

COVID-19 AND E-COMMERCE

**IMPACT ON BUSINESSES
AND POLICY RESPONSES**



**COVID-19
RESPONSE**

2020, United Nations Conference on Trade and Development.

The findings, interpretations and conclusions expressed herein are those of the authors and do not necessarily reflect the views of the United Nations or its officials or Member States.

The designations employed and the presentation of material on any map in this work do not imply the expression of any opinion whatsoever on the part of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

This document has not been formally edited.

UNCTAD/DTL/STICT/INF/2020/2

Table of contents

Acknowledgements.....	5
Introduction.....	6
<i>Key findings.....</i>	<i>6</i>
<i>Methodology.....</i>	<i>9</i>
<i>Profiling respondents.....</i>	<i>10</i>
Impact on e-commerce businesses.....	13
<i>Overall sales trends.....</i>	<i>13</i>
<i>Most used sales channels by e-commerce companies.....</i>	<i>14</i>
<i>Variations in the composition of sales.....</i>	<i>15</i>
<i>Payment methods.....</i>	<i>16</i>
<i>Business outlook: impact on costs and workforce.....</i>	<i>17</i>
Challenges, business coping strategies and policy responses.....	18
<i>Main challenges encountered.....</i>	<i>18</i>
<i>Business facilitation measures: an overview.....</i>	<i>20</i>
<i>E-commerce business facilitation measures: examples from the public sector.....</i>	<i>22</i>
<i>Country highlights by policy area.....</i>	<i>24</i>
<i>Public-private cooperation and private sector initiatives.....</i>	<i>29</i>
<i>Financing.....</i>	<i>31</i>
Way forward.....	32
<i>Measures to support COVID-19 recovery plans through e-commerce development... </i>	<i>32</i>
<i>Conclusions: UNCTAD support and eTrade for all partnership.....</i>	<i>34</i>

List of Figures

Figure 1	<i>Impact of COVID-19 crisis on monthly e-commerce sales (in per cent)</i>	7
Figure 2	<i>Top 10 most important measures taken during the COVID-19 crisis (in per cent)</i>	8
Figure 3	<i>Number of respondents per survey section</i>	10
Figure 4	<i>Number of respondents per country of e-commerce operation</i>	11
Figure 5	<i>Type of online business (in per cent)</i>	12
Figure 6	<i>Size of workforce (in per cent)</i>	12
Figure 7	<i>Impact of COVID-19 crisis on monthly e-commerce sales (in per cent)</i>	13
Figure 8	<i>Third-party marketplaces: changes in buyers and sellers since the outbreak of the COVID-19 crisis (in per cent)</i>	14
Figure 9	<i>Main sales channels, before outbreak of COVID-19 and channels with highest recent growth (in per cent)</i>	14
Figure 10	<i>Types of goods and services sold online by e-commerce companies before the COVID-19 outbreak (in per cent)</i>	15
Figure 11	<i>Third-party marketplaces: top 5 sales categories before and after the COVID-19 crisis (in per cent)</i>	16
Figure 12	<i>Payment methods with highest growth since outbreak of the COVID-19 crisis (in per cent)</i>	17
Figure 13	<i>Changes in costs and workforce size since the outbreak of the COVID-19 crisis (in per cent)</i>	17
Figure 14	<i>Top 5 challenges during COVID-19 (in per cent)</i>	18
Figure 15	<i>Challenges since the COVID-19 outbreak in eTrade for all Policy Areas (in per cent)</i>	19
Figure 16	<i>Most important measures taken during the COVID-19 crisis (in per cent)</i>	21
Figure 17	<i>Number of governmental/public sector measures taken by country to support e-commerce businesses since the outbreak of the COVID-19 crisis</i>	22
Figure 18	<i>Number of countries reporting to have taken governmental/public sector measures to support e-commerce businesses since the outbreak of the COVID-19 crisis</i>	23
Figure 19	<i>Company involvement in new public-private sector initiatives to support e-commerce (in per cent)</i>	30
Figure 20	<i>Reasons for not participating in new public-private initiatives or in joint private sector collaboration (in per cent)</i>	30
Figure 21	<i>Search for financing since the outbreak of the COVID-19 crisis and purpose of funding (in per cent)</i>	31
Figure 22	<i>Source of new financing (in per cent)</i>	31
Figure 23	<i>Measures that could support COVID-19 recovery (in per cent)</i>	32
Figure 24	<i>Overview of UNCTAD support through eT Readies</i>	35
Figure 25	<i>Overview of UNCTAD support in the development of e-commerce strategies</i>	35

Acknowledgements

This paper was prepared by a team comprising Alessandro Vitale (team lead) and Laura Cyron, in close collaboration with Louis-Pierre Michaud and Vincent Riegel, under the supervision of Cécile Barayre and overall guidance of Torbjörn Fredriksson.

