

UNCTAD Rapid eTrade Readiness Assessments of Least Developed Countries: Policy Impact and Way Forward



Preface

The digitalization of economic activities is a reality in today's world economy. All countries face, though at different levels, challenges to adapt to this fast-evolving technological environment and adopt smart, forward-looking policies to fully participate in e-commerce, moving from offline to online commerce (O2O). Discussions related to e-commerce development are ongoing at the national, regional and international levels, without clear understanding of policies that should be devised to regulate its expansion and make sure that digital inequalities do not increase.

Yet, there is a growing interest from developing countries—especially from Least Developed Countries (LDCs)—to assess their readiness to engage in e-commerce. The **UNCTAD Programme on Rapid eTrade Readiness Assessment (also known as eT Ready)** has been designed to respond to this need and provide a thorough overview of the current e-commerce situation in the countries. The Assessments serve as tools to identify opportunities, barriers and recommend conducive/supportive policy measures. In the past two years, 30 of 47 LDCs have expressed interest in assessing their e-commerce ecosystem. Seventeen Rapid eTrade Readiness Assessments have already been completed, with another eight underway. UNCTAD has received several requests from non-LDC countries where there is a strong interest in gauging what governments can do to support a sector of growing importance.

The **17 Assessments** show that the LDCs are inadequately prepared to capture the many opportunities emerging as a result of digitalization. Given the cross-cutting nature of e-commerce, better synergies and cooperation between development partners and governments are needed to accompany the implementation of the recommendations contained in the assessments.

It is my wish that the Stock-taking Workshop on lessons learned and best practices for the conduct and implementation of the rapid eTrade Readiness Assessments, held during the UNCTAD eCommerce Week 2019, will propose concrete actions - blueprints for governments and development partners - to achieve these goals.

This note presents the **results of a stock-taking survey carried out online during February-March 2019** to reflect on lessons learned and best practices in beneficiary countries. It highlights the **main policy impacts of the Assessments in beneficiary countries** to date and proposes avenues for the way forward.

A summary of key findings and recommendations found in the 17 Assessments carried out so far is also provided.

I would like to thank the governments of **Germany, Sweden, Australia** as well as the **Enhanced Integrated Framework (EIF) and the Islamic Trade Finance Corporation (ITFC)**, which are currently promoting the digital development of developing countries, especially LDCs, by supporting UNCTAD's eT Ready Programme.

I also wish to acknowledge **eTrade for all partners** who are contributing to enrich the content of the assessments. The eT Ready Programme is part of the **eTrade for all initiative (etradeforall.org)**, which offers an online space to learn about e-commerce related capacity-building programmes offered by the 30 development partners members of the initiative. Connecting the dots is UNCTAD's value-added contribution to the quest for a truly global inclusive trade.

Shamika N. Sirimanne
Director, Division on Technology and Logistics

I. Lessons learned from the stock-taking survey

In preparation for the stock-taking workshop, UNCTAD carried out a survey¹ of the focal points from countries that benefited from an Assessment. Responses were received from **16 countries – Bangladesh, Bhutan, Burkina Faso, Cambodia, Kiribati, Lao People’s Democratic Republic, Lesotho, Madagascar, Myanmar, Nepal, Senegal, Solomon Islands, Togo, Uganda, Vanuatu, and Zambia.**

The objective of the online survey was to identify the issues that countries have experienced and the good practices they have developed with regard to the preparation and implementation of the eT Readies. This will help UNCTAD and development partners identify areas for improvement at different stages of the Assessments, including the methodology, outreach to stakeholders and implementation of recommendations to make the eTrade Readiness Assessments an increasingly useful tool for development.

Summary of lessons learned

Preparation phase of the eT Readies

- 90 per cent of respondents recognized that the Assessments have catalysed a public and private dialogue on e-commerce – often for the first time.
- 50 per cent of respondents stated that stakeholders’ mobilization for the online survey has been difficult while 85 per cent have found it easy to mobilize them for their participation in the focus group discussions (FGD).

Launch of the eT Readies

Seven countries have not yet organized a launch event to present the results of their assessment and are planning to do so in 2019. Twelve respondents said that the Assessment was shared with other relevant Ministries/Institutions and six have discussed the division of labour for implementation of the eTrade Readiness action matrix with other Ministries/Institutions.

Implementation of the eT Readies

Seven respondents have contacted development partners (eTrade4a partners and donors) to request assistance in the implementation of specific measures recommended in the Assessment.

