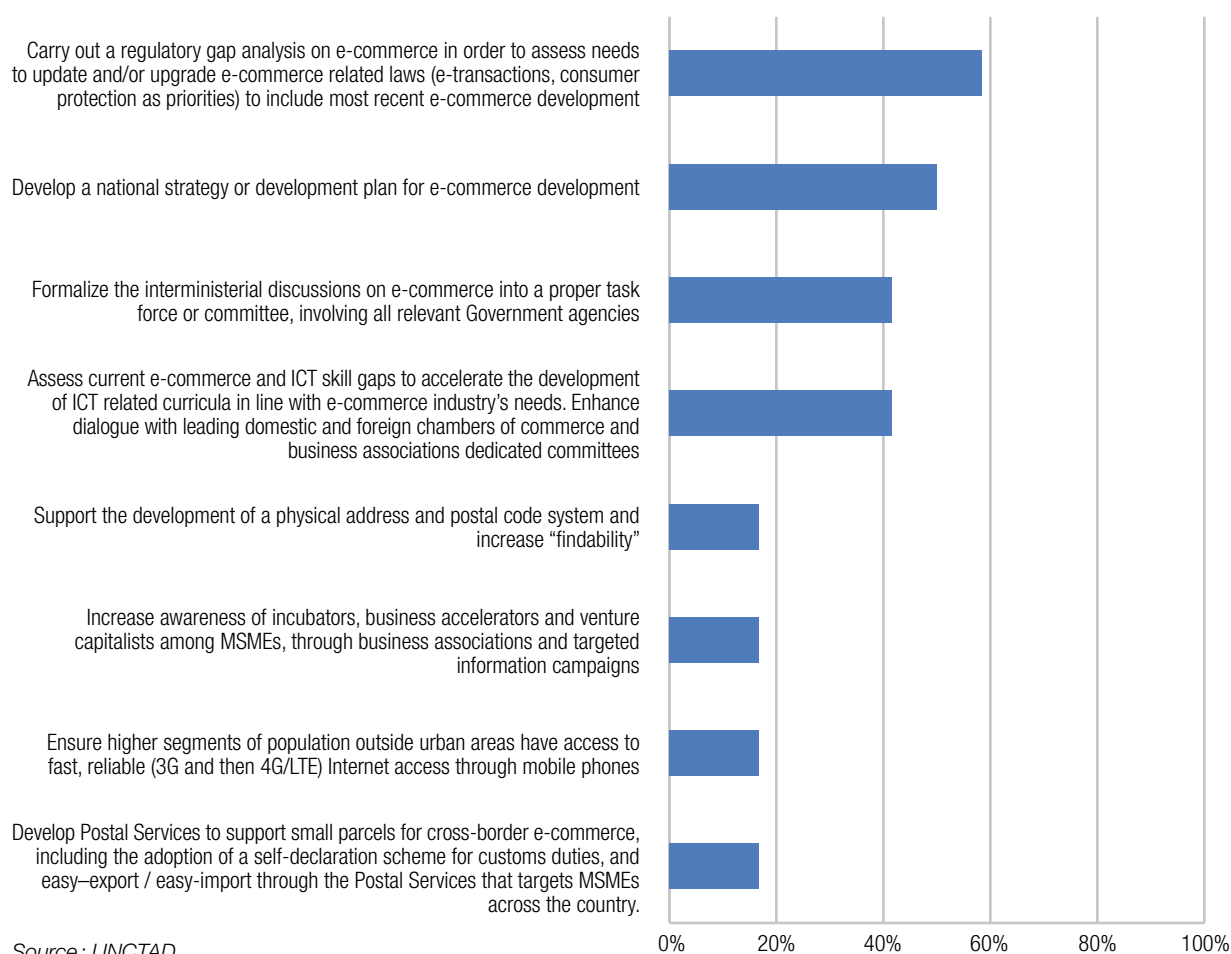


Besides, the cost of credit is in general excessively high by regional standards and collateral requirements are not suitable for e-commerce businesses. Public funding support is unavailable, since there are no public guarantee schemes, grants or subsidised loans available for venturing e-commerce businesses. This lack of funding hampers the ability of MSMEs, and particularly start-ups, to adopt the right mechanisms to scale up production and, therefore, be able to serve a broader customer base. A few financial support schemes have been put in place with support from the donors' community and in partnership with local and regional incubators/accelerators, in order to provide start-ups with, on the one hand, the right skills to ensure the success and viability of the company, and on the other hand, the funding necessary to further exploit their business. These schemes have the potential to assist companies in expanding their businesses towards e-commerce operations, while

at the same time more needs to be done to attract venture capital and other forms of alternative financing.

In conclusion, there are signs that Malawi has started to consider some of the benefits that e-commerce can bring to its population and some important initiatives have been undertaken in this direction. However, the overall ecosystem needs to be structured and organized to avoid the proliferation of informal and unskilled operators, with obvious losses for government and consumers. For this to happen, clear policy directions and higher visibility of the digital economy in the national development agenda are necessary pre-conditions to tackle all the aforementioned challenges that need to be addressed if the country wants to take advantage of the true potential that e-commerce offers. Figure 1 below gives an indication of the most relevant solutions highlighted by UNCTAD survey respondents.

Figure 1: Top key actions to grow/enhance e-commerce in Malawi² (in per cent, 12 responses)



Source: UNCTAD

² Responses to the question "Please select three key actions from the list below that you believe could grow/enhance e-commerce in your country".



METHODOLOGY

A four-step approach was used for the Rapid eTrade Readiness Assessment (eT Ready) of Malawi to ensure a high level of participation and engagement of key stakeholders in the consultative process:

Figure 2: Assessment methodology




- ✓ **Phase 1 | Stakeholder engagement, literature review and survey customisation, February-May 2019.** This included official communications between UNCTAD, Malawi's Ministry of Industry, Trade and Tourism (MoIT) and the Permanent Mission of Malawi in Geneva. Literature review and data analysis were made possible through access to up-to-date statistics provided by ITU, UPU and the World Bank, in addition to data compiled by UNCTAD on behalf of the eTrade for all initiative. A national workshop was organized in March 2019 at the request of the Ministry of Industry, Trade and Tourism (MoIT) to inform stakeholders about the current initiative and provide an opportunity to customise the online survey.
 - ✓ **Phase 2 | Online survey dissemination, March-June 2019.** Two (2) customized questionnaires for the most relevant public and private sectors stakeholders were distributed by MoIT with the support from the National Consultant to more than 60 stakeholders in Malawi. A total of 37 completed questionnaires were used for this report.
 - ✓ **Phase 3 | Semi-structured in-country interviews, 14-21 May 2019.** Consultants visited Lilongwe and Blantyre, the political and business capitals of Malawi. A total of seven focus-group meetings were held in both cities, complemented by a few bilateral meetings.
 - ✓ **Phase 4 | Report writing and finalization with UNCTAD, May-December 2019.** The finalisation of the report benefited from inputs and comments from eTrade for all partners, as well public and private sector stakeholders gathered at the Report Validation Workshop, held in Blantyre on the 29 November. As with all Rapid eTrade Readiness Assessments, the seven policy areas used in the eTrade for all initiative were used as entry points for this assessment. These are:
 - ✓ E-commerce readiness assessment and strategy formulation
 - ✓ ICT infrastructure and services
 - ✓ Trade logistics and trade facilitation
 - ✓ Payment solutions
 - ✓ Legal and regulatory frameworks
 - ✓ Skills development for e-commerce
 - ✓ Access to financing
- The information provided in this report is based on data collected from 37 respondents to the survey for both the public and private sectors, and approximately 60 participants who attended five stakeholders' focus group meetings in Lilongwe and one main public/private stakeholders' consultation workshop in Blantyre, as well as bilateral meetings during the in-country mission.



SUMMARY OF MAIN FINDINGS AND MAIN RECOMMENDATIONS

| MAIN FINDINGS | MAIN RECOMMENDATIONS |
|--|---|
|  e-Commerce Readiness Assessment and Strategy Formulation | |
| <p>No stand-alone policy and strategy tackling the digital economy and e-commerce exist, only some scattered related policies covering ICT, trade, e-health, e-government. Their level of implementation remains below target. There is no coherent governance framework to steer e-commerce development agenda and no formal dialogue with private sector and civil society organizations on the matter. The sector is generally fragmented and weakly articulated, challenged by the population's lack of trust in online systems and the digital divide. Lack of data on the sector does not support policymaking and monitoring trends.</p> | <p>Draft and approve a national policy for the digital economy and implement a strategy for e-commerce. Clarify GoM e-commerce policy attributions and identify “champions” across the Government departments. Strengthen the capacities of main lobbying organizations and put in place a stable multi-stakeholder dialogue covering e-commerce. Launch a public communication campaign to build public trust about “going digital” and sensitise Malawians about the benefits of e-commerce and how it works. Envisage the set-up of a Digital Observatory, jointly managed by the National Statistics Office and the telecom regulator (MACRA).</p> |
|  ICT Infrastructure and Services | |
| <p>Only 13.8 per cent of the Malawian population uses the Internet. There have been positive developments recently with the extension of fibre-optic backbone and cross-border interconnections, the launch of 4G, the establishment of the Universal Service Fund, but affordability of Internet, coverage and QoS and the last mile connectivity remain critical concerns. Policy and regulatory factors make the ICT highly concentrated, with only two main mobile operators and few Internet service providers. E-government services roll-out lags behind plans and e-commerce market is underdeveloped. Social media marketing and personal contact are more culturally accepted given the low level of knowledge and trust in digital solutions.</p> | <p>Expand mobile broadband infrastructure and services (3G/4G) to the wider population via Public-Private Partnerships (PPP). Enforce regulations for a more competitive and transparent market environment for telecom and ICT, review taxation affecting the ICT sector development. Monitor and evaluate the role of the USF and its investment plans. Enforce QoS obligations and update MACRA's survey tools and practices. Adopt the Digital Government Strategy to expand the automation of e-government services, establish a centralised e-government portal and ensure that there is an implementation plan for each GoM institution involved. Establish a Directory/Registry of e-commerce companies for statistics, monitoring and quality assurance.</p> |
|  Trade Logistics and Trade Facilitation | |
| <p>Malawi's transport infrastructure is poorly maintained and weakly integrated. E-commerce is not well serviced by current postal and logistics operators. Investments are hindered by lack of addressing and small market size. The Malawi Post Corporation (MPC) has not yet credibly embarked upon digitalization and modernisation of processes beyond its universal service mandate. Malawi is implementing the WTO Trade Facilitation Agreement and is on the way towards setting-up a National Single Window to foster paperless trade and e-payments.</p> | <p>Rehabilitate major transport infrastructure, build functional inter-modal platforms and air transport services suitable for e-commerce. Strengthen the operational capability of MPC and its network, via a digital transformation program, and foster innovation in the e-commerce logistics sector. Accelerate the implementation of ongoing postal addressing project. Implement the National Trade Facilitation Action plan and prioritise the establishment of the National Single Window connecting all government agencies including MPC. Consider establishing a de minimis regime for low-value tradable goods and small-parcels.</p> |



| MAIN FINDINGS | MAIN RECOMMENDATIONS |
|--|--|
| <div style="display: flex; justify-content: space-between; align-items: center;">  Payment Solutions </div> | |
| <p>Mobile money from two mobile operators, Airtel Money and TNM Mpamba, has gained significant momentum. Interoperability between them and banks has been recently achieved thanks to regulatory and infrastructural initiatives (National Switch). Banks are pushing their own online banking platforms, APIs from fintechs are not yet widely available and have challenges integrating with incumbent banks and telecom operators. Cash on delivery remains the main payment system for e-commerce operators in Malawi as trust of digital payments is very low.</p> | <p>Fully implement the GoM Payments Roadmap for large-scale digitalization of government payments. Provide incentives to adopt up-to-date security protocols and standards by e-payments service providers. Reduce entry barriers (technical, financial, regulatory) for third-party financial service providers and start-ups to develop and customise multi-channel payments applications. Increase presence of agents and financial services outlets in rural areas. Carry out dedicated training across MSMEs and a nationwide awareness-raising campaign to increase the knowledge of digital payment solutions and their benefits.</p> |
| <div style="display: flex; justify-content: space-between; align-items: center;">  Legal and Regulatory Framework </div> | |
| <p>The legal and regulatory framework necessary for e-commerce to thrive relies on a broad piece of legislation, namely the Electronic Transactions and Cyber Security Act, 2016. Some key enforcement regulations and other important pieces of legislations are missing. There is also a very low awareness of the existence of the said law and applicable provisions, and a costly and burdensome environment that is slowing down e-commerce uptake.</p> | <p>Carry out a legal and regulatory gap analysis and prepare missing enforcement regulations and laws covering e-commerce terms and conditions, e-signature and digital signatures certification and consumer protection for e-transactions. Sensitise and train regarding the provisions of the existing legal framework and stimulate public-private dialogue on key issues arising from digital economy new trends. Strengthen the institutional cybersecurity and consumers' protection framework.</p> |
| <div style="display: flex; justify-content: space-between; align-items: center;">  e-Commerce Skills Development </div> | |
| <p>Despite efforts in spreading access to ICT, digital adoption is still low, resulting in lack of knowledge and trust across ICT and potential e-commerce users. Curricula in universities and training institutions are not well versed about developing skills for the needs of e-commerce businesses, policymakers and government officials, mostly focused on ICT hard skills or traditional business administration courses. MSMEs intermediary organizations have not yet embraced digital transformation and updated their services, while some well-respected incubators and accelerators exist (e.g., mHub). However, their support does not prevent high start-up mortality and unprofitability of new ventures.</p> | <p>Provide ICT equipment, promote digital alphabetisation and awareness campaign in educational establishments and MPC offices. Assess the skills gap and upgrade education and training programs in line with e-commerce industry's needs. In partnership with incubators and innovation centres, support intermediary organizations in providing a wide range of business and management skills for e-commerce. Increase support for innovation hubs and incubators and provide incentives to expand the range and quality of services provided. Assess the feasibility of establishing a Sandbox for tech developers.</p> |
| <div style="display: flex; justify-content: space-between; align-items: center;">  Access to Financing </div> | |
| <p>Traditional financial institutions (banks and MFIs) credit to MSMEs is very limited and relatively costly, and in general do not provide products aligned to the business models of e-commerce business. There are no public guarantee schemes, grants or subsidised loans available for venturing e-commerce businesses. A few financial support schemes supported by donors, local and regional incubators/accelerators and partner financial institutions, do bode well for the inclusion of potential e-commerce projects. Venture capital and other forms of alternative financing are not widely available, with the exception of a few innovation prizes, thus most often self-funding or informal channels are the only viable options.</p> | <p>Mainstream ICT and e-commerce in financial inclusion strategies through dialogue and raising awareness of financial institutions of the opportunities offered by e-commerce and explore the financial schemes most appropriate to their needs. Establish a public financial support scheme, e.g., matching grants, subsidised loans or public guarantee scheme. Support business organizations in building start-ups and MSMEs capacity to develop bankable business projects. Undertake a study to determine strategies to attract alternative forms to fund innovative businesses and e-commerce platforms. Expand knowledge of existing programs, such as incubators, business accelerators and venture capitals, prizes and competitions, and engage in digital entrepreneurship outreach in rural areas.</p> |

FINDINGS UNDER THE SEVEN ETRADE FOR ALL POLICY AREAS

1. E-COMMERCE READINESS ASSESSMENT AND STRATEGY FORMULATION

In recent years, the Government of Malawi has turned its attention to the benefits of ICT for national development, but despite the efforts made to change the policy and regulatory landscape, digital economy and e-commerce are not yet well captured in national policies, nor are they translated into a focused stand-alone strategy. Slow e-government uptake, weak public sector implementation capacities of existing policies and an overall embryonic ecosystem call for the establishment of a clear governance framework and public-private dialogue platform. This platform would steer e-commerce development initiatives and identify ways through which the country can exploit the benefits of e-commerce and use these for the population's socio-economic development. To support the regulatory reforms and policy development in the area, existing data must be updated and the collection of information targeting the e-commerce and digital economy ecosystem broadened.

Malawi has made significant efforts to improve the role of ICT within the overall national development policy framework. Despite a stable political situation, the overall business environment for technology uptake remains weak however. Some important initiatives have only recently started to reverse the trend or have the potential to do so. As a result, Malawi is situated very low in global rankings when it comes to its performance in IT development and e-commerce indices. Malawi indeed was ranked 167 out of 176 economies in ITU's ICT Development Index (2017)³, registering a slight two rank improvement from 2016. In 2018, Malawi ranked 134 out of 151 economies worldwide in the United Nations Conference on Trade and Development (UNCTAD) B2C E-Commerce Index (2018), a three-place drop compared to the 2017

ranking and was placed 31st in the Africa regional index comprising 44 countries. The country also ranked 132 out of 139 economies in the World Economic Forum (WEF) Networked Readiness Index (2016).

The position of Malawi in these rankings is the result of the low priority of e-commerce and digital economy within the national development plans and implementation strategies. Focus group discussions held in Lilongwe and Blantyre have given the public and private sectors alike the opportunity to call for the development of a national vision on the matter, in order to tackle several barriers that could help the country leapfrog in technology uptake, and at the same time contribute to the diversification of the economy, which is still very much reliant on agriculture.

Table 1: IT Development Ranking in neighbouring in Malawi and neighbouring countries

| Country | ITU IDI Ranking | UNCTAD B2C E-commerce Index |
|------------|-----------------|-----------------------------|
| Malawi | 167 | 134 |
| Mozambique | 150 | 137 |
| Tanzania | 165 | 110 |
| Zambia | 146 | 127 |

Source: ITU (IDI 2017 report), UNCTAD (B2C e-Commerce Index 2018)

³ In 2017, ITU Member States agreed to a revised and expanded set of indicators for the ICT Development Index (IDI). The new IDI, based on the new indicators, promises to deliver an even better understanding of developments, opportunities and challenges within ITU Member States and the ICT industry at large. In order to smooth the transition for Member States in terms of data collection, the IDI, which is normally included in the Measuring the Information Society Report, will only be launched in 2019.



1.1 National policies related to ICT, e-government, and e-commerce

Weak implementation capacities limit the overarching impact that individual policies can have in bridging Malawi's digital economy divide.