The paper is based on a survey that greatly benefited from valuable inputs from a number of survey testers: Priyanka Chetry (Grocerdel, Cambodia), Ibrahima Diagne (GAINDE2000, Senegal), Francis Dufay and Abdesslam Benzitouni (Jumia, Ivory Coast), Melanie Mossard (Impact Hub Phnom Penh, Cambodia), Jumanne Rajabu Mtambalike (Sahara Ventures, Tanzania), Ounteni Ouoba (RigoFaso, Burkina Faso), Maxime Rosburger (Mealtemple, Cambodia), Mahamadi Rouamba (BeeogoLab, Burkina Faso), Mohamed Sow (Jumia, Senegal), and Sam Saili (MauaApp, Samoa).

The UNCTAD team wishes to express its profound gratitude to the eT Ready Focal Points and resource persons who responded to the public sector questionnaire and played a proactive role in mobilizing survey respondents in their respective countries as: Mostafizur Rahaman Sohel (BASIS E-Commerce Alliance, Bangladesh), Cokou Gagnon (Agence des Services et Systèmes d'Information, Benin), Sonam Chedup (Ministry of Economic Affairs, Bhutan), Seydou Ilboudo and Boubakar Bilgo (Ministry of Industry, Trade and Handicrafts, Burkina Faso), Kemvichet Long and Sven Callebaut (Ministry of Commerce, Cambodia), Kaladji Fadiga (Ministry of Commerce and Industry, Côte d'Ivoire), Donna Tekanene Reiher and Angoango Fakaua (Ministry of Commerce, Industry and Cooperatives, Kiribati), Lattanaphone Voungsohuti (Ministry of Industry and Commerce, Lao PR), Phera Lepati (Ministry of Trade and Industry, Lesotho), Gil Razafintsalama (Board of e-trade, Madagascar), Moriba Camara (General Directorate for Trade, Consumer Affairs and Competition, Mali), Su Thet Hninn (Ministry of Commerce, Myanmar), Mahesh Acharya (Joint Secretary, Government of Nepal), Tino Safiatou (Ministry of Commerce and Private Sector Promotion, Niger), Jean Premier Bienvenu Rukundo (Ministry of Trade and Industry, Rwanda), Fiona Lene, Roger Toleafoa and Nella Tavita (Ministry of Foreign Affairs and Trade, and Ministry of Commerce, Industry and Labour, Samoa), Boubacar Mbodj, Faramkha Diop, Assane Diankha, and Marième Soda Gueye (Ministry of Trade, Senegal), Aïchétoù Touré Ali (Ministry of Trade, Industry, Private Sector Development and Local Consumption, Togo), Khabbab Hadhri (Ministry of Commerce, Tunisia), Moira Simmons-Avafoa and Darryl Ikbai (Ministry of Fisheries and Trade, Tuvalu), Chris Matsiko (Ministry of Trade, Industry and Cooperatives, Uganda), James Tatangis (Ministry of Tourism, Trade, Commerce and Ni-Vanuatu Business, Vanuatu), Nsangwa Ngwira and Gilbert Chisenga (Ministry of Commerce, Trade and Industry, Zambia).

Valuable comments on a draft version of the paper were received from David Souter and UNCTAD colleagues.

Graphic design and desktop publishing were done by Magali Studer. Funding by the Government of Germany is gratefully acknowledged.



Introduction

Since the outbreak of the new coronavirus disease (COVID-19) pandemic, UNCTAD has played a critical role in raising awareness on the opportunities emerging from the crisis through increasing the uptake of e-commerce and digital solutions. At the same time, UNCTAD has voiced concerns about the risk of rising digital inequalities, particularly in least developed countries (LDCs).¹ The 2020 eCommerce Week organised virtually by UNCTAD and partners of the eTrade for all initiative provided a unique platform convening a wide range of stakeholders to assess implications of the crisis and explore in-depth key digital issues in the context of the COVID-19 pandemic.² As a follow up, UNCTAD assessed the impact on e-commerce businesses across developing countries and LDCs to understand the magnitude of the impact, identify key trends and challenges faced by e-commerce businesses, as well public and private policy responses to cope with the crisis.

This paper is based on the results of a survey that investigates the impact of COVID-19 on e-commerce businesses from early March to end of July 2020. It focuses on 23 countries, mainly LDCs, in Africa and Asia-Pacific.³ The countries have all benefitted from UNCTAD's e-commerce capacity building programmes, either through an eTrade Readiness Assessment (eT Ready) or a national e-commerce strategy.