Suggestions received by governments of LDCs in support of the eT Readies

On the preparation phase and stakeholders’ mobilization

- Extend the duration of the study to allow for more consultations with relevant stakeholders, as well as bilateral and follow-up meetings.
- Bring together all key actors (including the private sector) and involve more donors and partners in this preparatory phase.
- Better structure the meetings: e.g., organizing more group work/FGD according to individual expertise, followed by plenaries to discuss the outcomes of the group work. This can be more cost-effective and reduce the number of consultations.
- Organize a preliminary meeting with the focal point designated by the Ministry in charge of the eT Ready to discuss the preparatory phase and the expected/required information (both from public and private sector). Well-documented briefings might help sensitize and promote interaction between relevant stakeholders during this preparatory phase.

On the launch of the eT Readies

- Ensure coverage by local and national media (radio, TV, press conference or article, newspapers) of the process and results of the assessment, as well as presentation and advocacy at regional conferences.
- Share the results with key ministries and all actors involved in the process through regular and effective private/public dialogue.

- Organize an official launch convened by the minister mandated to lead the assessment and make it an official agenda with and for every relevant stakeholder.
- Ensure endorsement, ownership and institutional coordination of the process by the mandated Ministry. This would make it easier to consult with high-level committees, concerned agencies and private actors.

On the implementation of the recommendations

- Mainstream e-commerce in national development plans and develop a sectoral strategy to accelerate e-commerce development and chart the future course.
- Set up an e-commerce Secretariat to coordinate all related activities and facilitate communication with donors/partners.
- Ownership and accountability of the lead ministry are vital to ensure sustainability of the project.
- Make affordable and effective technology access available to all relevant actors.
- Facilitate multi-stakeholders' dialogue and organize a round table to identify and align e-commerce activities with donors' priorities (i.e., enhance synergies and optimize resources).
- Establish a monitoring mechanism to track implementation progress (this will also strengthen accountability).
- Translate eT Ready recommendations into actionable project proposals that can spur effective changes at both national and regional levels.

Overall suggestions to donors and partners:

To UNCTAD:

- Collectively organize donors' support in cooperation with LDC countries.
- Provide training to the national focal point prior to the fact-finding mission.
- Carry out more bilateral discussions with relevant stakeholders to gain a better understanding of the e-commerce ecosystem and follow-up progress once the assessment is finalized. Consider political dynamics and meet with/gain support from central ministries to lead progress.

To future beneficiary countries:

- Set up a steering committee and an effective monitoring mechanism to follow up on progress.
- Mainstream policy recommendations into national and sectoral development strategies for effective implementation.
- Link eT Readiness Assessments with resource mobilization in e-commerce-related sectors.
- Gain Prime Minister Office (or Cabinet Level) endorsement with a clearly-defined agenda, and keep stakeholders regularly informed of progress and obstacles.
- Ensure full engagement and participation of all relevant actors throughout the Assessment and implementation process (monthly short progress reports from technical working groups could facilitate the enhancement of decision-making and private sector involvement in e-commerce development agenda).
- Provide budget to implement the recommendations, not wait for donors' support.

To donors/partners:

- Include e-commerce and the digital economy in their priority support programs: globally and at national level.
- Encourage partnership between two or more donors when providing assistance.
- Focus on the development priorities of the country and map out existing programmes and potential support on eT Ready action matrix.
- Provide continued support (both technical and financial) for:
 1. the development of a national e-commerce strategy;
 2. translating policy recommendations into actionable project proposals and resource mobilization;
 3. the policy implementation phase;
 4. building operational capacities in e-commerce and related areas;
 5. policy impact evaluations;
 6. resource mobilization for policy implementation;
 7. the development of an e-commerce legal framework;
 8. overall capacity-building and knowledge expansion about e-commerce best practices in a global and regional setting.

II. Rapid eTrade Readiness Assessment best practices areas

Overall, a set of best practices shared by eT Ready focal points is presented below.



Leadership and intergovernmental coordination

Best practice: Identify e-commerce high-level champions in Ministries/Institutions with the objective of creating a dedicated focus team. Find a “home” for the Assessment in a lead ministry, generally trade or commerce ministries.

Best practice: Form a national Task Force or Committee on e-commerce with a lead agency and assign responsibilities.

In most countries, governments have demonstrated leadership and ownership of the process, generally reflected in good intergovernmental coordination. In **Togo**, for instance, the report was prepared by consulting regularly with stakeholders - including the private sector, which provided inputs to the report.