The National ICT Policy of 2013 is the main policy guiding Malawi's efforts on ICT development in the country and pursues the following outcomes:

- a. Increased access to basic health and educational facilities and increased skills in ICT;
- b. Improved engagement of citizens, increased access to Government services and improved Government transparency;
- c. Vibrant ICT industry that will facilitate the development of ICT products and services as well as invigorating other industries;
- d. Universal access to ICT services;
- e. Diversified income opportunities for Malawi;
- f. Provision of enhanced ICT services in a secure and trustworthy environment;
- g. Professional and world-class ICT-based products and services;
- h. Improved access to relevant information and public services.

To operationalise the policy, the ICT Master Plan 2014-2031 was developed. The ICT Master Plan has clustered the ten priority areas identified in the National ICT Policy into four logical strategic pillars, respectively linked to a Strategic Objective and a set of costed key initiatives and programmes for implementation.

The ICT Master Plan proposes a phased approach consisting of a Roadmap for the first three years and subsequent five-year plans, subject to performance reviews. For the implementation of the ICT Policy and Master Plan, an institutional and governance framework was envisaged, relying on the creation of a specialized agency, namely the Malawi Information Technology Agency (MITA), as well as a high-level ICT Steering Committee. The National ICT Steering Committee was created but it has never met, while the MITA has not yet been established. Therefore, while the Ministry of Information and Communications Technology (MICT) is responsible for spearheading the implementation of the policy, it falls short of the necessary means and resources to ensure a proper implementation of the Master Plan.

The Malawi Growth and Development Strategy III (MGDS III) is the country's overarching development planning framework and covers the period 2017-2022. In line with the National ICT Policy, the MGDS III recognises the role of ICT to enhance productivity, trade and social progress and focuses on building a modern ICT infrastructure. The policy singles out four main outcomes to be pursued under the leadership of the Malawi Communications Regulatory Authority (MACRA):

1. Increased access to information and communications services;
2. A well-developed ICT broadband infrastructure service provision;
3. Increased stock of ICT skilled and industry ready workforce in public and private sector institutions;
4. Improved efficiency in postal services.

Table 2: ICT Policy and Master Plan strategic orientations

| ICT Policy Priority Areas | ICT Master Plan Four Pillars |
|--|---|
| <ol style="list-style-type: none"> 1. Strategic ICT Leadership 2. Human Capital Development 3. E-Government Services 4. ICT in Industries 5. ICT Infrastructure Development 6. ICT in the priority Growth Sectors 7. Responsive ICT Legal, Regulatory and Institutional Framework 8. National Security 9. International Cooperation 10. Universal Access of ICT and ICT related services | <ul style="list-style-type: none"> • ICT Infrastructure Development • Innovation and Human Capital Development • ICT Industry Development and E-Business • E-Government and Growth Sector Development |

Source: National ICT Policy (2013); National ICT Master Plan 2014-2031



The renewed emphasis put by the MGDS III on modernising the ICT infrastructure has spurred the elaboration of a National Broadband Strategy. The latter started in 2017 to fast-track universal access to high-speed and reliable networks in Malawi. The Strategy is still in its draft form and is waiting formal endorsement by the Government of Malawi.

With regard to e-government, the Department of E-Government within the Ministry of ICT is tasked to lead, coordinate and manage ICT development at all levels, including the delivery of innovative and efficient e-government solutions and services for the improvement of public services' delivery. In practice, some initiatives aimed at connecting public institutions' ICT networks have been steered but very few government ministries have a stable online presence or updated websites; they often rely on Facebook pages. In some cases, Government workers must rely on Gmail, Yahoo and other private email domains rather than the .gov domain, and some public institutions are yet to be connected. Ensuring an online presence of Government institutions and sharing of Government's services information remains a challenge, the establishment of electronic platforms for the paperless delivery of public services is still at an early stage of development, with a few sparse initiatives being rolled-out and in general with low visibility.

The Malawi Revenue Authority (MRA) has taken the leadership in developing a "My Tax" online gateway where users can connect for tax declaration purposes as part of the Integrated Tax Administration System being rolled out. The Immigration Department has also launched an electronic platform to process passports and permits, which is supposed to integrate an e-payment gateway. The Ministry of Trade, Industry and Tourism (MoIT) has established the Malawi Trade Portal⁴ serving as a one-stop window for information relating to import into, export from, and transit through Malawi. The Malawi Investment and Trade Centre (MITC) has also established a Trade Information Portal⁵ and a feasibility study to establish a National Single Window is ongoing. A National eHealth Strategy was developed by the Ministry of Health for the period 2011-2016 and a Government of Malawi Payments Roadmap was launched in 2017 with the objective of fostering digitalization of public sector payments. A National e-Post Strategy 2016-2020 was

also developed but during in-country consultations its existence was not signalled, which suggests low visibility and no tangible outcomes to record.

In March 2019 the Digital Government Strategy was finalised, containing a detailed list of public services - from e-visa to e-procurement and many others, thus making government agencies paperless and turned into e-services. Once approved, the MICT should play a key role in spearheading uptake across different government bodies and monitoring its implementation.

In conclusion, there is no overarching national policy framework for the development of a digital economy. E-commerce per se is not captured in any of the above plans, strategies and initiatives. Even with plans to foster ICT and technology uptake, in-country consultations revealed the weak implementation capacities of Government institutions and a number of gaps. In-country consultations and UNCTAD Survey results in Figure 3 highlight private sector reluctance to invest in e-commerce solutions due to the absence of a legal framework and proper ICT infrastructure, lack of trust in electronic payments, unsuitable logistics services and unstructured public-private dialogue on ICT and e-commerce and digital economy issues, all of which are worsened by a scarcity of vibrant business and civil society representation groups.

The assessment also revealed that the concept of e-commerce is quite new, even among professionals in the public and private sectors. A strong need exists to clarify what e-commerce is, and generally to understand the interplay of different actors of the e-commerce ecosystem.

Given this background, substantial investments are needed. The MICT is working with the World Bank to address market failures through the Digital Malawi Program (Phase I: Malawi Digital Foundations Project). Running for five years and with a budget of over US\$ 72 million, the project effectively started in 2018; it is implemented by the Public Private Partnership Commission and targets three core enablers of digital development:

- Digital Ecosystem: legal and regulatory reform and implementation (enabling environment), regulatory capacity-building and institutional development, partnerships for ICT skills development, job creation and innovation;

⁴ www.malawitradeportal.gov.mw

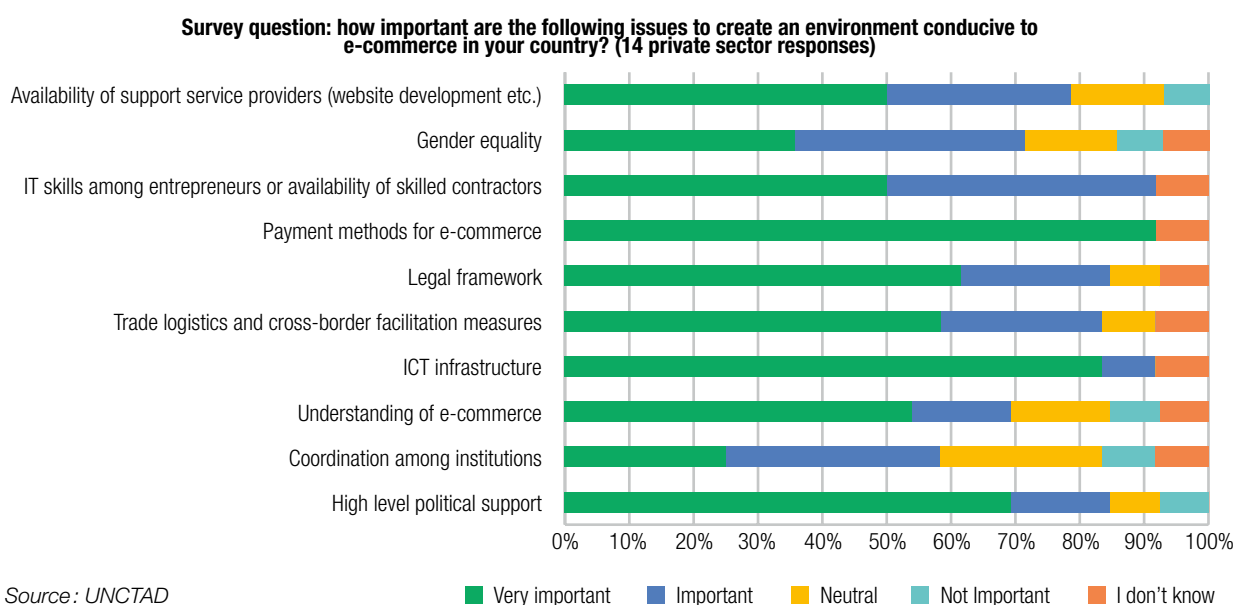
⁵ <https://mitc.mw/trade/>



- Digital Connectivity: connecting all public institutions in the country, providing innovative broadband access solutions to improve access to target groups, particularly in rural areas, taking advantage of recent and future technological and business model innovation for broadband deployment, connecting higher education institutions to improve caching and local content development;
- Digital Platform and Services: strengthening institutional capacity to deliver digital services, sharing digital public services delivery platform – e.g., data centre, digital applications development and services.

According to the latest Implementation Status Report, the project suffered from delays in getting underway and recommendations were laid down urging the Government to set up a fully dedicated team at the Ministry of ICT. The team is needed to support effective project implementation and move quickly towards the creation of an institution with the leadership, technical skills, authority and resources (human and financial) to achieve its ambitious digital government vision⁶.

Figure 3: Most important issues to create an environment conducive to e-commerce



Box 1: Defining e-commerce: what it is and what it is not

The stakeholders consulted during this assessment requested clarifications regarding the use of the terms e-commerce, e-trade, and digital trade.

The definition of e-commerce used by UNCTAD in this assessment refers to “...the sale or purchase of goods or services, conducted over computer networks by methods specifically designed for the purpose of receiving or placing of orders”. Orders made by telephone calls, fax or manually typed e-mail are excluded. Payment and delivery do not have to be necessarily conducted online. E-commerce can refer to business-to-business (B2B) transactions, business-to-consumer (B2C), consumer-to-consumer (C2C), and Government-to-business (G2B). Under the so-called “eTrade for all” initiative of which this study is part, the terms e-trade and e-commerce are used interchangeably. On the other hand, there is no single recognized and accepted definition of digital trade, although there is a growing consensus that it encompasses digitally-enabled transactions of trade in goods and services that can either be digitally or physically delivered, and that involve consumers, firms, and governments. Therefore, this term is often used when discussing the impact of digitalization on trade.

Source: UNCTAD based on OECD, UNCTAD and WTO websites.

⁶ Mboob, Ida S. 2019. Disclosable Version of the ISR - Digital Malawi Program Phase I: Malawi Digital Foundations Project - P160533 - Sequence No: 04 (English). Washington, D.C.: World Bank Group, June 2019.



1.2 National policies related to trade

E-commerce is not mainstreamed in national and sector-wide trade development strategies.

The Malawian National Trade Policy, launched in 2016, provides a framework for structural transformation of the productive sector through supporting and managing integration in regional and global markets as well as development of value chains with the objective of increasing exports. However, e-commerce is not part of the Policy which mainly focuses on:

- a. Market access for Malawi's exports, particularly by addressing tariff and non-tariff barriers, as well as barriers to service trade, market information and entry requirements;
- b. Improving the business operating environment, particularly looking at the cost of trading (customs reforms and trade facilitation, trade-related infrastructure) as well as the cost of doing business (import tariffs rationalisation, access to key services and effective regulation of competition);
- c. Enhanced ability to attract resources, both investment and skills, to broaden the narrow productive base;
- d. Promoting and reducing entry costs to pro-poor trade, through a Simplified Trade Regime for cross-border trade, business and trade linkages, participation of Malawians in trading activities particularly through a "Buy-Malawian" strategy;
- e. Trade mainstreaming and support.

The National Trade Policy builds on the National Export Strategy (NES) 2013-2018 targeting four main clusters with export potential, namely:

1. Oil Seed Products: cooking oil, soaps, lubricants, paints, varnishes, meals and flours, biofuel, animal feed, fertilizer, snacks and confectionery derived from sunflowers, groundnuts, soya and cotton;
2. Sugar Cane Products: sweetener, ethanol, spirits, cane juice, fertilizer, animal feed, electricity, cosmetics;
3. Manufactures: beverages, agro-processing including dairy and maize, wheat, horticulture and pulse value addition, plastics and packaging, assembly; and
4. Supporting exports of existing clusters: tobacco, mining, tourism, tea and services.

The NES is currently being revised and should include the need to strengthen the Malawian ICT sector and the role that e-commerce can play in improving the Malawian trade balance. This is particularly true because Malawi is part of regional groupings, namely the Common Market for Eastern and Southern Africa (COMESA) and Southern Africa Development Community (SADC), which are spearheading relevant initiatives to put e-commerce at the centre of their regional trade integration strategies (see Box 2).

Box 2: Regional initiatives to boost e-commerce are gaining momentum

Since 2010 the e-SADC Strategic Framework has focused on the harmonisation of ICT infrastructure, services and indicators and has promoted ICT usage for regional economic integration, enhancement of connectivity and access to ICT services. In early 2019, the SADC Secretariat and two of its implementing agencies, namely the Communications Regulators' Association of Southern Africa (CRASA) and the Southern Africa Postal Operators Association (SAPOA), organized a multi-stakeholder e-Commerce capacity-building workshop. The workshop resulted in the development of a draft concept note on Intra-Regional e-commerce and Trade Facilitation for MSMEs and a draft SADC Regional E-Commerce Hub Framework submitted to the SADC process for approval and implementation⁷. In 2018, COMESA adopted a programme referred to as the Digital Free Trade Area (DFTA). The DFTA is meant to provide online platforms for trade facilitation through three separate segments: e-trade, e-logistics and e-legislation. The e-trade section will consist of a platform for traders to conduct business online, the e-logistics will rely on ICT to improve the transportation of goods to customers, while the e-legislation segment will look at the preparedness of countries to put laws in place that enable e-transactions and e-payments. A study released at the Fifth COMESA Annual Research Forum reveals that if all COMESA countries adopted digital trade facilitation reforms, the region would annually gain US\$ 17.5b from the intra-COMESA exports.⁸

Source: UNCTAD based on COMESA and SADC websites.

⁷ https://www.sadc.int/files/2915/5232/8094/Inside_SADC_February_2019_mail.pdf

⁸ <https://etradeforall.org/digital-trade-reforms-set-to-earn-comesa-17-5b/>



At the continental level, the African Union's Executive Council mandated in January 2019 the Commission, in collaboration with Member States, UNECA and other relevant stakeholders, to develop a comprehensive African Digital Trade and Digital Economy Strategy in order to assist AU member States in benefiting from the fourth industrial revolution and to facilitate the implementation of the African Continental Free Trade Area (AfCFTA). The strategy is expected to be presented to the Assembly for adoption in 2020.⁹ At the global level, Malawi has undoubtedly an interest in actively participating in the WTO Work Programme on e-commerce and monitor developments in relation to the Joint Statement on e-commerce, a prelude to a potential plurilateral agreement setting up rules for e-commerce under the initiative of 76 countries accounting for 90% of global trade¹⁰. In this regard, it is advised that Malawi should not move in isolation but rather jointly develop positions in the context of WTO groups, such as the Africa Group, the LDC Group or the ACP Group. Stakeholders consulted for this assessment have underscored the importance of capacity building in this area, to support and strengthen Malawi's capability in assessing and developing negotiating positions.

Moving forward, it would be beneficial for Malawi to set up its vision and objectives regarding e-commerce in a dedicated policy covering the overall digital economy ecosystem and in turn develop an e-commerce specific strategy, tackling the different issues that this assessment has identified. Such framework can only be useful if there is a strong political willingness to coordinate implementation through inclusive processes and empowered structures.

1.3 National coordination

A governance, coordination and institutional framework able to steer e-commerce development agenda is not yet in place. The absence of clear policy directions for e-commerce development is reflected in the unclear institutional assignment of the e-commerce agenda. While MICT has played a leading role in the overall ICT development plans,

the same Ministry lacks capacities to fully master the specifics of the e-commerce ecosystem, particularly the trade and marketing aspects underpinning e-commerce businesses. At the same time, the MoIT has no formal role in the matter, but through the Enhanced Integrated Framework (EIF), it has taken the opportunity to show the need to integrate e-commerce development into the responsibilities of MoIT. While a formal clarification of the division of labour between these two ministries would definitely help, the need for wider coordination between a broader group of public and private sector stakeholders cannot be overemphasised. Nonetheless, sector coordination remains fragmented and civil society groups, such as the ICT business umbrella organization known as ICT Association of Malawi (ICTAM), or the Consumers Association of Malawi (CAMA) have limited capacities to actively engage in regular policy dialogue activities. No structured public-private sector dialogue on e-commerce and the digital economy currently exists at the national level. While an interministerial committee exists, known as the National Trade Facilitation Committee (NTFC), deals with planning and implementing the successful trade facilitation reforms, it does not currently address any e-commerce-related issues. It could be beneficial to invite representatives of public agencies relevant to e-commerce to be part of the NTFC, including authorities responsible for the regulation of public postal services. Most of the stakeholders consulted during the in-country mission expected the Government to take the lead in facilitating policy and strategy formulation on e-commerce. The governance structures envisaged in the National ICT Policy and Master Plan have not been made operational. Making the ICT Steering Committee a high-level forum on ICT and Digital Economy would provide a platform for strong policy elaboration and coordination, especially if such platform would cover the whole digital economy environment and would be established under the authority of the Office of the President and Cabinet (OPC). To make such platform more effective, the simultaneous creation of a public/private working group on e-Commerce jointly led by MICT and MoIT is advised. Such a working group could tap into existing structures, such as the NTFC.

⁹ Decisions of the AU Executive Council, Thirty-Fourth Ordinary Session, 07 - 08 February 2019, Addis Ababa, Ethiopia, EX.CL/Dec.1031-1056(XXXIV).

¹⁰ https://www.wto.org/english/news_e/news19_e/dgra_25jan19_e.htm



1.4 Access to relevant statistics

The availability of ICT data in Malawi is very limited. The National Statistical Office (NSO) does not regularly collect any ICT-related statistics; data collected by MACRA are made publicly available through ITU reports. The latest and only authoritative source of ICT-related data is the joint NSO-MACRA “Survey on Access to and Usage of ICT Services” published in 2014. Under the Digital Ecosystem component of the Digital Malawi Program, an update of the aforementioned survey is planned, covering both public and private sectors.