257 representatives of e-commerce businesses, out of 699 invited, responded to the survey and shared their experience following the outbreak of the COVID-19 pandemic. Businesses have been divided into two groups: companies selling at least parts of their goods or services online and third-party online marketplaces. The responses from the private sector were complemented by public sector responses from 12 countries,⁴ elaborating on measures taken during the COVID-19 crisis to support e-commerce as well as to use e-commerce for economic recovery efforts. The key findings of this paper are presented below.

Key findings

Third-party online marketplaces have performed better than e-commerce companies. In a nutshell, wholly-digital business models have been more resilient to the current crisis.

In terms of sales trends, e-commerce companies have predominantly seen declines in sales, while nearly 60 per cent of third-party marketplaces have seen increases (see Figure 1). Additionally, half of the surveyed third-party marketplaces onboarded new sellers on their websites. Close to 60 per cent of the third-party marketplaces experienced a rise in the number of buyers.

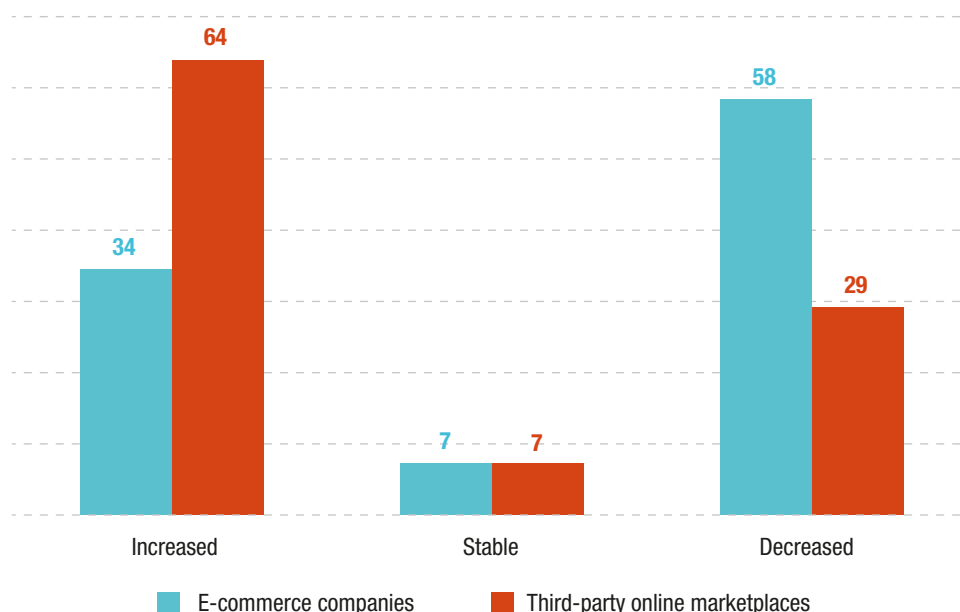
¹ See <https://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=2701>

² See the eWeek Summary Report. <https://etradeforall.org/app/uploads/2020/05/eWeek2020finalsummaryreportFINALVERSION-4.pdf>

³ The 23 countries covered by the survey on e-commerce businesses are: 1) Africa: Benin, Burkina Faso, Cote d'Ivoire (non-LDC), Madagascar, Mali, Niger, Rwanda, Senegal, Tanzania, Togo, Tunisia (non-LDC), Uganda, Zambia; 2) Asia: Bangladesh, Bhutan, Cambodia, Lao PDR, Myanmar, Nepal; 3) Pacific: Kiribati, Samoa (non-LDC), Tuvalu, Vanuatu.

⁴ The 12 countries having responded to the public sector questionnaire include those highlighted above in italic and Lesotho.

Figure 1.
Impact of COVID-19 crisis on monthly e-commerce sales (in per cent)



Note: 180 responses for the e-commerce business track, 72 responses for the third-party marketplace track. Based on the questions “Since the outbreak of the COVID-19 crisis, how have your monthly e-commerce sales been affected?” and “Since the outbreak of the COVID-19 crisis, how have the monthly sales on your third-party marketplace been affected?”. Results are expressed in per cent of the respondents for each question.

The pandemic has accentuated the trend towards greater adoption of social media and growth in sales through e-commerce websites. Shifts in consumption habits have also been observed, driven by the need for sourcing essential items. Social media and own e-commerce shops are important sales channels for the e-commerce companies. Both channels have witnessed higher growth since the beginning of the COVID-19 crisis. The COVID-19 crisis has been associated with a change in sales composition for more than 65 per cent of them. Additionally, the survey confirms that more customers have gone online to look for essential products. Groceries, pharmaceuticals, health and hygiene products, restaurant delivery, as well as financial services, are the sales categories which saw the largest increases in the COVID-19 crisis through third-party online marketplaces.