In **Uganda**, further to the Assessment, a National Committee led by the Ministry of Trade, Industry and Cooperatives, including private sector actors, has been put in place to facilitate communication across ministries and the private sector and coordinate all national e-commerce activities. The focal point has been using a free messaging app to connect with the different stakeholders identified through the Assessment to ensure proper institutional coordination, adequate mobilization, planning and budgeting.

In **Kiribati** and **Vanuatu**, the Ministry responsible for Commerce and Trade activities has been mandated to lead the implementation of the eT Ready action matrix and to mainstream the policy recommendations in a national e-commerce strategy.

In **Malawi**, the Ministry of Industry, Trade and Tourism decided to organize a sensitization workshop prior to the distribution of the questionnaires at the initial stage of the eT Ready, to increase the level of responses and understanding of e-commerce.



Mainstreaming the recommendations of the eT Ready in National Development Strategy

Best practice: Engage e-commerce dialogue with stakeholders at the national, regional and international levels.

The Ministry of Commerce of the Royal Government of **Cambodia** has mapped the recommendations of the eTrade Readiness Assessment and has interacted with development partners to align some of the action matrix activities with the respective donor’s programme. The country has also updated the results of the UNCTAD Assessment in a dedicated chapter on e-commerce in the Cambodia Trade Integration Strategy (CTIS) 2019-2023 – in order to mainstream results and progress made since the launch of the report and accompany the implementation of the eT Ready recommendations.



Advocacy

Best practice: Engage in a stakeholder-wide conversation about e-commerce in a national, regional and international setting.

Madagascar has presented the results of the eTrade Assessment at a number of international conferences – including the WTO workshop on e-commerce and the World Tourism Day - to raise awareness and advocate the need for more cooperation in this area.

During UNCTAD’s inception mission, **Togo**, through the Ministry of Commerce, invited all national media and organized a press conference to promote the eTrade Readiness initiative and ensure a wider national coverage.



Public-Private Dialogue

Best practice: Engage the private sector from the beginning and continue the dialogue to ensure that their needs are translated into policy actions.

To cite a few examples, **Bangladesh, Madagascar, Solomon Islands** as well as **Uganda** have engaged in a strong private-public dialogue, collecting relevant information from Micro, Small and Medium Enterprises (MSMEs) during all stages of eT Ready, including in the validation and launch of the reports.

Cambodia called upon the support of international e-commerce platforms – including Alibaba – to partner in implementing an e-commerce logistics project with the Royal Government of Cambodia and UNDP.



Resource Mobilization

Best practice: Organize a national launch of the eT Ready and organize a donors' round table.

Uganda is planning to launch the Assessment and organize a roundtable discussion with donors in May 2019, while Vanuatu has initiated discussions with the Governance for Growth (GfG) programme to provide support in developing a national e-commerce strategy.

Resource Mobilization

The case of Myanmar

The Government of Myanmar – through the Ministry of Commerce – has been at the forefront to ensure ownership and dissemination of the Assessment results across relevant stakeholders and ministries involved in the national e-commerce agenda. The launch of the report in Myanmar provided a platform to raise awareness about the e-commerce challenges identified in the eT Ready report, and to ensure endorsement by key stakeholders.

The Ministry organized several consultations to discuss and endorse the recommendations of the eT Ready with relevant ministries and agencies. A Donor Roundtable was organized in conjunction with the national launch of the eT Ready report, with the support of eight eTrade for all Partners (the EIF, ITC, UNCDF, UNCITRAL, UNCTAD, UNESCAP, UPU and the World Bank Group) and the participation of DFID (UK Aid), GIZ, the EU, Japan and USAID. The eTReady report was translated into the Burmese language to facilitate the adoption by stakeholders. Various consultations took place – in order to match the e-commerce action plan with on-going and proposed partners' support of digital innovation and e-commerce initiatives. Currently, a Donors' Mapping is being drafted to align development priorities and leverage donors' support, in the context of the Myanmar Sustainable Development Plan (MSDP 2018-2030) and the recently adopted



“ We are very much encouraged by the initiative taken by the Ministry of Commerce to convene a donor roundtable on digital economy and e-commerce. This comes after several Public-Private Dialogue meetings during which the dynamic tech start-up and e-commerce players shared their challenges, concerns but also opportunities.

- Dr. Johann Hesse, Head of Cooperation for the European Union Delegation to Myanmar.

national Digital Economy Strategy. Emphasis has also been put on strengthening Private-Public dialogue and cooperation on e-commerce initiatives. A national consultation with high visibility was organized to this end with private sector representatives, attended by over 240 participants.