Moving forward, clear and authoritative data on the ICT sector in general and e-commerce will be critical to reliably inform policy reforms. Robust data collected through a dedicated ICT Market Observatory, tasked with publishing regular data on telecommunication services, market trends and usage, as well as price and transaction-related information, will certainly support the planning, monitoring, and evaluation of various ICT and e-commerce initiatives. To achieve this, increased capabilities of the NSO and MACRA in data collection, storage, processing, and sharing of information among all ICT stakeholders will be needed.



2. ICT INFRASTRUCTURE AND SERVICES

Malawi has not yet benefited from the opportunities of a thriving digital economy driven by e-commerce. This is due, among other factors, to a still wide digital and connectivity divide. Despite some recent improvements in infrastructure endowment (extension of fibre-optic backbone and cross-border interconnections, launch of 4G network), affordability of Internet, coverage, Quality of Service (QoS) and last mile connectivity remain critical concerns for Malawians. Further investments are needed, but also regulatory barriers should be removed to enhance competition in ICT market. As a result, e-government has not yet taken off and the e-commerce market is underdeveloped, as social media marketing is more culturally accepted given the low level of knowledge and trust in digital solutions. The World Bank has heavily invested in upgrading ICT infrastructural and regulatory environment and it has renewed its commitment through the Digital Malawi Program, which is expected to contribute to the reduction of the digital divide and foster innovation in public and private e-services.

2.1 Broadband, mobile, and smartphone penetration

The market for Internet connectivity is driven by two mobile operators, namely Airtel Malawi¹¹ and Telekom Networks Malawi (TNM). A third operator, Access Communications, has a residual position. All three combined cover approximately 50 per cent of the population in 3G coverage, while 4G has been recently rolled out mainly in the three major cities, Lilongwe, Blantyre and Mzuzu. The bulk of fixed-broadband, fibre and wireless Internet services are supplied officially by approximately 50 Internet services providers (ISPs), but only a handful of them are effectively in business and dominate the market, such as Skyband, Globe Internet Limited, SimbaNET, Malawi Telecommunications Limited (MTL), mostly active in major urban areas and commercial districts.

Despite the widespread use of mobile phones for connectivity, Internet use is still very limited. The

use of the mobile phone in Malawi is widespread, particularly in urban areas and most populated districts, but the overall telephone penetration (standing at 41.7 per cent of mobile subscriptions/100 inhabitants) remains far below Africa's average (74.4 per cent). Fixed-broadband subscriptions are less than 0.1 per cent, while 25.5 per cent of the population has an active mobile-broadband subscription, confirming that Malawi is mainly a mobile-only connected country. While these values are in line with the rest of Africa as a whole, only about 14 per cent of the Malawian population uses the Internet, according to ITU estimates.

Table 3: Main ICT indicators in comparison

| Country | Malawi | Africa | World |
|---|--------|--------|-------|
| Fixed-telephone subscriptions per 100 inhabitants | 0.1 | 0.9 | 13 |
| Mobile-cellular telephone subscriptions per 100 inhabitants | 41.7 | 74.4 | 103.6 |
| Active mobile broadband subscriptions per 100 inhabitants | 25.5 | 24.8 | 61.9 |
| 3G coverage (% of population) | 50 | 62.7 | 87.9 |
| LTE/WiMax coverage (% of population) | 30 | 28.4 | 76.3 |
| Individuals using the Internet (%) | 13.8 | 22.1 | 48.6 |
| Households with a computer (%) | 6.3 | 8.9 | 47.1 |
| Households with Internet access (%) | 11.1 | 19.4 | 54.7 |
| Internet bandwidth per Internet User (kbit/s) | 3.6 | 11.2 | 76.6 |
| Fixed-broadband subscriptions per 100 inhabitants | 0.06 | 0.6 | 13.0 |

Source: ITU, MISR Vol. 2 2018. Italics are estimates.

¹¹ Airtel Malawi was established in Malawi in 2010 as a subsidiary of the Indian company Bharti International.



Stakeholders consulted in the context of this assessment have highlighted a number of factors explaining the sluggish Internet penetration across the country:

- Extremely costly mobile data connection packages
- High costs of devices for high-speed connectivity
- Limited telephone network coverage in rural areas and indoor environments in general
- Unstable services and occasional network failures
- Low digital literacy
- Limited power supply to operate connected devices

The low connectivity is reflected in international standards, such as the World Bank's Digital Adoption Index (DAI). The DAI is a composite index measuring ICT sector performance, which was introduced in the 2016 World Development Report and updated in 2018. It comprises three sub-components reflecting

the relative adoption by businesses, people, and government. As seen in Table 4, Malawi lags behind its neighbours, namely Tanzania and Zambia, but is in the same position as Mozambique. Digital adoption in particular ranks comparatively very low across the total population, but it is relatively high across businesses.

This suggests that the private sector is eager to embrace technology and innovation, but it is slowed down by the fact that significant parts of the population have limited access to connectivity and are generally underexposed to the benefits of ICT use.

2.2 Reliability, affordability, latency, speed and coverage

Internet affordability and efficiency in Malawi are key bottlenecks hampering the development of ICT services and e-commerce businesses. Out of 181 ranked countries, Malawi scores 175, 176 and 165, respectively, for the cost of mobile devices, handset-based mobile broadband subscriptions, and computer-based mobile broadband services.

Table 4: DAI in Malawi compared with neighbouring countries

| Country | Year | Digital Adoption Index | DAI Business Sub-index | DAI People Sub-index | DAI Government Sub-index |
|------------|------|------------------------|------------------------|----------------------|--------------------------|
| Malawi | 2016 | 0.25893116 | 0.388247818 | 0.068860076 | 0.319685549 |
| Mozambique | 2016 | 0.253236949 | 0.260036349 | 0.167226374 | 0.332448155 |
| Tanzania | 2016 | 0.340004265 | 0.278918833 | 0.170644298 | 0.57044965 |
| Zambia | 2016 | 0.344405442 | 0.33000952 | 0.183720499 | 0.519486308 |

Source: WB (2016). *Digital Adoption Index*. The World Bank Group, Washington D.C.

Table 5: ITU mobile data cost indicators

| | As % of GNI p.c. | US\$ | PPP ¹² US\$ | Tax rate included (%) | GNI p.c., US\$, 2017 |
|---|------------------|------|------------------------|-----------------------|----------------------|
| Mobile-cellular basket, 2017 | 27.39 | 7.30 | 25.74 | 17 | 320 |
| Mobile-broadband basket, prepaid handset-based, 500 MB, 2017 | 17.97 | 4.79 | 16.89 | 16.50 | 320 |
| Mobile-broadband basket, post-paid computer-based, 1 GB, 2017 | 17.97 | 4.79 | 16.89 | 16.50 | 320 |

Source: ITU, *MISR Vol. 1 2018*

¹² PPP: Purchasing Power Parity



The updated Communications Act of 2016 rules on the regulation of telecommunication, broadcasting and postal services by MACRA. The said law provides an overall framework for network interconnection agreements, infrastructure sharing, tariffs regulation and a licensing regime, namely through the adoption of a Converged Licensing Framework (CLF).¹³ MACRA developed a costing and pricing framework for wholesale and retail telecommunication service providers to determine the cost incurred by telecommunication operators, and in turn found a substantive basis to call for an adjustment of tariffs paid by users. This initiative has contributed to a downward trend in interconnection charges for operators and consumers. On the one hand, stakeholders consulted by UNCTAD still find that the regulator can do more to accelerate retail tariff reductions by promoting competition and further pursuing reforms to operationalise the provisions of the Communications Act and encourage entry of new MNOs.

On the other hand, businesses and consumers see high levels of taxation affecting ICT development in Malawi. On top of standard Value Added Tax of 16.5 per cent applied to consumption goods and services, an additional 10 per cent excise duty on mobile phone text messages and Internet data transfers was introduced in May 2015. More recently, a levy on media storage devices was introduced as compensation to the rights holders for loss of income due to copyright infringements provided under the Copyright Act, administered by the Copyright Society of Malawi (COSOMA). And while this is not formally a tax but rather a compensation scheme, consumers perceive this as an additional fiscal charge further affecting the ICT sector and its growth perspectives.

The performance of telecommunication services also requires particular attention. Complaints about the quality of networks are recurrent and measures undertaken to monitor Quality of Service (QoS) have been a matter of controversy. MACRA QoS monitoring relies on data provided by telecommunications operators and results are publicly available. The Government plans to roll out the consolidated ICT Regulatory Management Systems, which has

encountered strong resistance from private sector and civil society representatives for its intrusiveness regarding business and individual private information, thus rebranded by Malawian public opinion as the “spy machine”. A move towards ensuring that MACRA has the necessary means to monitor QoS, addressing performance failure complaints and enforcing consumer protection interests would definitely boost trust in the regulatory functions of the regulator. In addition, users report rather variable Internet speed performances and uneven coverage, which can be attributed to the overall low level of infrastructure development in the country, considering that the average Malawian Internet user has access to 3.6 Kbit/s of international bandwidth, compared to 11.2 of Africa as a whole, according to ITU figures (see Table 3).

A consensus has emerged that the telecommunication sector regulatory environment, although fully liberalized and with minimal presence of the Malawi Government, should become more consumer-friendly and attract more investments for infrastructure upgrading¹⁴. With support from the World Bank-funded Digital Malawi Project, 18 telecoms regulations to support implementation of the provisions of the Communications Act 2016 and e-Transactions Act 2016 have been developed. These cover critical issues such as economic regulation of dominant market players, competition, infrastructure sharing, Quality of Services, consumer protection, etc. Expectations are high with regards to the potential impact on affordability and quality of ICT services, stimulation of private investment and competition across Malawi¹⁵.

2.3 Major infrastructure projects

Wider coverage and last-mile connectivity to be prioritised. The Government of Malawi (GoM) has recently undertaken some major infrastructure development projects, particularly aimed at improving interregional connectivity and completion of a fibre-optic national backbone. With support from the World Bank-funded Malawi Regional Communications Infrastructure Program (RCIPMW), Malawi is now better connected to the international fibre network

¹³ Such framework was adopted through a public consultation process based on a MACRA proposal for a Multi-Service Four Tier Licensing Regime, inspired by the Tanzanian model. The Malawian CLF foresees four types of licences: i) a Network Facility Licence, ii) a Network Service Licence, iii) an Application Service Licence, and iv) a Content Service Licence, further subdivided into three market segments, namely International, National and Regional. Furthermore, Individual and Class type of licences are attributed according to the socio-economic impact of the same.

¹⁴ <https://freedomhouse.org/report/freedom-net/2018/malawi>

¹⁵ Mboob, Ida S. 2019. *Disclosable Version of the ISR - Digital Malawi Program Phase I: Malawi Digital Foundations Project - P160533 - Sequence No: 04 (English)*. Washington, D.C.: World Bank Group, June 2019.



that covers Mozambique, Zambia, South Africa, and Tanzania through the SEACOM and EASSy networks, in addition to the fibre gateways provided by MTL and ESCOM (the national power utility company). Through RCIPMW, Malawi established a Virtual Landing Point (VLP) bringing high-speed Internet from Tanzania and Zambia to Lilongwe and to decentralised government agencies in the country. The licensed Tanzanian firm SimbaNET completed the western regional fibre link through Zambia and the northern/eastern fibre link through Tanzania. Furthermore, the Malawi National Optic Fibre Backbone Project was completed in April 2018 by the Chinese company Huawei, promising to deliver faster Internet services.

To boost mobile broadband connectivity, telecom operators (telcos) are also increasing their investments to expand the roll-out of 4G services. Airtel inaugurated 4G services in January 2018 in Blantyre, Lilongwe and Mzuzu following a major investment in 4G/LTE of approximately US\$ 30 million undertaken by its competitor TNM in 2016. While these initiatives are expanding the capacity of ICT infrastructures, last-mile connectivity remains critical and needs renewed attention. At the same time, the need to increase investments in building data centres and upgrading national and regional Internet Exchange Points should be emphasised for a more efficient use of available bandwidth. The National Broadband Policy yet to be approved should foresee adequate implementation instruments to fill the gaps in last-mile connectivity. The recently established Universal Service Fund (USF) has the potential to generate resources to enhance connectivity, especially in rural areas. It would also be wise to remain vigilant about the coverage targets set by telecom operators' licences and avoid using the USF to replace what the operators are bound to deliver.

2.4 ICT Services

Delayed implementation of e-Government services goes hand in hand with slow uptake of e-commerce across businesses and society. The limited access to the Internet in households does not bode well for building trust of the general population about e-commerce. A preference for human interaction

compared with filling forms online also contributes to keeping a low level of trust on e-commerce. It might take time and a series of awareness campaigns to change this and create a situation where the population feels comfortable with online systems. According to feedback received during in-country consultations, there are very few functioning Malawian platforms and online marketplaces – businesses instead make use of classified ads and social network marketing to conduct e-commerce activities. For example, Jumia has a Malawi webpage dedicated to classified ads. Active online businesses are not very visible nor referenced through web search engines, with very few exceptions found in the context of this assessment, such as the generalist store www.izemall.com, a specialist online clothing boutique www.lillyalfonso.com or restaurant services like “The Rustic Chef Food Delivery” in Lilongwe¹⁶. The online platform www.goluso.com is an interesting case of an online platform for the Malawian creative industry.

Companies providing ICT services are gradually seeing the potential of solutions geared to support the growth of e-commerce platforms, but in the absence of a business environment ready to absorb such solutions and delayed take-off of the e-Government program, they are in some cases turning to more promising regional neighbours, such as Rwanda, Zambia or Tanzania. While the Government has recognised the need to expand the availability of public services online in the National ICT Policy, its implementation has not yielded significant results. With support from the aforementioned World Bank project, a Digital Government Strategy and Institutional Review Study have been drafted, providing a vision for digital government services and recommendations for institutional set up and capacity-building needed to carry out the digital government vision¹⁷. As the e-commerce market expands, it would be useful to establish a registry/directory of e-commerce businesses as a monitoring tool and evolve towards an instrument to ensure a certain quality assurance, based on standards agreed with private sector associations.

¹⁶ <https://www.ecwid.com/store/rusticchefmw/>

¹⁷ Mboob, Ida S. 2019. *Disclosable Version of the ISR - Digital Malawi Program Phase I: Malawi Digital Foundations Project - P160533 - Sequence No: 04 (English)*. Washington, D.C.: World Bank Group, June 2019.



Box 3: Go!Luso, the Malawian online store for the creative industry

Go!Luso is the online store of Arts Production and Marketing Cooperative (APMC), a profession-based platform of 10 creative artists' organizations. The cooperative was established in 2016 as a limited company founded as part of the Malawi-funded Integrated Arts Development Project and implemented by COSOMA. APMC is a response to artists' need for full control over production, promotion and distribution of creative content to avoid piracy and contribute to economic development. The online platform features a wide selection of music, videos, literature, games, photography and applications that can be bought online. "So far the response has been good...the product which is bought the most is music" says Mr. Isaac Chingota. Local payments are fulfilled through Airtel Money and plans are in the pipeline to integrate other payment solutions. "Internationally we have not penetrated that much but purchases through Paypal are going through seamlessly" he continues. Mr. Chingota admits that most important challenges they face relate to: i) insufficient financial resources to conduct adequate civic education and awareness raising as well as training for the artists themselves on how to use the platform, ii) a general lack of appreciation of the value of creative works associated with the feeling that digital arts can just be shared for free, iii) significant digital piracy, iv) high Internet costs and low smartphone penetration. Looking forward, APMC is working hard to conduct training for artists in the field e-commerce in reference to goluso.com, to intensify awareness raising about online purchases since there are still a lot of people who are sceptical about e-commerce, says Mr. Chingota, and to develop a solution that may limit onward sharing of a bought product. However, to make the Internet more accessible and increase use of smartphone penetration, the GoM needs to do much more.

Source: UNCTAD, based on www.goluso.com and interview with Mr. Isaac Chingota, APMC Director.



3. TRADE LOGISTICS AND TRADE FACILITATION

Malawi faces a series of physical connectivity challenges, limited transport infrastructure options and poor state of maintenance. The postal sector is regulated by MACRA and it is relatively dynamic. A number of providers offer relevant services, but most of them are not adapted to e-commerce. The Malawi Posts Corporation has not kept abreast of worldwide trends towards digitization in postal service, it is still mostly focused on providing basic services accessible to all Malawians. Other service providers are reluctant to invest in e-commerce tailored solutions as the market is still at its infancy, dominated by informal players and plagued by high transactions costs because of the lack of a national addressing system. The country has also made efforts to improve the trading environment, having ratified the WTO Trade Facilitation Agreement and has moved to fast-track implementation with support from the World Bank, among other partners. The set-up of a National Single Window is under way; it promises to bring about a genuine impetus towards automation and paperless customs procedures.

3.1 Mode of delivery, last mile delivery, traffic and regulations

Infrastructure development is lagging behind in its support of mobility and efficient trade relations.

Road transportation is the preferred mode in Malawi; 90 per cent of goods and 70 per cent of passengers using this method for local and international destinations respectively. The road network comprises 15,451 kilometres of which only 26 per cent are paved, according to the Malawi Roads Authority. Weak capacities to carry out maintenance work and limited availability of all-weather roads constrain accessibility for road users, particularly in rural areas. Inland waterways have number of docks around Lake Malawi, the second deepest lake in Africa. However, due to insufficient inter-modal integration, concerns over performance, safety of facilities and vessels and no significant private sector participation into the sector, this mode of transport remains underutilized. After decades of neglect, railway transport has regained appeal. Ongoing investments aim to rehabilitate the Nakala corridor, linking Mozambique to Zambia. For a country like Malawi striving to become effectively land-linked, air transport is vital to developing an e-commerce logistics infrastructure. However, the aviation sector is constrained by a very limited availability of routes and air cargo services available in the two international airports of Lilongwe and Blantyre.

In addition to infrastructural bottlenecks and quality of services, issues related to sub-sector governance, market and anticompetitive structures contribute to

keeping the price of transport and logistics services relatively high, with a big gap between inbound and outbound consignments. For example, the general cargo rate to London from Malawi is around US\$ 4/kg while the inbound rate from London is approximately US\$ 10/kg or higher¹⁸. To address the transport sector development challenges, the Ministry of Transport and Public Works (MTPW) coordinates the implementation of the Malawi National Transport Master Plan 2017-2037. E-commerce will benefit from improvements in the transport infrastructure across the country. More efficient multi-modal transport networks enable e-commerce operators to satisfy the needs of their clients in a faster, more reliable way.

Despite a relatively well-positioned postal sector, trade logistics solutions are not yet tailored to suit e-commerce businesses.

Malawi is well situated in the Universal Postal Union (UPU) Integrated Index for Postal Development, ranking 109 out of 173 countries, ahead of regional neighbours like Mozambique and Zambia. MACRA has a regulatory mandate for the postal and courier sector according to the 2016 Communications Act, whereby the Malawi Posts Corporation (MPC) holds a public postal license with universal service obligations typical of a UPU Certified Designated Operator while licensed commercial operators provide value added services, such as guaranteed deliveries, tracking, time definite service and insurance. The MPC has extensive country-wide coverage thanks to its well-developed postal office network and it also covers both the national and international courier markets through EMS. However, its market share for value-added services is

¹⁸ Competition and Fair Trading Commission, "Competition Assessment in Malawi Transport Sector", (paper prepared for ACER 2016 Conference, Livingstone, Zambia).



modest. DHL is the leading operator for international courier services (77 per cent), followed by MPC, UPS and Skynet. The domestic market for value added services¹⁹ is led by G4S (which is primarily a security solutions provider) and AMPEX courier operators (61 per cent and 27 per cent respectively), and the rest comprised mainly by Skynet, DHL, MPC and Times Courier. Beside MPC and its courier operator, all other major companies mainly serve Lilongwe, Blantyre, Zomba and Muzuzu, and only a few serve other minor cities and services points - namely AMPEX and Times Courier²⁰. Despite a relatively dynamic market and service offers, logistics operators are struggling to enter the e-commerce market in Malawi.

Thin market and lack of street addressing are holding back investments in e-commerce logistics. Consultations in Malawi have highlighted some key concerns. The market is still considered to be very thin by couriers; only a few professional e-commerce operators with a proper online store exist. Sellers marketing online via social media do not have agreement with logistics operators and they tend to organize shipping on their own. The lack of addressing increases the cost of delivery for couriers, and while MACRA is leading a national street addressing project, for the time being only Blantyre and Lilongwe have a few properly named

and referenced streets. While MPC is focusing on its universal service mandate, it has not yet integrated trends in digitization of procedures and e-commerce global trends into their business operations. It has not yet prioritised the implementation of the National e-Post Strategy, which includes measures such as the establishment of a national e-commerce marketplace for SMEs and digitization to support paperless trade processes using the UPU Customs Declaration System (CDS). Its express courier arm offers services that could be suitable for e-commerce businesses, but it has yet to structure a dedicated offer that is attractive for e-commerce businesses and customers. The same applies to other commercial competitors. However, DHL seems to be actively eyeing the potential of e-commerce development in Malawi and it has recently launched the “Africa eShop” initiative, which includes Malawi.

3.2 Cross-border trade facilitation

According to OECD trade facilitation indicators, the country performs better overall than the average Sub-Saharan Africa, particularly in areas like information availability and trade community involvement, appeal procedures and, to a lesser extent, customs procedures (Figure 4). Malawi has to significantly accelerate trade facilitation reforms in areas such

Box 4: DHL growing e-commerce interest and cooperation in and with Africa

The DHL Africa eShop Initiative was launched in April 2019, featuring an online marketplace for global retailers, mainly from the USA and United Kingdom, to sell goods to African consumers markets, namely in Botswana, Ghana, Kenya, Malawi, Mauritius, Nigeria, Rwanda, Senegal, Sierra Leone, South Africa, and Uganda. The DHL Africa eShop takes advantage of the shipping giant's existing delivery structure on the continent but it relies on a partnership nurtured with e-commerce store MallforAfrica since 2015, allowing DHL to tap into MallforAfrica e-payments and business infrastructure. In 2018, the two partners teamed up to launch MarketPlaceAfrica.com, an e-commerce site for selected African artisans to sell their goods, such as clothing, bags, jewellery, footwear and personal care, as well as crafts, pictures and carvings, that can be shipped to any of the countries served by DHL. In line with the growing DHL presence in Africa, the company is cooperating with the International Trade Centre (ITC), which is supporting Rwandan MSMEs to sell online by developing the capabilities of the entrepreneurs and by providing innovative solutions to barriers that can impede the development of e-commerce including high logistic costs, as part of the project “Enabling the Future of e-Commerce in Rwanda” launched in 2017. In partnership with DHL, ITC has designed an innovative facility, the E-Commerce Service Centre (ECSC), offering warehousing, transportation facilities and business support value-added services. By grouping together orders from multiple companies into bigger shipments at the ECSC, transportation costs are lowered, which has a positive impact on price for the end customers. More than just a transport hub, the service centre will also offer advisory services to small firms, provide photography services and prepare the digital identity of their products for online sale as well as last mile delivery services. The Rwandan experience provides an example of the role that eTrade for all partners can achieve in mobilising strategic investments through partnerships with business actors. This could inspire countries like Malawi that have shown interest in stepping up efforts to organize support for e-commerce development.

Source: UNCTAD based on www.techcrunch.com, <http://www.intracen.org/news/Rwandan-businesses-eye-e-commerce-success/> and www.africa-eshop.dhl

¹⁹ These include e.g., premium services such as end-to-end control, time definite and guaranteed delivery, full track and trace, insured as standard, limited access to individuals (focus on business clients).

²⁰ Sunflower Associates, “Postal Sector Market Review”, December 2017.



as internal and external border agency cooperation and streamlining documents formalities and process automation, by improving the capacity of IT systems to exchange data electronically, promoting the availability of full-time automated processing for Customs, and improving the quality of telecommunications and IT supporting the automation of border processes.

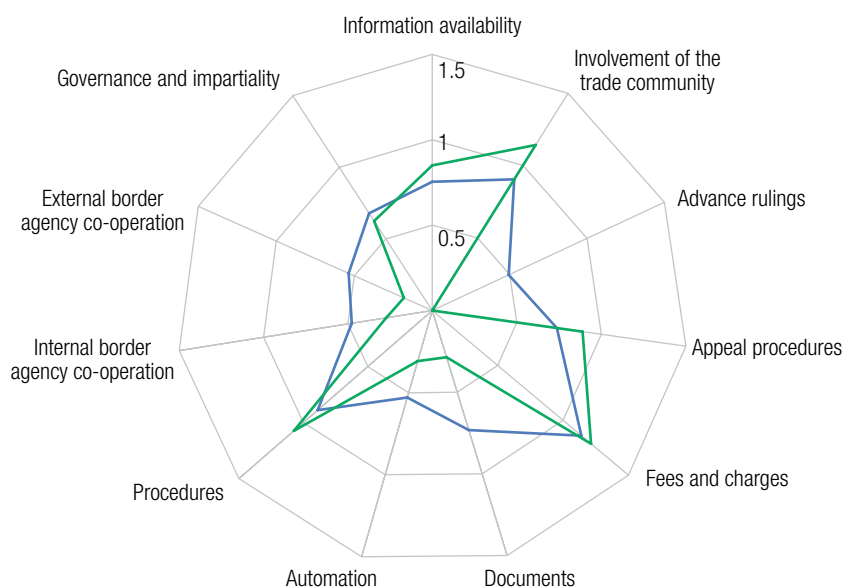
Malawi has prioritised trade facilitation to improve its international competitiveness. Malawi ratified the WTO Trade Facilitation Agreement (TFA) in July 2017 and as of this date it has implemented 73.1 per cent of its commitments, with the remaining 26.9 per cent to be implemented by 2021²¹. With technical support from the World Bank and under the leadership of the Malawi NTFC, the National Trade Facilitation Action Plan was launched in April 2019. It contains an ambitious work program aiming at reducing trade costs of import, export and transit procedures. The Plan builds on several currently ongoing trade facilitation initiatives that need to be strengthened. These include the opening of one-stop border posts, the enhancement of the COMESA Simplified Trade Regime, the establishment of a national single window programme for which a feasibility study is underway, and migration from Automated System for Customs Data (ASYCUDA++) to the web-based version ASYCUDA World. The establishment of the Malawi Trade Portal has also helped to offer better access to information for traders. The uptake of

automation and digitization of customs procedures is still at nascent stage however, as the submission of customs declarations and other formalities, such as SPS certificates, still remain paper based.

Implementation of TFA provisions can be particularly relevant as enablers of e-commerce.

For example, implementation of Art. 1 on making information public and easily accessible and TFA Art. 7.6 and 7.8 on the capture and publication of average release times of goods and expedited shipments provide an incentive and an opportunity to harmonise and streamline procedures. A reduction in the number of border agencies involved in customs formalities can also bring efficiency gains, as can the introduction of a de minimis rule, the minimum value of the goods below which no duties and taxes are collected by Customs. According to stakeholders consulted in Blantyre, the current de minimis rule only applies to goods for personal use, thus limiting opportunities for cross-border B2B e-commerce. If the TFA commitments are fully implemented by 2021, the country should by then allow submission of electronic supporting documents, such as SPS certificates as per Art. 10.2. It should also allow increased public-private-dialogue to help e-commerce traders voice their concerns, as per the commitments TFA Art. 2 *Opportunity to Comment, Information before Entry into Force, and Consultations*.

Figure 4: OECD Trade Facilitation Indicators: Malawi and Sub-Saharan Africa



Source: OECD. NB : (0 min, 2 max)

²¹ <https://www.tfadatabase.org/members/malawi> (last access 8/7/2019).

■ Malawi ■ Sub-Saharan Africa



4. PAYMENT SOLUTIONS

Financial inclusion has been driven by the fast-growing mobile money sector, offered mainly by the two telecom operators, Airtel and MTN. Banks have moved towards the provision of online banking services and a few of them have already succeeded in linking banks and mobile money accounts. In line with the Financial Sector Development Strategy II, regulation has improved over the last few years, mainly with the enactment of the Payment Systems Act 2016, which empowers the Reserve Bank of Malawi to oversee, regulate and monitor the payment and settlement systems in the country to ensure their safety and efficiency. Important new pieces of legislation have been recently developed, namely the E-Money Regulations (2019), the Deployment and Usage of Electronic Payment Channels Regulation (2018) and the Payment Systems Interoperability Directive (2017). The establishment of the National Switch provides the necessary infrastructure to support interoperability of payment systems. Despite these advancements, cash-on-delivery is still dominant and financial innovation is hindered by some barriers mainly related to conditions for access to the banking and telecom network infrastructures that make third-party service providers' solutions and APIs difficult to flourish. The National Strategy for Financial Inclusion can certainly contribute to building confidence and awareness about the benefits of cashless transactions.

4.1 Banking penetration and financial inclusion

The banking sector dominates the financial sector but access to banking services remains a concern.

The banking sector in Malawi is relatively stable, well capitalised and profitable. Its functioning follows sound regulation and supervision from the Reserve Bank of Malawi (RBM), but it is characterised by a high degree of concentration, because out of nine banks, two retain approximately 46 per cent of total assets. The sector is fully liberalized with minimal government participation, and almost equally shared between foreign and domestic-owned banks. Total assets almost doubled over the last five years but commercial bank lending to MSMEs remains critical since most of loans are granted to a few main borrowers. The penetration of the formal banking system focuses on major urban areas, so formal banking services remain largely out of the reach of the majority of Malawians. The trend is not encouraging: over the past three years the number of agencies/kiosks and mobile vans have significantly declined, although bank branches and ATMs have increased slightly (Table 6).

Table 6: Evolution in banking network access points

| | 2016 | 2017 | 2018 |
|---|------|------|------|
| Branches | 81 | 90 | 106 |
| Agencies, satellite kiosks, mobile vans | 193 | 140 | 116 |
| Auto Teller Machines (ATMs) | 471 | 489 | 494 |

Source: RBM, *Financial Institutions Supervision, Annual Report, 2018*, p. 53.

The microfinance sector plays an important role in reaching underserved communities but growing financial inclusion is led by mobile money.

It includes a quite diversified number of entities composed, on the one hand, of microfinance institutions (MFIs) including microfinance credit agencies, deposit-taking and non-deposit-taking microfinance institutions and, on the other hand, financial cooperatives (SACCOs, savings and credit cooperative organizations). The former is regulated under the 2010 Microfinance Act and the latter by the 2011 Financial Cooperatives Act. Tightening regulations over the years have seen this sector become more solid, and in turn, memberships and assets have grown as their networks progressively expand into rural areas. The sector includes 49 MFIs and 37 financial cooperatives, both providing a range of financial services better tailored to suit the needs of underserved communities. It is also worth highlighting that the use of informal mechanisms, such as village savings and loans groups, friends and family, remains popular for a segment of the population that does not have any formal credit products. Despite a gradual positive trend in financial inclusion over the last decade, the majority of the population is still financially excluded.



Table 7: Selected financial inclusion and payments indicators

| | 2011 | 2014 | 2017 |
|---|-------|-------|-------|
| Account (% age 15+) | 16.54 | 18.09 | 33.71 |
| Account, female (% age 15+) | 16.88 | 13.98 | 29.85 |
| Financial institution account (% age 15+) | 16.54 | 16.14 | 22.99 |
| Credit card ownership (% age 15+) | 1.38 | 1.53 | 1.29 |
| Debit card ownership (% age 15+) | 9.36 | 11.70 | 11.17 |
| Made or received digital payments in the past year (% age 15+) | .. | 11.44 | 27.61 |
| Paid utility bills: using a mobile phone (% age 15+) | .. | .. | 3.69 |
| Sent or received domestic remittances: through a mobile phone (% age 15+) | .. | 4.31 | 20.34 |
| Used the Internet to buy something online in the past year (% age 15+) | .. | .. | 2.31 |

Source: World Bank Global Findex.

Mobile money has greatly contributed to reaching the unbanked population. Looking at the Global Findex figures, it is clear that the size of banked population (i.e., with an account in a financial institution) slightly decreased from 2011 to 2014 but gradually gained almost seven percentage points in 2017, while population holding either a financial institution account or use a mobile money service doubled from 2011 to 2017. Most of the transactions done with mobile money are domestic remittances, credit top-ups, peer-to-peer transactions and not merchant payments for goods and services. The figures indicated in Table 7 related to payments of utility bills and use of Internet to buy something online only concern a very tiny segment of the population. Mobile payments and digital financial services (DFS) at large have contributed tremendously in Malawi, as well as across the entire continent, to improving access to basic financial services by the most marginalised people.

To stimulate the further uptake of financial services, consumer protection and financial literacy issues have been addressed by the Financial Sector Technical Assistance Project (2011-2018), funded by the World Bank. More must be done to building public trust and opportunities related to DFS further. UNCDF has been providing assistance in the area for years through the Mobile Money for the Poor (MM4P) programme. The Government of Malawi is also part of the Better Than Cash Alliance. It developed the GoM Payments Roadmap in 2017, a five-year plan for digitizing government payments in Malawi, which is supposed to contribute to the wider uptake of DFS and create an enabling environment for innovations in electronic

payment solutions that could facilitate e-commerce transactions at large.

4.2 Financial regulations

Financial sector development has remained a key national priority and has translated into an ongoing financial legal framework. The importance of deepening financial services is highlighted in the MGDSIII, which explicitly recognises “*improved digital payments ecosystem in the financial services provision*” as an outcome of the national development plan. It builds on a broad-based Financial Sector Development Strategy II (FSDS) 2017-2021, which rests on six pillars, namely: i) Developing and deepening the financial system, ii) Financial inclusion, iii) Financial literacy and customer protection, iv) Creating an enabling policy, legal and regulatory environment, v) Increased competition in the financial sector, and vi) Increasing participation of the financial sector in critical growth sectors. The FSDS targets payment systems and mobile banking as critical areas for developing the Malawian financial sector, and relies on the following strategies:

1. Increase public awareness and financial literacy about electronic payments
2. Increase affordability, accessibility and public confidence in electronic payments
3. Support usage of retail electronic payments
4. Provide a Consumer protection mechanism
5. Improve regulatory framework for electronic payments



With regards to the final strategic area, the FSDS calls for the Government to strengthen the regulatory framework for electronic payments through improved regulations that protect consumers.

The Ministry of Finance is the main financial sector policymaker for regulations, with the RBM acting as the primary regulator, an authority derived from the Reserve Bank of Malawi Act revised early in 2019 that establishes the general power and responsibilities of the Bank. The most far-reaching instrument of RBM legislation is the Financial Services Act of 2010 that designated the RBM as the regulator of banks as well as a wide range of non-banking financial institutions (MFIs and Financial Cooperatives) insurers, pensions, investments, capital markets, payment systems, by appointing the RBM as Registrar of Financial Institutions²².

The Payment Systems Act, 2016 was a long-awaited piece of legislation providing an overarching legal framework upon which different means of payments are developed. Before passing this legislation, the use of mobile money relied on the Mobile Payments Systems Guidelines, 2011. In 2013, a Memorandum of Understanding between RBM and MACRA was signed to jointly cooperate on issues related to regulatory overlaps between the two regulators, regarding mobile money payments and financial services, as well as consumer protection. Under the Payment Systems Act, the RBM retains leading regulatory, licensing and oversight roles over the provision of different payment systems, remittance services, electronic money transfers and mobile payment services. The Payments Act particularly aims at promoting a safe and efficient infrastructure for the development of different payment instruments, by providing minimum standards for customers' protection. The Guidelines for Application and Authorisation of Payment Service Providers were issued by RBM in 2017 whereby entry requirements

have been defined for companies wanting to operate payments systems.

New regulations on the horizon. The E-Money Regulation²³ has been in gestation for a few years, its revision was highly anticipated, and it was finally gazetted at the time of writing this report. The E-Money Regulation departs from the aforementioned Mobile Payments Systems Guidelines 2011, which defined minimum criteria for Mobile Network Operators (MNOs) under a traditional non-bank model. Works leading to its elaboration were inspired by an activity-focused approach that defined regulatory arrangements (including the approval and licensing of entities and their agents) for e-money at large, encompassing all stored value facilities including mobile money²⁴. The E-Money Regulation opens the business of e-money services to different kinds of services providers authorised by the RBM, provided that they hold a trust account at a Malawian bank. It also features provisions for interest-bearing e-money accounts. The Deployment and Usage of Electronic Payment Channels Regulation 2018 makes it mandatory for businesses to accept digital payments at no surcharge for the customer. It requires businesses in Malawi to have at least one digital payment channel - such as mobile money, mobile banking, point of sale (POS) devices, Internet banking and RBM-approved products. These regulations are expected to strengthen payments system's legal framework and provide clarity about the operation of electronic payment systems. The regulations are also expected to increase deployment of payment channels by service providers, and their usage by the general public. These regulations will also strengthen the objectives of an important piece of legislation, namely the Payment Systems Interoperability Directive 2017, which has defined minimum operating standards for payment system operators to enable connection to the national interoperability infrastructures, in particular the National Switch ("Natswitch").