III. Policy impacts

Four eT Readies were published in 2017, ten in 2018 and three to April 2019. The eT Readies have had influential impact, such as:

1. Critical inputs were generated in the seven key policy areas to enable countries to better understand the interlinked issues related to the digital economy, and actively take part in e-commerce-related discussions at various stages of policymaking. More needs to be done in terms of building the capacity of policymakers on e-commerce.

2. There is growing awareness about the role of e-commerce for development among LDCs at domestic and regional levels. Beneficiary countries recognize the importance of increasing development assistance to enhance the digital dimension of development. In some countries, the reports have been used as an advocacy tool and a vehicle to kick-start inter-ministerial and multi-stakeholder discussions on e-commerce, including at the regional level.

3. The enhanced knowledge base has also benefited international organizations, development partners, NGOs and civil society. Before this pioneering work, there was almost no analysis on the potential benefits and risks of e-commerce in LDCs. The eT Readies are a globally-recognized source of credible information in this area.

4. Focal points have been identified in relevant institutions and have formed part of a national committee on e-commerce.

5. Engagement at the ministerial level has been strong and, in some case, led to concrete actions at national level. In Samoa, for example, the assessment prompted the government to initiate a review of e-commerce laws and regulations. In Myanmar, the government is organizing a donor-pledging event to capitalize on the Assessment recommendations.

6. Constructive multi-stakeholder interactions have taken place. In many countries, relevant actors from the private and public sectors met for the first time during the focus groups, which enabled an exchange of ideas and proposals between policymakers and e-commerce operators. For example, during the in-country mission in Dakar (19 to 23 February 2018), 60 participants from over 35 institutions and private sector companies attended focus group discussions.

7. Synergies with development partners have grown. The eT Readies have facilitated cross-learning across eTrade for all partners. For example, the World Bank, ITC, UNCITRAL and UPU shared their expertise with UNCTAD throughout the Assessment process, participated in the peer review process and contributed to enrich the Assessments in each country.

8. The Assessments have prompted governments to request additional technical assistance. There is growing demand for UNCTAD and other development partners to support the development of national e-commerce strategies, review laws and regulations and conduct related capacity-building activities. UNCTAD and other eTrade for all partners have received several formal requests in this regard. From 2017 to 2018, the number of requests through the eTrade for all platform increased by 75 per cent.

9. Countries are better equipped to formulate their needs to potential donors/partners. Through the Action Matrix included in the Assessment, countries know better which partner to contact for each policy recommendation. This is important given the cross-cutting nature of e-commerce (before, countries didn't always know where to turn for assistance). This has allowed countries to highlight one of the major bottlenecks to moving from action plan to a project document for donors' consideration.

10. The e-commerce profile has been raised among development partners. For example, the EIF is now devoting more attention and funding to the digital economy and has mainstreamed e-commerce in the country-specific trade analysis conducted in the form of Diagnostic Trade Integration Studies (DTIS) and Action Matrices. Regional commissions, as well as multi-lateral development banks, are also engaged in the topic.

The Government of Australia launched in March 2019 a \$4.5 million program 'E-commerce Aid for Trade Fund' to help developing countries in the Indo-Pacific maximize the benefits of digital trade. This Fund aims to provide innovative businesses and Governments within the region with assistance so they can build their digital capabilities, enabling them to operate across borders and access new markets. According to The Minister for Trade, Tourism and Investment,

Simon Birmingham, “It follows our recent efforts that will see 76 World Trade Organization members, representing 90 per cent of global trade, commence negotiations on new international rules for digital trade, which will present new opportunities for businesses within Australia and the wider region.”²

²https://trademinister.gov.au/releases/Pages/2019/sb_mr_190313.aspx

IV. Way forward and possible areas for support by Development Partners

Supporting e-commerce in LDCs requires contextual understanding.

Making progress with e-commerce in LDCs means understanding different country conditions and asking the right questions: Are there 4G networks? Is the country landlocked or an island nation? Are government policies in place to regulate e-commerce? Do citizens have access to the right education? Can people and firms trust merchants use of their data? Can people afford phones or computers?

The role of Governments in that context is multifold: from improving coordination of digital economy and e-commerce, engaging the private sector in dialogue, formulating or updating e-commerce enabling laws and regulations, ensuring that mobile connectivity (and mobile broadband) is accessible and affordable for the majority of the population, to making sure that ICT skills and knowledge is infused in education, vocational training and professional training curricula.