²² Numerous ad hoc legislative initiatives for different financial services have been in force since 2010, namely the Banking Act, Insurance Act, Microfinance Act, Securities Act, Financial Cooperatives Act, and Pension Act.

²³ Payment Systems (E-Money) Regulations, 2019, referred here as E-Money Regulation.

²⁴ UNCDF/MM4P, *The Regulation of Mobile Money in Malawi*, 2014, p. 33.



Box 5: A leap forward to promote interoperability of payment instruments

In 2010 the Bankers Association of Malawi (BAM) in collaboration with RBM initiated the National Switch effort. The World Bank provided support under the FSTAP project. Today, Natswitch is a private company equally owned by BAM members' commercial banks, providing the infrastructure for the connection of different payment outlets, such as card-operated ATMs and POS devices, mobile and e-banking. Last year saw the integration of the two MNOs mobile money solutions (Airtel Money and TNM Mpamba) into the National Switch. This means that a subscriber of one mobile money service can pay and receive funds from a subscriber of the other service, thus placing Malawi among the very few countries in Africa that allow such level of interoperable mobile money services. This development also complements the bilateral interoperability arrangements that exist between the MNOs and some commercial banks in the country where consumers can push or pull funds between their mobile and bank accounts²⁵. Malawi also implemented the Malawi Interbank Transfer and Settlement System (MITASS) and is linked to regional cross-border payment systems, namely the COMESA Regional Payment and Settlement System (REPSS) and SADC Integrated Regional Payment Settlement System (SIRESS).

Source: UNCTAD

4.3 Main mobile, cashless payment solutions available

Mobile money and e-banking are the main e-payments solutions - card-operated POS and payments APIs still lag behind. The growing appetite for mobile money in Malawi is led by the two main MNO mobile money wallets, namely Airtel Money and TNM Mpamba. The number of registered subscribers for MNO-led mobile payments rose to 6.5 million in the first quarter of 2019, with a total value of transactions accounting for almost half of total retail digital financial services, representing almost the total number of transactions carried out. Thus, their unit value is very small.

Table 8: Overview of banking and mobile money retail transactions (1st Quarter 2019)

| | Number | Value (Million Kwachwa) |
|-------------------------|-------------------|----------------------------|
| ATM DFS Transactions | 48,048 | 3.5 |
| Point of Sale (POS) | 304,863 | 13.1 |
| Internet Banking | 441,397 | 380.2 |
| Mobile Payments | 62,361,917 | 374.9 |
| Of which: Bank-led | 5,149,181 | 54.4 |
| Of which: Non-bank | 57,212,736 | 320.5 |
| Total Retail DFS | 63,156,225 | 771.7 |

Source: RBM, National Payment Systems Report-First Quarter 2019

While the number of mobile money subscribers continues to grow, the level of activity remains rather low at approximately 40 per cent. Both MNOs have a significant network of approximately 43,406

agents (March 2019) to handle cash-in and cash-out transactions, but the agent network still remain unevenly distributed, since 74.1 per cent of mobile money agents are located in urban and semi-urban areas with only 25.9 per cent in rural areas²⁶. Extension of the agent network in underserved areas should be further promoted by the Government and its partners. Most commercial banks offer Internet and mobile banking solutions allowing for money transfers, bill payments and access to banking services. Integration of operations between mobile/Internet banking and mobile accounts is still at an early stage of development. For example, National Bank of Malawi has partnered with TNM Mpamba and Airtel Money to offer an integrated e-wallet system through the Bank's Mo626 mobile platform. Standard Bank Malawi and First Capital Bank have also entered into similar arrangements. The recent connection of the two MNO mobile money services to the Natswitch is deemed to further stimulate similar arrangements. The uptake of Internet banking services across the population is still lower than expected by banks that are heavily promoting such services.

The access to the USSD, which is still a commonly used technology to access account holders in weakly connected areas, is still most favourable for MNOs, thus holding back investments from financial service providers for developing solutions that require involvement of MNOs. Expensive connectivity is also slowing down uptake of e-banking solutions. It is worth mentioning that banks, such as Standard Bank, indirectly subsidise clients for the use of its e-banking platform by offering free data connection through TNM.

²⁵ RBM, National Payment Systems Report, Fourth Quarter 2018

²⁶ RBM, National Payment Systems Report, First Quarter 2019



Visa and Mastercard debit cards are now being offered by some Malawian banks and, to lesser extent, also credit cards. Security concerns have however been highlighted by stakeholders as a primary cause hindering the diffusion of this mode of payment. Banks have reported that they prefer not to offer such services even though they have the technical capability to provide credit cards that meet international standards. The accomplished reform undertaken in 2017 to put in place a biometric National Registration and Identification System supports financial inclusion by allowing financial service providers to rely on an accurate personal identification standard. A positive sign was also the opening of Paypal services to Malawians thanks to the possibility offered to link national bank accounts to the Paypal international payment platform, although some foreign exchange restrictions still hinder international transactions.

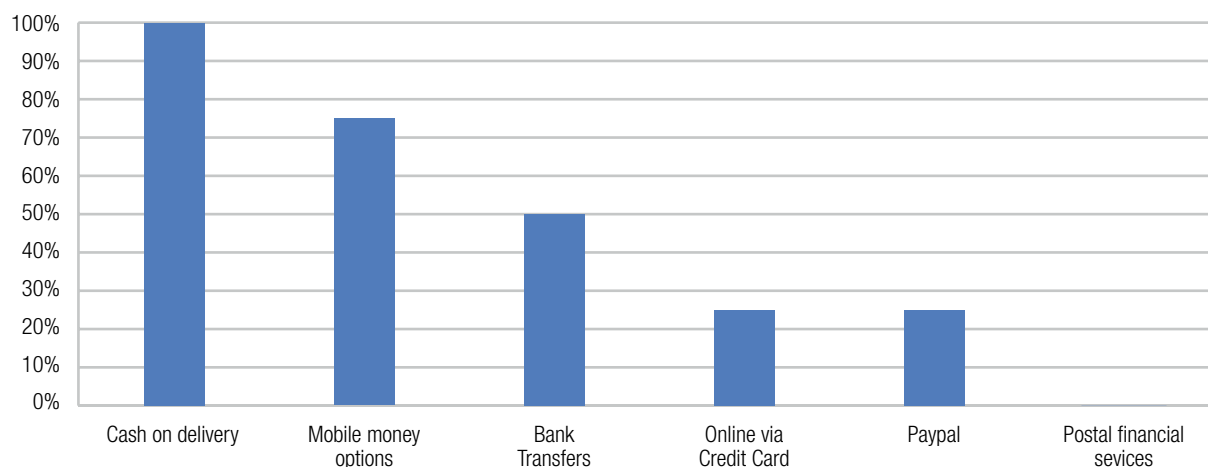
In this environment, financial innovation in payment systems cannot easily take off. The banking system on one hand and the MNOs on the other hand, have occupied a space that is making it difficult for third-party financial service providers, especially start-ups and small companies, to develop value-added services that rely on the telecom (MNO connectivity, USSD) and banking (Natswitch) infrastructures. A more favourable business environment to spur innovation is needed, starting by helping new entrants to understand the business models of the infrastructure holders (telecom operators and banks), while at the same time organizing lobbying efforts for regulatory interventions

that can create a more competitive environment for fintechs. A few solutions are meanwhile being tested and piloted, which could bear fruit in the long run. For example, Kakupay is an Application Programming Interface (API) online payment platform waiting for the approval by the RBM to be offered to the public. Such a solution would suit the need of start-up solutions being tested like Tiyeni, a local booking platform for all players in the tourism industry regardless of size. Tiyenu is frustrated by the lack of APIs to link the application into popular local payment platforms like Airtel Money and TNM Mpamba²⁷. The Kuhusa mobile application developed by tech start-up Angle Dimension offers digital wallets for savings groups to manage loans for group members.

Low financial literacy and a general bias for “cash is king” culture persist, thus Cash on Delivery remains the prevailing payment option in Malawian e-commerce. The mobile-money option is also quite popular, as confirmed by the UNCTAD Survey responses.

To tackle the aforementioned challenges, a continuous effort for sensitisation and education about the benefits and working environment of cashless payment solutions is required. This will go a long way in boosting public trust and in turn build confidence in e-commerce transactions that are not exclusively based on cash-on-delivery. That is why the relevance of the National Taskforce on Electronic Payments chaired by RBM cannot be overemphasised for successfully implementing the National Strategy for Financial Inclusion 2016-2020.

Figure 5: Preferred payment options for e-commerce in Malawi



Source: UNCTAD

²⁷ <https://www.austinmadinga.com/tech-social-entrepreneurship-malawi/>



5. LEGAL AND REGULATORY FRAMEWORKS

Overall, the existing regulatory framework contains the pre-conditions to sustain e-commerce development, although it would benefit from further enactment of specific regulations and adoption of new legal instruments, especially in areas like online consumer protection, personal data protection, cross-border transactions and data flows. According to the in-country consultations, the main bottleneck relates to the low level of awareness and application of the existing provisions, as well as cybersecurity concerns about online business, an area being addressed with the establishment of the CERT. More needs to be done to give online consumers the possibility to make complaints and enable recourse to predictable and transparent dispute settlement mechanisms when conflicts occur. At the same time, more dialogue is advised about the emerging new global trends in the digital economy and a simplification of the overall business environment.

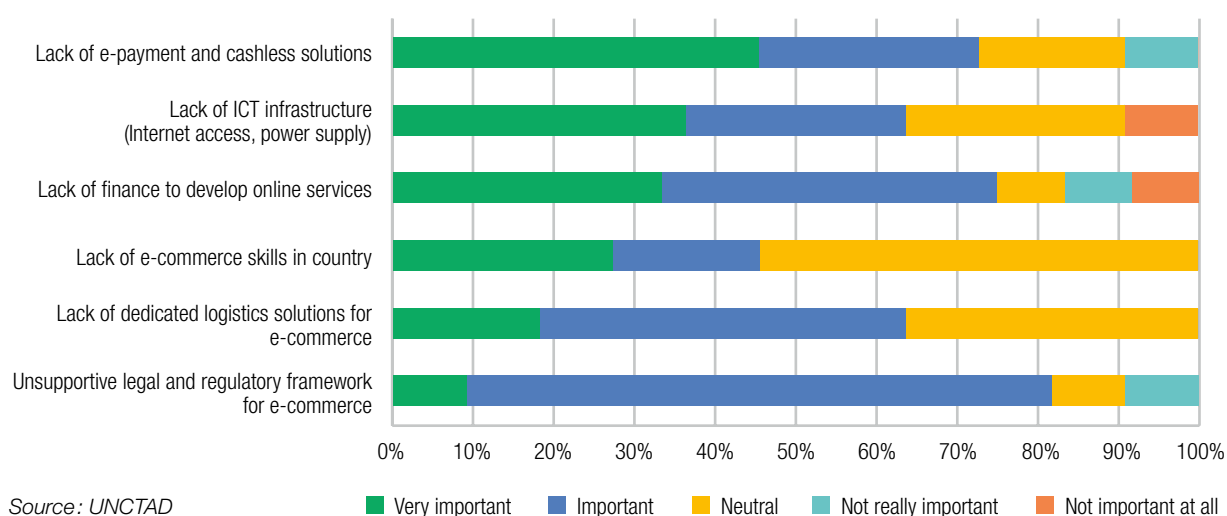
The e-commerce legal framework exists but its application remains weak.

Malawi has established an overall legal and regulatory framework to foster e-commerce development and, as shown by UNCTAD Survey respondents, the legal framework is not perceived as the most constraining factor holding back decisions by private sector to invest in e-commerce solutions, but rather an important factor to take into account.

According to UNCTAD’s Cyberlaw Tracker, Malawi has legislation covering e-transactions, data protection and privacy, as well as cybercrime. In 2016, the Electronic Transactions and Cyber Security Act was adopted, giving MACRA responsibilities over the implementation of the legal text. It contains provisions on a number of areas, such as:

- Establishment of a Computer Emergency Response Team (CERT) with the support of the ITU, within MACRA, serving as a base for national coordination in responding to ICT security threats and providing protection actions for Malawi’s Critical Information Infrastructures;
- Formation and validity of electronic transactions, including electronic and digital signatures. MACRA still has to appoint the registrar for digital signature certification and the assessment has found that Malawi’s digital economy probably cannot afford a national certification authority for the time being. Using Public Key Infrastructure solutions from internationally recognised service providers is

Figure 6: Constraining factors for not investing in e-commerce solutions²⁸



Source: UNCTAD

²⁸ Response to the question "If you have not yet invested in e-commerce solutions, how important have been the following factors in your decision to invest to e-commerce solutions? (constraining factors)" (12 private sector responses)



an option and regulations might take this into account. Digital signatures have already been used in the context of the national biometric ID cards project roll-out with foreign technical expertise²⁹;

- Protection of online users and liability of online intermediaries, with particular reference to unsolicited communication, advertising and content management;
- Regulation of e-commerce transactions, with particular obligations of transparency and rights to be made available to online customers (see Box 6);
- Detailed prescriptions over the licensing, management and supervision of digital signatures certificates and encryption services;
- Data protection and privacy, including obligations for personal data processing by data controllers and rights of data subjects to have secured access and storing of personal data;
- Domain name and management, with technical specifications applying to the registrar of the national domain name of Malawi (".mw");
- A framework for the provision of e-government services;

- Offences and unlawful activities by electronic means and other general provisions for the administration of the text.

Although it covers a wide range of areas to enable commercial transactions in electronic form, the legal framework has failed to be properly implemented. Public awareness of rights and obligations stemming from the legal provisions are very weak. The establishment of a Directory/Registry managed by MACRA to list entities that are providing e-commerce services falling under this legal framework might help to foster compliance and sensitising businesses and customers about its provisions. This might also help to curb the number of informal businesses marketing online via social media. While the above law might prove useful to provide legal cover for domestic transactions, international e-commerce transactions lack a robust legal framework to protect parties in cross-border contact fulfilment. That is why accession to the United Nations Convention on the Use of Electronic Communications in International Contracts might be a useful move to provide a legal shield for international e-commerce.

Security of the online environment for e-commerce transactions remains an area of concern in Malawi, although some steps have been undertaken to improve the national cybersecurity infrastructure.

Box 6: E-commerce provisions in the Electronic Transactions and Cyber Security Act, 2016

The Act is an enactment of the UNCITRAL Model Law on Electronic Commerce, as incorporated in the SADC Model Law on Electronic Transactions³⁰ with limited adjustments. The e-commerce section of the text requires e-commerce service providers ("the supplier") to make available exhaustive information to the customer, such as terms and conditions before the conclusion of the transaction, with particular reference to: i) detailed description and instructions of the good or service in the transaction, especially health and security-related information and any limitation or restriction for the consumption, ii) details of full costs, including taxes and costs of shipping and delivery to be paid by the consumer, and terms and conditions of payment, iii) conditions of delivery or execution such as the time of delivery of goods or provision of services, iv) mode of payment, after-sale service, details and conditions of withdrawal, denunciation, return, cancellation or reimbursement, warranty conditions, return, exchange and refund policy of the supplier, v) maintenance records of the transaction, access to alternative dispute resolution and security procedures and privacy policy of the supplier in respect of payment. The text goes in detail as to the so called "cooling-off period", whereby a time-bound right of withdrawal is recognised at no penalty and justification from the customer. Further provisions are defined with regard to performance of an electronic transaction (right of customers to review accuracy of information before conclusion of the contract), default in contract performance and refund terms, cancellation of the transaction, security of payments. The Act also provides strengthened provisions for transactions regarding financial services and also contains elements of UNCITRAL provisions on e-signatures. Through the Digital Malawi Program, the drafting and enactment of Regulations under the Electronics Transactions Act are foreseen.

Source: UNCTAD

²⁹ However, these e-ID cards are usually used only for transactions with consumers known to be high volume/small value and require a high level of sophistication to minimize recurrent risks of compromise. The ID cards developed in Malawi are secured with digital signatures issued by SignServer and certificates from EJBCA, both products by PrimeKey, which has installed a Country Signing Certificate Authority (CSCA) and a Document Signer for Malawi, providing digital signatures to the millions of individual Smart Cards. This shall ensure that the ID of each citizen is kept secure. Source: <https://silicontrust.org/2018/02/12/primekey-secures-malawis-first-ever-national-id-cards/>

³⁰ The SADC Model Law was produced in the framework of the ITU HIPSSA project, available at http://www.itu.int/en/ITU-D/Projects/ITU-EC-ACP/HIPSSA/Documents/FINAL%20DOCUMENTS/FINAL%20DOCS%20ENGLISH/sadc_model_law_e-transactions.pdf



The country ranks 106 out of 175 in the 2018 Global Cybersecurity Index of the ITU, and a relatively middle-rank position in the African Regional Ranking (19 out of 42). While a National Cybersecurity Strategy is being drafted, Malawi has made strides with regards to the operationalisation of the Malawian CERT, where the ITU has provided support to MACRA to assess readiness for its establishment and define an implementation plan that has secured support from the Digital Malawi Program. Malawi has put in place a legal framework to combat money laundering, financial crimes and financing of terrorism under the implementation leadership of the Financial Intelligence Authority.³¹

As for consumer protection, provisions are scattered across different texts. The Consumer Protection Act 2003 is the overarching legal text that has inspired subsequent consumer protection provisions in other texts across different sectors. The text provided for the establishment of the Consumer Protection Council (CPC) tasked with implementing the provisions of the Act, including “to create or facilitate the establishment of conflict resolution mechanisms on consumer issues”, but to date such body is not operational. In its absence, the Competition and Fair Trading Commission (CFTC) has the ability to protect consumers from unfair trading practices, but this falls short of providing online consumers a platform to see their consumers’ rights enforced, since the CFTC is primarily tasked with enforcement of the Competition and Fair Trading Act. MACRA has established a Consumers Affairs Unit but this primarily targets consumer protection under the Communications Act, with particular reference to QoS of telecom operators. Given this background, e-commerce consumer protection, while counting on a fair set of rules, does not feature a well-prepared, organized institutional framework to facilitate management and resolution of complaints or dispute resolutions. While waiting for the CPC, MACRA could consider extending the facilities of the Consumers Affairs Unit to offer e-commerce consumers the level of oversight and protection for online transactions according to the Electronic Transaction and Cyber Security Act.

Malawi does not have any ad hoc legislation regarding privacy and data protection. Articles 72, 73, and 74 of Electronic Transaction and Cyber Security Act of

2016 contain provisions for secured personal data processing. Government departments have Acts with stipulations about how to handle personal data, and most private institutions such as banks and telecommunication companies have data and privacy policies. Concerns exist that, in the digital age, these measures are not enough and a need for binding national laws remains.³² Stakeholders consulted during this study have confirmed that despite the growing importance at the international level of personal data protection, knowledge and awareness of the same in Malawi is very low. They also expressed a need to establish a specific framework to deal with this matter at the national level, and at the same time sensitise the population about the increasing global regulatory dynamics in this area. These efforts might be best organized with the establishment of a national data protection commission and transposition of the SADC Model Law on Data Protection. Through the Digital Malawi Program, a consultancy for drafting a Data Protection and Privacy regulatory framework is underway.

With regard to other assessed legal instruments, as highlighted during national stakeholders’ consultations, application of the levy on storage devices under the Copyright Act 2016 has polarised public debate over the need to reduce taxation applicable to the ICT sector. Although such levy is not properly a taxation measure, this experience signals the need to raise attention and inform the public debate about means to enforce copyright measures in the context of digital economy development. The National Intellectual Property Policy was launched in May 2019. During implementation, the linkages between intellectual property rights (IPRs) and e-commerce should be further explored.

Regarding laws and regulations applicable to trading activities of the private sector, Malawi enacted a Companies Act in 2013 that introduced the electronic database for business registration at the Registrar General, providing an effective system of registration, incorporation and dissolution of companies, as well as registration of personal properties, civil and commercial events, and collection of duties. The Registrar General offers information management and sharing; its online website is expected to evolve into an e-government platform for services delivery

³¹ <https://www.rbm.mw/Home/Legislations/#OtherLegislations> and <https://www.fia.gov.mw/mltflaws.php>

³² <https://allafrica.com/stories/201901150349.html>



with electronic payments functions. The 2018 Doing Business report stated that starting a business in Malawi has become more expensive because the cost of registering a business with the Registrar General has increased; this might discourage formalisation of business entities, particularly informal e-commerce operators. Higher costs add to an already challenging climate for business entrepreneurship confirmed by in-country stakeholder consultations, which highlighted burdensome and unclear regulations, as well as scattered access to documentation, as impediments that hinder efforts to start or grow a business in the country.

6. E-COMMERCE SKILLS DEVELOPMENT

E-commerce is at its infancy in Malawi and the low levels of digital literacy negatively affect awareness and understanding of e-commerce across the society at all levels, leading to a persistent lack of knowledge (and trust) among those private sector enterprises participating in e-commerce and their customers. The higher education system, technical and vocation education training programmes have not integrated curricula suiting the need of e-commerce businesses. The lack of e-commerce-related business skills has been identified as a major constraint to the sector's development, due to a largely unprepared business support infrastructure for MSMEs able to provide value added services adapted to the need of digital businesses. A series of programmes have been put in place through business incubators and accelerators to accompany start-ups, but the survival rate of new ventures remains low.

6.1 Skills gap identification

Digital literacy needs to be improved to sustain skills development. Malawi's first National Science and Technology Policy dates back to 1991 and was revised in 2002. The Policy slowly gained momentum for implementation; the National Commission for Science and Technology was established only in 2011. At the same time, in the context of the National ICT Policy and Master Plan, innovation and human capital development featured as one of the four implementation pillars. It built on a series of achievements in providing ICT training to teachers, computers and printers to schools and support for the development of the ICT Curriculum for schools, as well as some ICT-based innovative initiatives for the promotion of integrated library and information services and networks. These include the Pan African eNetwork Project, the Malawi Library and Information Consortium and Malawi Research and Education Network, among others.

Further, under the Last Mile Connectivity component of the World Bank funded RCIP Project, connectivity of educational centres has significantly improved with the provision of Internet connectivity, terminal equipment, and ICT equipment to all 30 district and regional information offices in the country. All of these efforts need to be sustained to improve overall digital literacy, which remains one of the key concerns raised by stakeholders for the development of e-commerce in Malawi. Other factors hampering digital literacy include the high cost of equipment and the high cost of ICT services, low smartphone and computer penetration, weak ICT training at schools and inadequate access to electricity, particularly in rural areas.

6.2 Availability of tertiary education and professional training

The most relevant programs are concentrated in Lilongwe and Blantyre. Most public and private institutions offer ICT-related higher education programs and are located in the two country largest urban areas, Lilongwe and Blantyre.

In recent years there has been a proliferation of private universities that offer an alternative option to university education for those that cannot get a place at a public university. Majority of the accredited private universities are led by religious missions such as, Catholic University, St. John DMI, Malawi Assemblies of God University, Nkhoma University, Livingstonia University, Adventist University and Pentecostal Life University. There are also some privately-owned universities such as Exploits and SkyWay. Collectively, the private universities offer courses in Business Administration, Accounting, Procurement and the Humanities. However, St. John DMI has a palette of diverse, specialized degree programs within the computer science and computer engineering domain. Entry into the ICT, Computer Sciences, Economics and Finance courses in the public universities is very competitive, making such courses seem coveted.

Expectations are growing to customise skills development programs to the needs of the digital economy. Education and training diplomas are mainly concentrated in ICT, particularly telecommunications network engineering and computer systems, the development of web-based solutions and mobile applications. However, there is a sense that the curricula for the ICT and Computer Science courses is broad, seemingly adequate regarding theoretical principles but lacking depth in practical elements,



Table 9: Major higher education and training programs at Malawians public universities

| INSTITUTION | DESCRIPTION OF TRAINING PROGRAMS |
|--|--|
| National College of Information Technology (NACIT) | The Ministry of ICT established NACIT early in the 1980s to train civil servants on IT skills but has evolved into an education service provider to members of public and private sectors, offering both degrees and short courses on IT and computer sciences-related subjects at NACIT campuses in Lilongwe and Blantyre. |
| The Polytechnic | This specialized college of the University of Malawi focusing on science, technology, commerce and communication is based in Blantyre. It offers a large set of degrees and post-graduate programs in both ICT engineering majors, and traditional management and business administration-related areas. |
| The Malawi University of Science and Technology | Located not far from Blantyre, it hosts the Malawi Institute of Technology and offers undergraduate degree programs in Computer Science and Information Technology plus two graduate degree programs in Innovation and Entrepreneurship, respectively. |
| Chancellor College | Based in the Southern Region district of Zomba, it is one of the largest University campuses in Malawi. Formerly, a constituent college of the University of Malawi, the college offers degrees in Computer Science and Economics among others. |
| Mzuzu University | It is the only public University in the northern part of Malawi. Mzuzu University offers a Bachelor's degree in ICT and a Master's program in Information Theory Coding and Cryptography. |
| The Malawi Institute of Management | Based in Lilongwe, it offers a variety of programs in business administration, finance, communication and marketing. The Institute mainly caters to mature entry students with years of work experience seeking to upgrade qualifications. The Institute partners with universities in the UK and elsewhere for certification. |

Source: UNCTAD

which are key in the industry. As such, most graduates from the ICT and computer science disciplines are rather more comfortable starting off with routine ICT support jobs than hard core software development, systems management, networking etc. Companies have to invest time and resources to reskill graduates for more specific technical roles. The consultations held in Malawi confirmed that the breadth of curricula is not in line with the needs of the e-commerce and digital economy at large, especially in areas such as digital entrepreneurship, online marketing and sales techniques, management and content development of innovative products and services. It is indeed illustrative that the number of formal e-commerce platforms found in Malawi is not significant, while at the same time a core cluster of ICT services businesses are active in Malawi and some have established a presence even beyond national borders. The consultations also highlighted the need to improve the overall quality of programs in terms of access to modern facilities, more exchange and training programs with specialized partners, traineeship opportunities. At the same time the existing offer should be tailored and updated to integrate curricula in line with the needs of e-commerce, financial technology, digital economy and other subjects at the technology frontier (artificial intelligence, cloud services, blockchain, business

analytics and big data, etc.). It is therefore imperative to better match training supply and demand. The Ministry of Education, Science and Technology (MEST) has an active role to play in thoroughly assessing the current and future skills gap and encouraging the development of new university curricula.

The technical, entrepreneurial and vocational education and training (TEVET) is unable to provide ancillary manpower to e-commerce businesses.

Malawi has benefited from the leading role played by a dedicated agency, the TEVET Authority (TEVETA), established to spearhead efforts in developing the TEVET sector. The Authority has been instrumental in organizing and regulating approximately 50 TEVET providers that are officially registered and active in providing programs in traditional TEVET areas (small trades, basic accounting and management, ICT literacy, etc.). As recognised by the authority itself, the TEVET sector still confronts paramount challenges, such as inadequate teaching and learning materials, lack of up-to-date training equipment in most training institutions, inadequate participation of the industrial sector in TEVET, inadequate funding of the TEVET system and lack of alignment with the traditional education system to allow for career progression³³. The TEVET sector has not yet considered how to

³³ The TEVET Authority Strategic Plan 2013-2018, pp. 15-16.



address the need to train workers in emerging new economy sub-sectors driven by technology, including e-commerce. The sector might start looking at ways to develop an offer targeting those skills and functions that could increase the productivity of e-commerce businesses, in areas like customer relations and after-sale care, logistics and delivery activities, stock and warehouse management.

6.3 Start-up and business development support landscape

The start-up community and network of support organizations has grown in Malawi. The Malawian tech entrepreneurship community has become more dynamic over the last few years, benefiting from the expansion of tech hubs across Africa. Leading this trend in Malawi is mHub, which was highlighted as one of the best success stories by different stakeholders during the in-country consultations.

Other entities have been launched, providing office facilities and business development support services for start-ups and tech entrepreneurs. Such examples include:

- Blantyre Entrepreneurs, a community of like-minded entrepreneurs providing mentoring and networking opportunities, particularly through the Dzuka Africa StartUp Hub, acting as an on-the-job training and incubation space for emerging entrepreneurs, focusing on business training, co-working space provision and access to working tools and equipment in

the Malawi commercial capital, Blantyre. The Pitch Night and the Startup Grind powered by Google for Entrepreneurs are among the regular events organized by the Hub.

- The Mzuzu Entrepreneur Hub offers similar services and has nurtured several partnerships to fund and run their incubation, networking, outreach and sensitisation programs.
- The Innovation Hub is a platform for promoting youth participation in innovation for development through skills building, mentorship, collaboration and support for innovative products and services that directly contribute to Malawi's development. It was established in 2015 by the Polytechnic of the University of Malawi in collaboration with UNICEF.
- InCUBE8 Malawi, a business incubator/accelerator founded in early 2016 is open to youth-led start-ups with innovative, high-growth and high-impact ventures that can be refined and brought to market through its entrepreneurship program, offering mentorship, technical and financial support.

In addition to these programs, occasional competitions and prizes are sponsored by different organizations at the national level, such as the ICTAM Awards, the TOTAL Startupper of the Year, as well as grant funding opportunities for digital entrepreneurs from across Africa that are awarded on an annual basis without

Box 7: mHub achievements and vision for the future

mHub is Malawi's first technology and innovation hub located in Lilongwe, with a working space in Blantyre. The hub is a social enterprise that champions the development of local technology solutions, incubation and acceleration of emerging start-ups and post revenue entrepreneurs. It nurtures young innovators and entrepreneurs with technical and business skills to create sustainable business solutions. The hub facilitates structured mentorship between young entrepreneurs and innovators with established experts, researchers and icons in technology and business. mHub also aims to enhance knowledge sharing among industry, academia, developers, researchers and the community to ensure development of relevant technology and business solutions. It also provides a co-working space for young innovators and entrepreneurs, and an environment for upcoming start-ups to work and connect with potential clients. The hub has trained over 38,000 youth with ICT skills and entrepreneurship. mHub incubates 15 emerging entrepreneurs offering over US\$ 500,000 as part of the hub's Growth Accelerator program supported by UNDP and Royal Norwegian Embassy. The hub has exposed over 220 entrepreneurs to large pitching platforms and runs incubation programs for entrepreneurs at ideation, start-up and post revenue phases. One of the success stories of the hub is a local tech start-up called Eazy Books, founded by a Polytechnic Graduate in Business Information Systems, Samson Fiado. Eazy Books is an accounting system designed and packaged for local MSMEs that translates accounting terms and jargon to simpler everyday layman terms while running standard accounting metrics for the business in the back end. The start-up now supports over 20 SMEs that had previously no accounting system. mHub has since established regional offices in Zambia focused on technology enterprise to develop business solutions in the Southern Africa region.

Source: UNCTAD Interview and www.mhubmw.com



giving up equity and with benefits, such as promotion, mentorship, training, etc., including, among others:

- The SEED Africa Awards from the United Nations and International Union for Conservation of Nature (IUCN),
- The Netpreneur Prize from Jack Ma,
- Innovation Prize for Africa from African Innovation Foundation,
- The Anzisha Prize from the African Leadership Academy and Mastercard Foundation,
- GSMA Innovation Fund,
- The Injini Edtech Accelerator Program,
- Google's Launchpad Africa program.

However, these opportunities are not widely known in Malawi and are considered as best suited to applicants from more advanced countries in the continent.

These programs and prizes have not sufficiently attracted start-ups to launch e-commerce businesses, and in general companies' growth and profitability remain critical. Business project leaders wishing to evolve in e-commerce and surveyed for this assessment were found to be confronted with critical barriers in structuring themselves into real businesses. On the one hand, access to financing represents a major challenge, on the other hand, the lack of business advisory and development services well-tailored to their business model is another persistent barrier. Synergies between the different players in the digital entrepreneurship ecosystem are also weak and everyone evolves in isolation. As a result, the mortality rate of e-commerce businesses is high. Malawian

e-commerce platforms frequently no longer work or businesses have resorted to social media advertising, traditional brick-and-mortar businesses and informal trade. Incubators could fill this gap by positioning themselves as actors of choice accompanying the structuring of companies, but this step forward requires an investment in upgrading market development support services and strengthening of their skills base that has not yet been able to grow. Proposals were made during in-country consultations to promote the acquisition of business know-how and market learning processes through the establishment of a "Sandbox" regime for tech developers.

Business support infrastructure also needs to keep abreast of digital economy trends and opportunities for e-commerce businesses to thrive. As the Malawian economy tries to diversify and promote value addition in line with the National Industrial Policy, business support services have been developed mainly in support of agro-processing and other manufacturing activities. Intermediary organizations such as the Small and Medium Enterprises Development Institute (SMEDI) and the Malawi Confederation of Chambers of Commerce and Industry (MCCCI) need to strengthen their internal capacities and restructure their services offer to be able to assist the private sector towards digital transformation. For this to happen, they can enter into partnerships with successful national and regional incubators and innovation centres to train personnel and establish dedicated programs to accompany business diversification initiatives in the area of e-commerce.

Box 8: Regulatory Sandboxes gaining appetite in Africa

The term 'Sandbox' mainly applies to the fintech sector and defines a framework set up by a financial sector regulator to allow small scale, live testing of innovations by private firms in a controlled environment (operating under a special exemption, allowance, or other limited, time-bound exception) under the regulator's supervision. The concept was developed in a time of rapid technological innovation in financial markets, particularly in the USA, UK and Australia, and later was extended to some Arab countries, South-East Asia and beyond. While not initially conceived to promote financial inclusion, some countries have embraced the approach for this purpose, specifically in Africa where the Bank of Sierra Leone is piloting such regime³⁴. Kenya's Capital Markets Authority announced plans last year to set up a regulatory sandbox for start-ups to join and develop their fintech products; they started accepting applications to the sandbox in June 2019³⁵. Such experiences should be carefully analysed for Malawi; this approach is one among several to stimulate innovation and financial inclusion and is the subject of a relatively new policy debate about the costs and benefits of such approach.

Source: UNCTAD

³⁴ Jenik, Ivo, and Kate Lauer. 2017. "Regulatory Sandboxes and Financial Inclusion." Working Paper. Washington, D.C.: CGAP

³⁵ <http://itbusinessdirect.com/capital-markets-authority-launches-regulatory-sandbox-for-kenyas-startups-to-develop-intech-products/>



7. ACCESS TO FINANCING

Access to financing has been identified as one of the main challenges affecting the development of a competitive e-commerce sector. MSMEs and individuals have limited access to traditional financing from banks and MFIs for business investment projects, especially in funding innovation. This situation is exacerbated by the fact that Malawian banks loans' portfolio is concentrated on a few main borrowers, including the Government, and the cost for the private sector to raise money from banks remains high by regional standards, although RBM has been lowering interest rates over the last two years. The private sector is forced to resort to personal and private funding (family and friends) or to informal financial operators. A few initiatives have been adopted by both the private sector (equity investors and some banks) and the international community, but the scale is small, and the requirements are strict and highly competitive. On top of that, uneven business skills, i.e., the lack of knowledge about how to prepare and present a business plan, compromises the chances to sustain companies' growth.

In-country consultations revealed that access to financing is a key concern for Malawian entrepreneurs wishing to enter e-commerce.

Entrepreneurs most often have to rely on their own capital or borrow from family and through personal ties, to kick-off their business. MSME financing in general is challenging in Malawi and this is particularly true when it comes to funding innovation and ICT-based businesses, since the sector lacks the type of collateral and productive assets usually demanded by the formal financial sector. These dynamics have been found in similar assessments conducted by UNCTAD in other least developed countries (LDCs).