Similarly, development partners have a critical role to play in particular, considering the cross-cutting nature of e-commerce as exemplified by the seven different policy areas considered by UNCTAD in the eTrade Readiness Assessment Programme. Engaging Governments together with private sector associations and industry associations active in digital innovation is paramount to ensuring that aid reaches the right beneficiaries. Some of the recurrent recommendations for e-commerce uptake in LDCs supported by development partners—most of them connected through the eTrade for all network—include promoting access to financing for start-ups (ADB, World Bank,

UNCDF), promoting ICT skill development (ITU, ITC Development, Australia), grant/Innovation funds for e-commerce (World Bank), ICT Infrastructure (Japan, World Bank, ADB), e-commerce legal reform (GIZ, USAID, UNCTAD, UNCITRAL), customs modernization (UNCTAD, WCO, World Bank, JICA), strategy and vision for e-commerce (UNCTAD, Australia).

Existing support for e-commerce uptake in LDCs.

In that context, The Enhanced Integrated Framework (EIF), one of the founding partners of the eTrade for all initiative, has supported several eT Readies of LDCs, namely in Samoa, Liberia, Nepal, Solomon Islands and Vanuatu, and four others are underway in Kiribati, au Lesotho, Malawi and Tuvalu. The EIF support to LDCs has proven to be a catalyst in leveraging extra resources for implementation of priority actions in the reports. It has also supported several actions using funds available for economic and export diversification, notably Bhutan’s ‘E-infrastructure for Trade and Services Development (E4T) project’ and, soon, the Myanmar ‘Enhancing Services Trade for a Digital Economy’ (ESTRADE). In the E4T project, following the assessment of Bhutan’s eTrade readiness by UNCTAD, the EIF is working with the government to put into practice some of the targeted recommendations, including creating an online commodity system that potato farmers are using to sell their harvests. Following this success, cardamom farmers are next in line, showing that some problems—in this case the lack of a stable market and knowledge of prices—can be solved through e-commerce.

Other key donor-supported initiatives to promote e-commerce uptake in LDCs include the UNCDF Mobile Money for the Poor (MM4P) programme, the UPU E-Commerce Programme–ECOMPRO–and the Operational Readiness for E-commerce (ORE), UNCTAD’s programmes on e-commerce strategy, law reform and trade facilitation, as well as ITC’s E-Solutions Programme.

The way forward: blended finance and innovative public-private partnerships.

E-commerce is first and foremost about commerce, since businesses are the ones who trade and e-trade. Developing solutions to accelerate an uptake of e-commerce–be it from a regulatory, legal, skills or logistics points of view–will have to include

private sector participation. Blended finance or PPP mechanisms for e-commerce development in LDCs have already taken shape, illustrated by the cases of Electronic World Trade Platform (eWTP) in Rwanda or Connect Cambodia, both involving the Alibaba Group. The same approach has taken root for ICT infrastructure development in Asia and the Pacific, notably for funding submarine cables bringing Internet speed, reliability and affordability to remote archipelagos.

The traditional approach to trade-related technical assistance (Aid-for-Trade) is currently ill-equipped to respond to the challenges of e-commerce and the digital economy. Initiatives like eTrade for all and others will flourish since they can bring different stakeholders–public sector, private sector and development partners–to devise new forms of cooperation.

An emerging regional dimension

The e-commerce landscape is changing – with new developments occurring in various regions of the world. Despite some structural constraints, many countries and regions are taking a forward-looking stance to policymaking and regulation of e-commerce and the wider digital economy. Some common trends are emerging, but there is need for greater coordination and harmonization under regional leadership.

Africa

In Africa, several Regional Economic Communities (RECs) have engaged in e-commerce discussions with varying approaches and have acknowledged the role of the digital transition in regional economic development. The eTrade Readiness Assessments offer useful tools for regional groupings to better understand the ecosystem of member countries and propose relevant recommendations - especially with regards to cross-border e-commerce and its role in reinforcing regional integration.

In support of the Southern Africa Development Community (SADC) strategy–the e-SADC Strategy Framework–UNCTAD carried out the Assessments in Madagascar and Zambia, while the Assessments of Lesotho and Malawi are in process.

In 2018, COMESA also adopted a programme referred to as a Digital Free Trade Area (DFTA), which aims to use ICT to improve efficiency in cross-border trade across its member States.