The Government of Malawi developed a National Strategy for Financial Inclusion 2016-2020, which recognises the need to expand credit for economic growth, by targeting those MSMEs with the ability and motivation to expand their business. Considering the weight of the agriculture sector in Malawi, the strategy is very much focused on the need to expand rural finance and development of products most suited to promote commercial agriculture. The Financial Sector Development Strategy II (FSDSII) also insists on the need to strengthen and deepen the country financial system in a way that credit to the private sector increases in critical growth sectors. This strategic framework does not consider e-commerce and the digital economy as significant areas with a potential to generate growth opportunity. Although in the area of payment solutions some efforts are underway to promote digital payments, the financial sector has yet to be organized to cater to the access to financing needs of ICT-based innovation and digital entrepreneurship in Malawi. The Government of Malawi has not put in place any dedicated financial

support mechanisms to fund innovation businesses and start-ups, not to mention e-commerce focused businesses. The supply of private and donor-based funding is thin.

7.1 Financing by banks and MFIs

Access to formal financial institutions is not an option for e-commerce businesses.

Malawi is characterised by structural low levels of bank credit to the private sector. According to the IMF, this is due to a number of factors that result in bank credit to the private sector that is lower than what would be implied by the economic fundamentals of the country. Despite recent improvements, the macroeconomic environment is rather volatile due to high-inflation, insufficient structural reforms, weak infrastructure and a series of shocks, including damaging droughts and floods. Furthermore, a large financial scandal involving misuse of public funds known as "Cashgate" in 2013 has significantly affected the business environment and raised the country risk profile.

Interest rates are high by regional standards although over the last three years RBM has almost halved its reference interest rate ("bank rate") from 24 per cent to 13.5 per cent. High borrowing costs are driven by higher credit management operational cost due to lack of shared credit information on borrowers, fraud, dysfunctional land and company registries, and deficiencies in the insolvency laws and their administration. Uptake of mobile banking is slow because of poor Internet connectivity coverage and affordability, and the growth of mobile money is constrained by a concentration of agents in urban areas. The result of these demand-side factors is that



banks' loans are concentrated on a limited number of borrowers and large exposure of banks to the Government is crowding out financing for the private sector³⁶. In-country consultations also confirmed that when bank and MFI financing is granted to MSMEs, there is almost no grace period, so MSMEs have to quickly repay loans. This does not allow companies to focus on long-term business plans but rather on activities with quick returns, as a result they resume basic trading activities. The absence of a publicly funded credit guarantee scheme for MSMEs contributes to make banks and MFI financing to MSMEs a risky business for fear of non-performing loans.

The Government of Malawi and RBM have made efforts to tackle some of the hindrances to the development of the financial sector, in line with the FSDSII. Know Your Customer bank requirements benefit from the introduction of biometric ID cards since they will be mandatory for account holders, adding to the efforts already undertaken in promoting credit referencing services after the Credit Reference Bureau Act was passed in 2010. Thirty-nine new directives and regulations were issued in 2018 by the RBM to operationalise the Financial Services Act and other legal instruments of the financial sector, covering governance, transparency, and customer protection issues. Plans were further announced to establish a National Development Bank to provide long-term credit, although this seems to target specifically the agricultural sector. At the same time, much needs to be done in relation to financial literacy, attracting businesses from the informal sector and removing incentives of banks to grant short-term credit and resources for government borrowing. Start-ups and MSMEs need to strengthen their ability to develop sound business plans and strong management skills to raise their creditworthiness.

In July 2019, National Bank of Malawi launched a product targeting women entrepreneurs offering them a window to access loans without collateral to promote women entrepreneurship, along with coaching for bookkeeping. Initiatives like this one need to be given higher prominence for replication and adaptation to e-commerce businesses³⁷.

7.2 Business incubators, business accelerators and venture capitalists

Commercially focused entrepreneurship development funds are limited. Most business incubators and accelerators offer soft-skills services, but do not provide financial support. While funding for social enterprises is relatively abundant in Malawi, there are only very few financial incentive schemes for business projects funded by developing partners and foreign private equity funds.

With support from the Norwegian Embassy and the United Nations Development Programme (UNDP) and in partnership with mHub and GrowthAfrica, the Growth Accelerator Malawi is supported by financial partners such as Kweza Equity Partners, National Bank of Malawi, Accesserator and Ecobank Malawi. The **Growth Accelerator Entrepreneurship Challenge** kicked off in 2018; out of 200 applications, 11 companies enrolled in the accelerator program, covering business such as food and agro-processing, consumer products, medical, construction, energy and environmental services. It provides a 12-month business accelerator targeting selected innovative entrepreneurs across Malawi, and in all industries, selling products or services suited for low-income consumers and/or the wider community to improve their basic needs. In the first part of the program, entrepreneurs are trained on business modelling, pitching, budgeting and milestone development in order to submit a comprehensive business proposal, and finalists can enrol in Round 2 of the Growth Accelerator Program, where the selected entrepreneurs are required to contribute a minimum of 30 per cent co-financing from their own resources or from their selected financing partner/option.

The **Malawi Innovation Challenge Fund** is a US\$ 22 million initiative supported by the United Nations (UNDP and the International Fund for Agricultural Development IFAD) and bilateral partners from Germany and the UK, providing grant finance for innovative projects proposed by the private sector active in Malawi's agricultural, manufacturing and logistics sectors. While projects are mostly geared to support value addition and upgrade production and supply processes, in-country consultations confirmed that there is interest in broadening the

³⁶ IMF, Malawi. Selected Issues, IMF Country Report No. 18/116, pp. 16-26.

³⁷ <https://www.nyasatimes.com/national-bank-of-malawi-launches-women-special-loan-scheme/>



scope of interventions to fund sound initiatives aimed at developing online marketplaces or digitalization of business processes.

The presence of venture capital in Malawi is still embryonic. Accesserator is a Dutch venture capital business active in Malawi that invests by acquiring up to 40 per cent shares in sound and scalable local businesses within a five-year timeframe before exit. Accesserator is a partner of the Growth Accelerator Malawi Program, and so is GrowthAfrica, a Nairobi-based organization providing support through business acceleration, strategic advice and access to investments thanks to its wide network of investors. The Enterprise Innovation Hub is another venture capital enterprise that is injecting capital for shareholding of bankable Malawian start-ups and scalable MSMEs. Along with capital, the company provides long-term business mentorship and business management tools. It mainly focuses on the agriculture, ICT, manufacturing and services sectors. South Africa-based Business Partners inject capital for shareholding of bankable Malawian start-ups and scalable MSMEs and provide a range of financial and non-financial services. Venture capital investments are however challenged by similar constraints found by impact investors. Venture capital in general remains underdeveloped for a number of reasons, including regulatory barriers related to land ownership, strong presence of state-owned enterprises, restrictions on investment capital repatriation, foreign exchange

controls and weak regulations for foreign ownership of companies. There also seems to be a bias towards debt-instruments, as Malawian entrepreneurs do not understand equity instruments and, even when they do, are reluctant to relinquish company control to an external investor³⁸. Similarly, “angel investments” and crowdfunding do not seem to be accessible forms of financing to attract capital for e-commerce activities in Malawi.

7.3 Financing by development partners

Neither of the above-presented funding facilities and organizations have considered e-commerce businesses, nor are development partners providing support to improve access to financing in Malawi specifically targeting the challenges of e-commerce MSMEs. The World Bank, through a range of programs and partners, is active in tackling issues related to trade policy and facilitation, entrepreneurship and MSME development, financial inclusion and digital financial services. Other program partners include United Nations organizations such as UNDP and UNCDF, the Enhanced Integrated Framework, bilateral partners such as the UK (DFID, Commonwealth Secretariat, British Council), Norway, Germany (GIZ, KfW) and the EU through a range of national and regional programs. All of these partners provide direct or indirect support that can benefit the overall development of an e-commerce ecosystem in the country.

³⁸ Global Impact Investing Network (GIIN), “The Landscape for Impact Investing in Southern Africa/Malawi”, February 2016.



CONCLUSION

Current efforts by the Government of Malawi to support the development of the digital economy need to be amplified and sustained in the long term to foster Malawi's economic development. Stakeholders met during in-country consultations shared their hope that the present assessment can stimulate relevant actions by the Government of Malawi. Several challenges highlighted in the report need to be addressed to establish the necessary framework and shift the use of e-commerce and the digital economy towards the country's economic and social development.

Ensuring reliable and affordable infrastructure, setting up a proper national addressing system, providing access to secured digital payment solutions, building consumers' awareness and protection, developing skills and value added services for business growth, and providing access to diverse funding options for innovative MSMEs have all been highlighted as priority concerns in this report, reflecting broad stakeholders' views. The government should ensure that an overarching e-commerce policy and strategy is drafted, adopted and implemented. As highlighted by stakeholders during the Report Validation Workshop in December 2019, the development of national e-commerce platforms should take into account local languages and content and the promotion of local products need to avoid that Malawi turns into a consumers' market of multinational ecommerce platforms only. In addition, it has to be ensured that Malawi's agenda moves in line with strategies being pursued by regional economic blocks the country is party to, COMESA and SADC, as well as in the context of the AfCFTA if e-commerce is included as one of item to be negotiated under Phase II.

Malawi has a wealth of experience in public-private sector communication platforms in the area of trade and export development (e.g. the trade sector-wide approach known as TIPSWAP) and most recently on trade facilitation (NTFC). The country would gain from organizing sector development through a multistakeholder dialogue for policy coordination and implementation to address the different obstacles to e-commerce faced by the Malawians. The success of a handful of digital-born companies, and more or less successful attempts to establish locally grown marketplaces, suggest that there is a need to bring coherence in the efforts and initiatives underway. Priority should now be devoted to demonstrating that the ecosystem as a whole can be developed along with its growing individual components.

Overall, the role of international development partners will be crucial to facilitate the aforementioned goals. Malawi will also require significant and sustained technical and financial support to ensure that e-commerce is firmly integrated in private sector and trade development initiatives. The policy recommendations contained in this report are aimed at addressing key barriers identified during the assessment process, and all stakeholders - the Government, the private sector, donor agencies, development partners and international organizations - should work together to implement the stated recommendations.



THE WAY FORWARD: ACTION MATRIX

| E-COMMERCE READINESS ASSESSMENT AND STRATEGY FORMULATION | | | |
|---|---|----------------|--|
| Indicative action | Expected outputs | Priority Level | Potential support by |
| Draft and approve a national policy for the digital economy and implement strategy for e-commerce, building on an inclusive public and private sector dialogue for the preparation of the strategy. This should be championed at the highest national political level, cross-ministerial and not left as an isolated initiative of one Ministry, mainstreamed into the MGDS III implementation structures. | E-commerce is recognized as a vehicle for economic growth. A national policy is drafted and adopted, and a plan for the development of e-commerce, reflecting the needs and opportunities of each sector is developed and approved. | High | Office of the President and Cabinet (OPC), MICT, MoIT, UNCTAD, WB, EIF |
| Clarify GoM e-commerce policy attributions and identify “champions” across the Government departments in charge of ensuring that e-commerce is adequately mainstreamed and integrated across the policy spectrum under a lead Ministry. | E-commerce-related needs are adequately addressed, and the e-commerce policy is rolled out throughout government development actions. | High | OPC, MICT, MoIT and other key GoM entities, WB |
| Strengthen the capacities of main lobbying organizations and support women and youth business organizations to mainstream digital economy in their activities. Put in place a stable multi-stakeholder dialogue covering e-commerce, integrating the experience and recommendations of the private sector into the policymaking process. This could be linked to or initiated through the NTFC. | Improved and more inclusive policy decision-making process and stronger coordination between different stakeholders working on e-commerce. | High | MoIT, MITC, Ministry of Finance/Planning, RBM, MCCCI, ICTAM, CAMA, EIF |
| Launch a public communication campaign to build public trust about “going digital” and sensitise Malawians about the benefits of e-commerce, how it works and what are the main foundations for safe transactions (consumer protection rights, secured e-payments, delivery options). | The general public is better informed about the opportunities and risks of different types of e-commerce transactions and new formal e-commerce businesses are created. | High | MoIT, Malawi Broadcasting Corporation (MBC), MACRA, MPC, ICTAM, CAMA, UNDP, EIF |
| Expand the capacity (human and technical) of the National Statistical Office (NSO) and MACRA to compile and measure ICT-related and other sets of relevant indicators, possibly gender-disaggregated (platform uses, on-line transactions, trade in goods and services occurring through e-commerce, sales values B2B, B2C and G2B, etc.). This could lead to the establishment of a dedicated Observatory. | Better reporting on the sector, and thus a better appreciation of the challenges faced by e-commerce operators is obtained, improving the decision-making process. | High | NSO, MACRA, MRA, MoIT, MICT, UNCTAD, WB, EIF |
| In the context of the recently initiated WTO negotiations over an E-commerce Agreement and initiatives led by regional organizations (COMESA, SADC, AUC), implement a training programme for negotiators and GoM resource persons on e-commerce-related matters. | Increased ability to defend their positions and interest in the international fora, as well as forge coalitions. | Medium | MoIT, MITC, MACRA, Ministry of Foreign Affairs, ITC, UNCTAD, UNECA, EU, EIF, WTO, COMESA, SADC |



| E-COMMERCE READINESS ASSESSMENT AND STRATEGY FORMULATION | | | |
|--|---|----------------|---|
| Indicative action | Expected outputs | Priority Level | Potential support by |
| Update the National Trade Policy and National Export Strategy so that they reflect the international trade dimension of e-commerce and promotion opportunities for ICT-enabled services and e-commerce business in Malawi. | Malawi's ICT-enabled services and e-commerce business are better equipped to access regional and international markets. | Medium | MoIT, MITC, MCCCI, SMEDI, ICTAM, Commonwealth Secretariat, EIF, ITC |

| ICT INFRASTRUCTURE AND SERVICES | | | |
|--|--|----------------|---|
| Indicative action | Expected outputs | Priority Level | Potential support by |
| Promote the accessibility of fast, reliable and affordable mobile broadband services (3G/4G) to the wider population by expanding the country's infrastructure in rural areas to cover the entire territory, possibly via PPP avenues to tackle infrastructural ICT shortcomings in both mobile and landline Internet access, with a view to attracting investment in the physical connectivity and ICT service offerings. | Rural areas are properly covered by 3G/4G network and fibre Internet access. Improved ownership and accountability in the implementation of the identified projects. | High | MICT, USF, MACRA, PPP, WB |
| Enact and carefully monitor the implementation of 18 recently developed telecoms regulations, with the objective of creating a more competitive and transparent market environment for telcos and ICT service providers and review the overall taxation framework affecting ICT development and e-commerce ecosystem. | Increased competition drawn by an increasing number of operators. Increased affordability of services. | High | MICT, MACRA, MRA, MoF, WB |
| Monitor and evaluate the role of the USF and its investment plans, analysing the challenges that it has been facing and, if appropriate, strengthen its mandate and capacities. | Improved efficiency in the delivery of the services. Increased capacity of the Fund, leading to more accessible ICT-related services. | High | MACRA, USF, ITU |
| Enforce QoS obligations and update MACRA's survey tools and practices. Timely dissemination of results of QoS and adoption enforcement measures vis-à-vis telco operators and ISPs. | Performance of Internet networks is improved, and corrective actions are promptly put in place to restore ICT users' confidence. | High | MACRA, ICTAM, CAMA, ITU, WB |
| Adopt the Digital Government Strategy to expand the automation of e-government services, establish a centralised e-government portal and ensure that there is an implementation plan for each GoM institution involved. | Improved governmental procedures, improved business environment. | High | MICT, GoM line ministries and agencies, WB, UNDP |
| Establish a Directory/Registry of e-commerce companies for statistical and monitoring purposes (See also below "Legal Framework" section). This might lead to developing quality standards agreed by private sector and civil society associations to further enhance consumers' trust. | E-commerce businesses are formally recognised by the public at large and trust is built vis-à-vis Malawian e-commerce platforms. | Medium | MACRA, ICTAM, CAMA, Malawi Bureau of Standards, UNIDO |



| TRADE LOGISTICS AND TRADE FACILITATION | | | |
|---|---|----------------|--|
| Indicative action | Expected outputs | Priority Level | Potential support by: |
| Rehabilitate major transport infrastructures, with particular focus on building functional inter-modal platforms and foster a more competitive and better performing air transport market with associated air cargo handling and logistics services suitable for e-commerce. | The time and cost of moving goods decreases, e-commerce businesses have access to diversified routes and shipping solutions. | High | MTPW, MoIT, WB, AfDB, bilateral donors (EU, Japan, China) |
| Carry out a Postal Digital Readiness for E-commerce (DRE) review and action plan for MPC. | Increased postal “digital readiness” of Posts for seamless cross-border e-commerce. | High | MICT, MoIT, MACRA, MPC, UPU |
| Strengthen the operational capability of MPC to support e-commerce and ensure operational efficiency of the postal network to facilitate e-commerce transactions using the UPU Operational Readiness for E-commerce (ORE methodology), followed by a plan to modernise the e-commerce logistics sector. | Strategic positioning of the post, postal technology and supply chain improvements, improvement in the operational efficiency of the post, and the sustainable development of the postal and e-commerce logistics sectors. | High | MPC, MACRA, UPU |
| Accelerate the implementation of ongoing postal addressing project, that includes implementing a postal addressing system at national level in accordance with the international addressing standard S42 including postal address components and country-specific address templates. | Improved business environment for e-commerce operators. | High | MACRA, MoF, MPC, UPU |
| Implement the National Trade Facilitation Action Plan and prioritise the establishment of the National Single Window, with a built-in e-payment platform and exchange of information between different customs operators and other government agencies such as MPC through interconnected ICT systems (e.g., integration of ASYCUDA++ and CDS). | More efficient and transparent trade environment, with streamlined procedures for import, export and transit. Reducing trade frictions and red tape will help to improve MSME access to paperless trade. | High | MoIT, MoF, MRA/ Customs, MPC, Global Alliance for Trade Facilitation, WB, EIF, UPU, UNCTAD |
| Expedite implementation of the TFA, requesting the Technical Assistance necessary to implement the identified Category C provisions. | Increased support and acceleration of the implementation of the TFA obligations by posts, customs, and other trade agencies (including pre-arrival processing (TFA article 7.1), advance rulings (TFA article 3) and acceptance of copies (TFA article 10.2) for e-commerce via MPC). Significant reduction in cost of trade logistics; improved country competitiveness and enhanced e-commerce environment. | High | MoIT, MRA/Customs, MoF, MPC, UNCTAD, WB, EIF, ITC, UPU |
| Consider establishing a de minimis import value for tradable goods, since the majority of e-commerce parcels are of small value and carry out an impact assessment of the estimated effect it would have on revenue and/ or competition. | Enhanced e-commerce environment, and improvement of the overall trading environment. | Medium | MRA/Customs, MoF, MoIT, World Customs Organization |