In West Africa, the WAEMU members adopted in 2017 a ministerial declaration in which they recognized the strategic importance of the e-commerce and trade in services for regional integration and recommended the implementation of a regional workplan on e-commerce. This declaration triggered the subsequent organization of a Regional Workshop on Electronic Commerce in cooperation with UNCTAD, where stakeholders developed recommendations for the implementation of the 2017 Ministerial Declaration. To date, the Government of Germany has sponsored three eT Readies in Burkina Faso, Senegal and Togo –three additional countries are in the pipeline for 2019 (Benin, Mali and Niger). Ivory Coast has requested an eT Ready which should start in 2019 with the support of the Government of Germany. These evaluations will greatly contribute to help the Commission understand the e-commerce ecosystem in member countries and devise relevant regional policies.

To date, the East African Community (EAC) and the Economic Community of West African States (ECOWAS) do not have any e-commerce strategy yet, but the EAC is preparing to develop a plan. An eT Ready Assessment has been completed in Uganda, while Tanzania is projected for 2019.



Pacific Islands Forum (PIF)

UNCTAD eT Readies constituted an important first step for initiating coherent and coordinated e-commerce policy development in the Pacific at the urging of the Permanent Representation of the PIF in Geneva and with the support of the Pacific Islands Forum Secretariat (PIFS). In 2017-2018, UNCTAD prepared eT Ready Assessments for Samoa, Vanuatu and Solomon Islands, while Kiribati and Tuvalu are currently undertaking the process.



Additionally, two non-LDCs - Niue and Tonga - have requested UNCTAD support. At the end of a regional WTO/UNCTAD/PIFS workshop held in Fiji in 2017, government representatives discussed the development of a regional roadmap in order to support e-commerce strategies at national levels. As a follow-up, the PIFS submitted a proposal to the TradeCom Programme aimed at covering other eT Readies for non-LDCs in the region, laying the foundations for an e-commerce regional strategy.

Association of Southeast Asian Nations (ASEAN)

With its eT Readies for Cambodia, Myanmar and the Lao Democratic People's Republic, UNCTAD has now covered all three ASEAN Least Developed Countries and provided a major boost for the implementation of ASEAN's Work Programme on Electronic Commerce 2017-2025 in these countries. Some of the recommendations found in the three reports were echoed in the ASEAN e-commerce agreement signed by all 10 Member States in November 2018.



South Asian Association for Regional Cooperation (SAARC)

Rapid eTrade Readiness Assessments were conducted in all four SAARC LDC members, namely Afghanistan, Bangladesh, Bhutan, and Nepal. While the Afghanistan and Bangladesh assessments have just been completed, Bhutan and Nepal have taken the lead in the implementation of some of the key recommendations of their Assessments, on both the legal and regulatory fronts, as well as the design of e-commerce visions. In addition, the SAARC Development Fund (SDF) established in Thimphu, Bhutan is supporting establishment of an e-commerce platform that will enable seamless trade of services across member states online.

V. e-Commerce in LDCs in 2019

Based on the analysis of eT Readies findings conducted to date by UNCTAD, the following ten common structural constraints were identified.

10 Most common challenges faced by LDCs in e-commerce development

1

Limited awareness of e-commerce relevance among policy and law makers, consumers and businesses.

2

Limited Internet access in rural/remote areas and costly access to fixed and mobile-broadband Internet.

3

Overreliance on cash-based transactions, plus low access to and limited experience with online payments and the use of credit cards.

4

Inadequate facilities for physical delivery of online purchases.

5

Weak legal and regulatory frameworks, including protection of consumers online.

6

Inappropriate education for the digital economy.

7

Lack of business development skills and adequate e-commerce skills for MSMEs.

8

Unsuitable financial mechanisms for start-up enterprises to engage in e-commerce.

9

Persistent barriers for women and youth to engage in e-commerce, preventing the leveling of playing fields through increased inclusivity.

10

Lack of statistical data on electronic commerce.

Key findings and policy recommendations in LDCs per eTrade for all policy areas



E-commerce readiness assessment and strategy formulation

Key findings

- E-commerce has no ministerial niche, and there is a lack of inter-ministerial coordination – preventing a unifying vision of e-commerce and making it difficult for policymakers to engage in national, regional and international e-commerce discussions.
- Development of e-commerce policies, initiatives and activities – when they exist – is fragmented and inadequately measured, with many start-ups operating in the informal economy.
- Public-private dialogue is underutilized, critically undermining the development of fit-for-purpose e-commerce policies.

Key policy recommendations

- Build national capacities to understand digital economic developments and their implications and strengthen overall stakeholders' perception of e-commerce.
- Improve inter-ministerial coordination and appoint an e-commerce 'champion' in order to elevate the e-commerce agenda to inter-ministerial committees and streamline the policy development process.
- Develop a national coordinated and comprehensive e-commerce strategy to have a holistic governmental approach to e-commerce.
- Enhance and structure public-private dialogue for e-commerce ecosystem development.
- Enhance private sector coordination and women's participation in e-commerce activities.



Ict infrastructure and services

Key findings

- ICT investments are increasing, but broadband connectivity remains limited and expensive. As a result, disparities in Internet access and digital opportunities are widening.
- Mobile connectivity is fueling mobile-driven e-commerce, but opportunities remain largely untapped, since many countries continue to use basic telephone technology.

Key policy recommendations

- Increase access to fast, affordable and reliable Internet, as well as last-mile connectivity in rural and less-populated areas to reduce disparities in Internet access and open e-commerce opportunities for larger segments of the population.
- Support public-private partnerships (PPPs) to strengthen backbone infrastructure.



Payment solutions

Key findings

- Cash transactions remain prevalent, impairing the development of mobile payments and other cashless solutions in the market
- Lack of trust is a critical barrier for e-commerce payment uptake and prevent consumers to move from cash-on-delivery to e-payments
- Financial inclusion is improving, but e-payment development faces key challenges
- Low banking literacy limits the use of banking solutions such as credit cards, mobile money services and other cashless solutions

Key policy recommendations

- Promote the adoption of mobile payments and other cashless solutions. On the one hand, awareness-raising programmes should highlight the benefits of mobile payments and cashless solutions, as well as the hidden costs and risks associated with

handling cash. On the other hand, digital financial literacy among MSMEs will need to be improved.

- Encourage e-banking innovations and enable inter-bank money transfers and payments to facilitate e-commerce transactions.
- Increase interoperability among e-payment platforms by reducing operating costs and enhancing ease-of-use for consumers.
- Create an enabling regulatory environment to encourage investment and ensure secured payments through innovative solutions for local consumers and businesses.
- Adopt consumer protection e-payment laws and regulations.
- Develop and roll out awareness campaigns on payment solutions.



Trade logistics and trade facilitation

Key findings

- Last-mile delivery continues to pose a challenge since postal services in remote areas have problematic delivery times and costs. Local entrepreneurs are developing local and innovative logistic solutions, such as the introduction of drones in some East African countries.
- Transport, logistics and regulatory bottlenecks hamper e-commerce growth mainly due to red tape in customs clearance and prohibitive transport costs.

Key policy recommendations

- Develop a physical address and postal code system through a multi-pronged approach, including improving road infrastructure, developing forward-looking postal service strategies and increasing the capacity of national postal service and private sector couriers.
- Streamline custom clearance, particularly for cross-border shipment of small parcels, through automation of procedures and digitalization of documents.
- Support the development of e-commerce delivery solutions through public-private partnerships and enhancing the role of Postal Offices to increase their e-commerce operational readiness.
- Continue the rehabilitation of physical infrastructure, as well as the modernization of transport and supply-chain sectors.



Legal and regulatory frameworks

Key findings

- The lack of adapted or up-to-date legal frameworks on e-commerce affects the ability of LDCs to engage with global business partners, to attract investors, to increase the domestic uptake of e-commerce, leading eventually to reduced impetus for e-commerce.
- Lack of awareness by policy and law-makers of the latest global legal developments.
- Regulatory and institutional coordination remains a challenge.
- Low level of awareness by the private sector and consumers about existing legal frameworks.

Key policy recommendations

- Carry out legal and regulatory gap analysis for e-commerce to develop a holistic and updated approach in line with latest developments.
- Adopt baseline e-commerce legislation or update relevant laws and regulations.
- Build capacities of law-makers and judiciary to enforce and increase awareness of existing e-commerce laws.
- Strengthen business and civil society engagement to foster an e-commerce enabling environment.
- Consider the establishment of quality labels to boost confidence and set up certification trust-mark schemes for trusted e-commerce operators.
- Increase awareness of commerce regulations – including server localization, data protection, cross-border data transfer and taxation.



E-commerce skills development

Key findings

- E-commerce awareness is growing but still weak – young consumers using social media applications could play an important role in this effort.
- The workforce lacks adequate e-commerce skills, since education is unsuited to the digital economy, and the e-commerce sector is deprived of skills related to such areas as application development, search engine optimization, data analytics and web-based marketing.
- The start-up environment is growing, but development of tech-based MSMEs remains a challenge – notably due to limited e-commerce business development services and scarce funding capacities.