| PAYMENT SOLUTIONS | | | |
|---|--|----------------|---|
| Indicative action | Expected outputs | Priority Level | Potential support by: |
| Fully implement the GoM Payments Roadmap, with particular focus on platforms to enable tax and other duties for public finance collection, as well as regulation requiring business to have at least one electronic merchant payment option. | Increased use of digital payments and improved revenue collection. | High | MoF, MRA, RBM, UNCDF, WB |
| Increase security mechanisms for current electronic payment solutions (USSD, e-banking, credit cards, APIs, mobile money etc.), by reviewing technical and regulatory barriers and setting up incentive schemes to adopt up-to-date security protocols and standards by e-payments service providers. | Security is increased for e-payments transactions; recourse to cash-based transactions is reduced for e-commerce sales. | High | MoF, RBM, MACRA, ICTAM, BAM, Better Than Cash Alliance, WB |
| Reduce entry barriers (technical, financial, regulatory) discouraging third-party financial service providers and start-ups to develop and customise APIs, and train fintech on interoperability business models. | Number of APIs and interoperable payments systems have increased, and they are accessible to e-commerce marketplaces platforms. | High | MoF, RBM, MACRA, ICTAM, BAM, telcos, UNCDF, WB |
| Increase the density of agents and financial services outlets by providing access to DFS particularly in rural areas, encouraging partnerships between banks, MFIs, mobile money. Consider expanding the MPC mandate into providing broader financial services based on its extensive network, using the UPU Postal Payment Readiness for E-commerce (PRE) methodology. | The number of rural access points increases. The possibility for the MPC to improve and expand its financial services offering, with a particular focus on the adoption of the latest technologies, is assessed. | High | Malawi Microfinance Network, BAM, MPC, RBM, UNCDF, UPU |
| Carry out dedicated training across MSMEs through the different chambers of commerce and associations, aiming to increase their confidence regarding electronic and mobile payment tools. | Improved perception of the value of e-payments, increased confidence and use of e-payments solutions. | Medium | MCCCI, SMEDI, UNCDF |
| Carry out nationwide campaigns raising awareness and sensitising the population about the existing tools regarding digital payment solutions and their benefits. | Increased demand for financial and payment services through digitalization. | Medium | Malawi Broadcast Corporation, MICT, MoF, UNCDF, philanthropic organizations |

| LEGAL AND REGULATORY FRAMEWORK | | | |
|--|---|----------------|--|
| Indicative action | Expected outputs | Priority Level | Potential support by: |
| Carry out a legal and regulatory gap analysis in order to assess needs to update and/or upgrade e-commerce related bills and laws, particularly implementing regulation of the Electronic Transactions and Cyber Security Act, 2016, e.g., in areas such as e-commerce terms and conditions, consumer protection for e-transactions. | The legal framework is in line with international best practices and the e-commerce business environment is improved. | High | MICT, MACRA, Ministry of Justice, Parliament, UNCITRAL, UNCTAD, WB |



| LEGAL AND REGULATORY FRAMEWORK | | | |
|---|--|----------------|--|
| Indicative action | Expected outputs | Priority Level | Potential support by: |
| Build the capacity of policymakers and legislators, including the judiciary, to elaborate, implement and enforce rules and regulations in relation to digital economy, and in particular e-commerce, especially in those areas that are being discussed in regional, continental and multilateral fora. | Legislators and judiciary are better equipped to regulate and enforce regulations aimed at fostering an enabling legal environment in the area of e-commerce. | High | Ministry of Justice, MICT, Parliament, National Police, MACRA, UNCTAD, UNCITRAL, UNECA |
| Carry out focused information sessions and large-scale awareness-raising campaigns (radio, TV) about the provisions of the existing legal framework. Stimulate public-private dialogue on new issues and global trends in the digital economy, starting from the linkages between IPRs and e-commerce in the context of the recently adopted National Intellectual Property Policy. | The private sector and general public at large are aware of the rights and obligations when transacting online. Knowledge of the multifaceted aspects of e-commerce is better grasped and the need to regulate in new areas and adhere to laws are accepted. | High | MICT, Ministry of Justice, MACRA, MCCI, MBC, ICTAM, CAMA, COSOMA, UNCTAD, WB |
| Access the UNCITRAL Convention on E-Communications in International Contracts, to provide a baseline legal framework for international e-commerce. | Trust of international e-commerce increases because of clear basic principles are incorporated into laws. | High | MICT, Ministry of Justice, MACRA, UNCITRAL |
| Implement the CERT and develop the institutional infrastructure to enable escalation of the cybersecurity incidents of criminal nature to the law enforcement (for investigation and possible prosecution). | Number of cyber accidents and crimes decreases. Improved e-commerce business environment and trust in e-commerce expanded. | High | MICT, MACRA, ITU, WB |
| Improve the legal framework applicable to personal data protection by developing a specific legal instrument and set up a data protection agency. Consider including provisions for personal data protection in international transactions and assess the opportunity to adhere to Convention 108 of the Council of Europe and/or the "Malabo Convention" on Cyber Security and Personal Data Protection. | A clear framework for personal data protection and cross-border data flows is in place. A Data Protection Authority is established and functioning. Reduction in undesired exchange and manipulation of personal data. | High | OPC, Parliament, Ministry of Justice, MICT, MACRA, UNCTAD, SADC, WB |
| In the absence of the envisaged Consumer Protection Council, strengthen the consumers' protection regime for electronic transactions by setting up a supervisory and complaints management mechanism, hosted by the telecom regulator. | Consumers have access to a facility to register complaints and receive assistance in managing disputes with e-commerce businesses. | High | MICT, MACRA, UNCTAD |
| Establish a Directory/Registry to list entities that are providing services falling under the e-commerce section of the Electronic Transactions Act, as this might help in fostering compliance and sensitising businesses and customers about its provisions. | Formal e-commerce businesses are known by the regulator and the general public, and they are aware of the legal provisions with which to comply. | Medium | MACRA, Business Registrar |
| Increase the range of available information about setting up a business and consider revising taxation that negatively affects the overall business environment. | Improved business transparency. Informal sector reduced. | Medium | MoT, MCCI, SMEDI, WB |



| E-COMMERCE SKILLS DEVELOPMENT | | | |
|---|---|----------------|--|
| Indicative action | Expected outputs | Priority Level | Potential support by: |
| Improve digital literacy through a digital alphabetisation and awareness campaign with widespread ICT training and provision of computers, tablets and IT tools at schools. | Malawians are familiar with the use of modern technologies. Pupils and students have access to Internet and ICT facilities to support learning and skills development. | High | MICT, USF, MEST, Dept. of Energy Affairs, AfDB, UNICEF |
| Assess the existing ICT-related and business management skills gap, upgrading the secondary and tertiary education providers' curriculum in line with e-commerce industry's needs. In this context, establish a dialogue between the private sector and the education providers to keep the curricula up to date. | ICT-related and business tracks' curricula gain popularity among youth and are aligned with industry's needs. | High | MEST, ICTAM, MCCI, UNESCO |
| In partnership with incubators and innovation centres, develop the capacity of TEVET providers and intermediary organizations to provide a wide range of business and management skills for e-commerce entrepreneurs, covering areas such as: researching product and market opportunities, creating and managing online inventory, integrating online payment solutions, proposing logistics options, handling customer orders and service, etc. | Capacity of enterprises to create value added products and services. New markets identified and business opportunities increased. | High | TEVET Authority, MCCI, SMEDI, MITC, ICTAM, mHub, ITC |
| Increase support (technical and financial) to innovation hubs, incubators and other institutes to expand the range and quality of services provided, particularly focusing on young and women entrepreneurs. | Malawian technologically advanced businesses become more professional, being able to operate in an efficient and sustainable way. | High | MEST, MoF, local incubators and accelerators, MITC, UNIDO, UNDP, ITC |
| Assess the feasibility of establishing a Sandbox for tech developers and define the regulatory principles most adapted to the Malawian context. | Strength and weaknesses of a Sandbox regime are assessed and a potential roadmap for implementation is outlined to be considered by policymakers. | High | MICT, RBM, MACRA, WB/IFC |
| Establish linkages with future Special Economic Zone and other trade and investment promotion initiatives geared to connect local technologically advanced MSMEs and start-ups with big corporations, domestic and internationally, to encourage transfer of knowledge. | Capabilities of MSMEs increased, being able to provide further Value Added due to the acquired know-how. Technologically advanced MSMEs are better connected to regional and international markets. | Medium | MITC, SMEDI, MCCI, UNIDO, WB, ITC |



| ACCESS TO FINANCING | | | |
|--|---|----------------|---|
| Indicative action | Expected outputs | Priority Level | Potential support by: |
| Raise the visibility of ICT and digital economy development as a critical sector for economic growth and diversification in the Financial Sector Development Strategy II. Establish a public financial support scheme for start-ups and MSMEs accessible to e-commerce businesses, in the form of matching grants, subsidised loans or public guarantee scheme. | Access to financing for innovation businesses is recognised by the GoM as a priority area for public support. Lower cost of funds and more accessible financing opportunities for e-commerce MSMEs. | High | MoF, OPC, RBM, WB/ IFC |
| Capacity-building for MSMEs, especially youth and women businesses, enabling them to develop business proposals and plans that meet the banks' requirements, enabling them to access financing. | Capacity of enterprises to create business opportunities increased, and jobs are created. | High | BAM, MCCCCI, ITC |
| Undertake an assessment to identify solutions and actions to attract alternative forms of financing (venture capital, business angels, crowdfunding, start-up competitions) to fund innovative businesses and e-commerce platforms. | Funding mechanism alternatives to banks are increasingly made available to Malawian private sector companies wishing to enter and/or grow in the e-commerce business. | High | MCCCCI, mHub, WB/IFC |
| Expand knowledge of existing programs, such as incubators, business accelerators and venture capitalists, prizes and competitions, both locally and internationally, that are able to provide access to financing among MSMEs, through business associations and targeted information campaigns. Enable rural areas to meet start-ups, entrepreneurs, and potential investors by expanding the outreach of ongoing initiatives (Pitch Night, Startup Grind). | Increased awareness of non-traditional types of financing. Access to financing increased. | Medium | MoF, RBM, MCCCCI, mHub and other incubators/ accelerators, ICTAM, UNCDF, WB |
| Sensitise commercial banks and other financial institutions to the characteristics and needs of e-commerce businesses, particularly looking at more adequate criteria to assess their profitability and creditworthiness. | Banks adapt their products to the e-commerce reality. Access to financing increased. | Medium | MoF, RBM, BAM, mHub, WB |



Annex I: Malawi country profile on etradeforall.org



COUNTRY PROFILE: MALAWI

Contact: info@etradeforall.org

GENERAL INFORMATION - 2017

| | | |
|---------------------------------------|---|---|
| Population 18.6 Millions | GDP 6 339 Millions current US\$ | Merchandise trade 3 377 Millions current US\$ |
| Internet users 2.6 Millions | GDP growth 5.1 % | Land area 94 280 km ² |

Source: UNCTAD and ITU (complete URL addresses in the General Notes)

E-COMMERCE ASSESSMENT - 2016-18

| | | |
|---|---|---|
| Rank in UNCTAD B2C E-commerce Index 134/151 | Rank in ITU ICT Development Index 167/176 | Rank in WEF Networked Readiness Index 132/139 |
|---|---|---|

Source: UNCTAD, ITU and WEF (complete URL address in the General Notes) Note: 1 = Best

ICT INFRASTRUCTURE AND SERVICES - 2017

Per 100 inhabitants

Internet users, 13.8

Fixed broadband subscriptions, 0.1

Active mobile broadband subscriptions, 25.5

Fixed broadband Internet tariffs, PPP \$/month

Highest tariff: 277.8

Tariffs in 50% of eco. are below this value: 34.2

Lowest tariff: 6.8

MALAWI, 24.1

Source: ITU (complete URL address in the General Notes)

PAYMENTS - 2014-17

| | | | |
|--|--------------|--------------|-------------|
| Debit card used in the past year | MALAWI, 1.6 | AFRICA, 7.9 | WORLD, 30.6 |
| Credit card used in the past year | MALAWI, #N/A | AFRICA, 10.3 | WORLD, 27.7 |
| Mobile phone or the internet used to access a financial institution account in the past year | MALAWI, 6.4 | AFRICA, 7.0 | WORLD, 21.6 |

Per 100 inhabitants

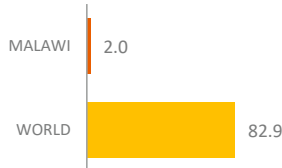
Source: World Bank (complete URL address in the General Notes)



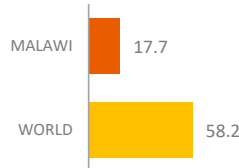
COUNTRY PROFILE: MALAWI

 TRADE LOGISTICS - 2013-18

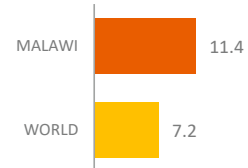
Percent of population having mail delivered at home



Postal reliability index (0 to 100, 100 = Best)

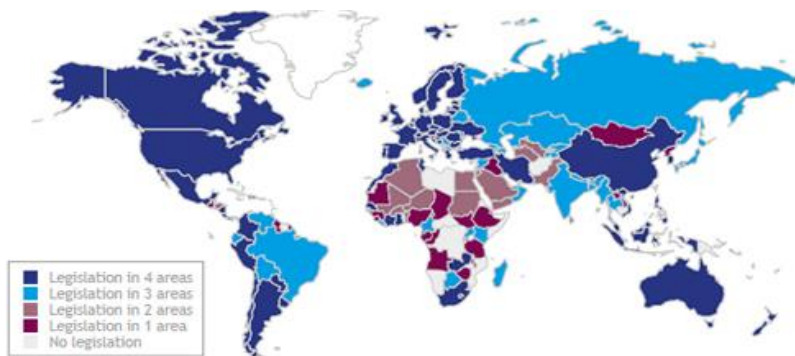


Days to clear direct exports through customs



Source: UPU and World Bank (complete URL addresses in the General Notes)

 LEGAL AND REGULATORY FRAMEWORKS - 2019

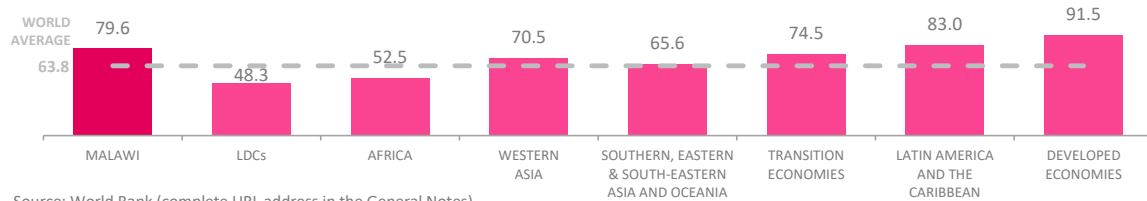


MALAWI
 Electronic Transactions: Legislation
 Consumer Protection: Legislation
 Privacy and data protection: Legislation
 Cybercrime: Legislation
 Source: UNCTAD

For more information see: http://unctad.org/en/Pages/DTL/STI_and_ICTs/ICT4D-Legislation/eCom-Global-Legislation.aspx

 SKILLS DEVELOPMENT - 2013-17

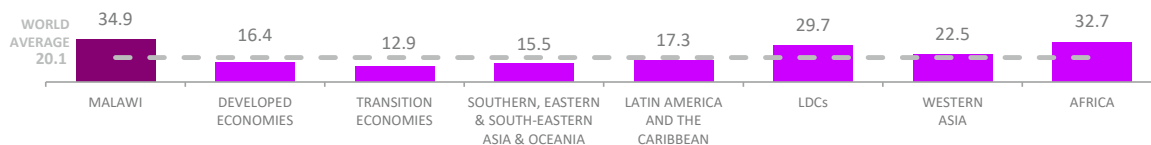
Percentage of firms using e-mail to interact with clients/suppliers



Source: World Bank (complete URL address in the General Notes)

 FINANCING FOR eCOMMERCE - 2013-17

Percentage of firms identifying access to finance as a major constraint



Source: World Bank (complete URL address in the General Notes)



Annex II: Bibliography and websites used

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Websites

- Regional organizations: www.comesa.int , www.sadc.int, www.au.int
- Websites of public, private sectors and civil society mentioned in the report
- International organizations websites: www.etradeforall.org, www.unctad.org, www.itu.int, www.wto.org, www.upu.int, www.worldbank.org, www.imf.org, www.tfadatabase.org
- Local press (referenced in footnotes and sources)



Annex III: List of UNCTAD Rapid eTrade Readiness Assessments of LDCs

- Kiribati: Rapid eTrade Readiness Assessment (October 2019).
- Tuvalu: Rapid eTrade Readiness Assessment (October 2019).
- Lesotho: Rapid eTrade Readiness Assessment (March 2019).
- Bangladesh: Rapid eTrade Readiness Assessment (March 2019).
- Islamic Republic of Afghanistan: Rapid eTrade Readiness Assessment (March 2019).
- Madagascar: Évaluation rapide de l'état de préparation au commerce électronique (January 2019).
- Zambia: Rapid eTrade Readiness Assessment (December 2018).
- Uganda: Rapid eTrade Readiness Assessment (December 2018).
- Burkina Faso: Évaluation rapide de l'état de préparation au commerce électronique (September 2018).
- République du Togo: Évaluation rapide de l'état de préparation au commerce électronique (September 2018).
- Solomon Islands: Rapid eTrade Readiness Assessment (July 2018).
- Republic of Vanuatu: Rapid eTrade Readiness Assessment (July 2018).
- République du Sénégal: Évaluation rapide de l'état de préparation au commerce électronique (July 2018).
- Lao People's Democratic Republic: Rapid eTrade Readiness Assessment (April 2018).
- Liberia: Rapid eTrade Readiness Assessment (April 2018).
- Myanmar: Rapid eTrade Readiness Assessment (April 2018).
- 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).

And: <http://unctad.org/en/Pages/Publications/E-Trade-Readiness-Assessment.aspx>