Key policy recommendations

- Include e-commerce courses in tertiary education and vocational training.
- Refocus Business Service Organization (BSO) strategies to develop relevant Business Development Strategies (BSD) for e-commerce development.
- Encourage the establishment of national e-procurement platforms to stimulate market-learning processes and improve the economic sustainability of e-commerce SMEs.
- Raise awareness and build trust for the costs and benefits of cashless transactions.



Access to financing

Key findings

- Access to financing remains costly and constrains the ability of MSMEs to emerge and expand.
- Banks typically lend to big firms in traditional industries, whereas e-commerce and start-up companies are viewed by commercial banks as risky investments. As a result, most e-commerce MSMEs rely on alternate source of funding.
- Low financial literacy among MSMEs exacerbates challenges to pursuing formal financing channels.

Key policy recommendations

- Provide financial literacy and business training so that MSMEs can develop bankable business plans, in line with the requirements of commercial banks.
- Increase awareness of incubators, business accelerators and venture capitalists.
- Develop tailored lending standards and products. Commercial banks should be encouraged to adopt broader terms for evaluating the creditworthiness of e-commerce entrepreneurs and MSMEs, particularly women-owned businesses.
- Build capacities of businesses and women-led associations and increase financial inclusion, especially of women and youth. Banks should be encouraged and given incentives to provide innovative products for all segments of the population.

Germany

“ Many developing countries want to profit from the possibility of digitalization and engage in e-commerce, but often do not know where to start. eTrade Readiness Assessments are the perfect starting point. They help identify potentials and challenges in e-commerce, and enable countries to design appropriate strategies to further advance in digital trade. We want to encourage development countries to take advantage of these tools .

- Ms. Daniela Zehentner-Capell, Head of Division, Trade Related Development Cooperation, Federal Ministry for Economic Cooperation and Development, Germany

Enhanced Integrated Framework (EIF)

“ The utility of e-trade readiness goes much beyond the analytical domain. It provides avenues for countries to take concrete measures to address constraints so as to bring their enterprises closer to the rapidly expanding global e-commerce market.

- Mr. Ratnakar Adhikari, Executive Director, EIF Executive Secretariat

United Kingdom

“ The UK supports UNCTAD's excellent Rapid eTrade Readiness Assessments. These assessments have helped a number of countries, such as Bhutan and the Solomon Islands, identify issues around data infrastructure and data governance as key barriers to engaging in e-commerce.

- United Kingdom written submission for the Intergovernmental Group of Experts of E-commerce and the Digital Economy. Third session, April 2019

Burkina Faso

“ Burkina Faso must capitalize on the strengths identified in the study: increasing the digitalization of public services, a competitive telecommunication sector, the development of broadband Internet infrastructure, a science park and dynamic start-ups. The proposed roadmap will enable us to accelerate the path towards the country's digitization.

- H.E. Harouna Kabore, Minister, Ministry of Commerce, Industry and Handicrafts, Burkina Faso

Cambodia

“ The e-Trade readiness assessment comes with a set of robust actions to be considered by different stakeholders in Cambodia and outside to support the rapid adoption of the so-called digital revolutions.

- H.E. Pan Sorasak, Minister of Commerce, Royal Government of Cambodia

Myanmar

“ To fully realize the benefits of e-commerce, we need a national strategy that will align different stakeholders towards a common vision. The assessment provides a roadmap for what needs to be done, but we need to coordinate our policies and activities.

- U Aung Htoo, Deputy Minister of Commerce, Myanmar

Senegal

“ The role and impact of e-commerce in Senegal's structural and economic transformation is well established. That is why, thanks to UNCTAD's e-trade readiness assessment, efforts will be more focused on mobilizing the public and private sector as well as eTrade for all partners to remove obstacles and implement its flagship recommendations.

- H.E Khoudia Mbaye, Minister, Ministry of Investment, Promotion, Partnerships and Development of State Teleservices, Senegal

Togo

“ My ministry is strongly committed to making e-commerce a powerful engine for economic growth, inclusive trade and job creation in Togo. This new assessment has identified and recognized e-commerce as one of the strategic sectors that should promote trade and remove barriers to trade.

- H.E. Essossimna Legzim-Balouki, Minister, Ministry of Commerce, Togo