E-payments have experienced fast growth, but cash on delivery remains prominent. Shifts in consumption habits have been accompanied by a faster uptake of cashless payment methods. Nearly 60 per cent of e-commerce companies and 70 per cent of online third-party marketplaces are seeing relatively higher growth rates in mobile money payments, followed by transaction through e-banking and credit cards. However, as cash on delivery remains prominent in absolute terms, particularly in LDCs, it has continued to grow since the outbreak of the pandemic as consumers have increasingly turned to e-commerce.

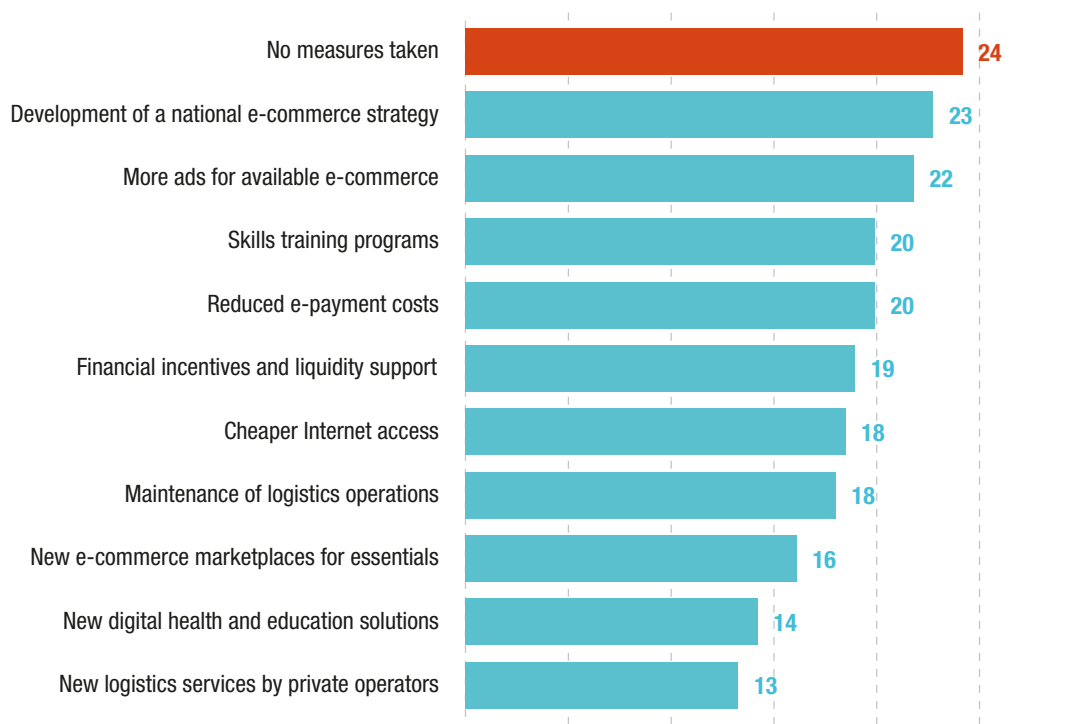
While the pandemic has been an opportunity for many digital-driven business models, business outlook looks challenging for a significant share of e-commerce businesses. The COVID-19 crisis has adversely affected the costs of 66 per cent of the participants in the sample. Some 56 per cent of respondents reported that their workforce has remained stable so far or might even increase in the short term. Still, a high share (44 per cent) of respondents have had to downsize their business workforce.

The pandemic has reinforced pre-existing bottlenecks in the e-commerce ecosystem that countries need to address to benefit from e-commerce development by enhancing their e-trade readiness. Disruptions in supply chains and trade logistics, as well as unaffordable Internet

access are the main challenges encountered by the respondents. Logistics and trade facilitation had proved challenging for more than 60 per cent of respondents, linked to disrupted supply chains due to lockdowns, business closures and closed borders. Additionally, more than 50 per cent considered their operations to have been limited by logistical problems arising from restrictions to movement. Half of the respondents referred to high cost of broadband services. Moreover, respondents called for improvements in e-commerce policies and strategies in the COVID-19 response. The current pandemic has reinforced certain pre-existing bottlenecks in e-commerce ecosystems of the surveyed countries in significant and interconnected policy areas that are key for the development of inclusive e-commerce. Challenges in these areas have affected the capacity of respondents to invest in e-commerce business growth, further exacerbated gaps in information and communication technology (ICT) adoption, and at the same time highlighted challenges related to consumer protection and fair competition, and a persistent cash on delivery culture.

Public and private sectors have implemented a wide range of measures to mitigate the effects of the pandemic. Governments and the private sector have taken a range of measures to respond to the challenges brought by the pandemic and to mitigate its economic impact (see Figure 2). According to survey responses, the most relevant measures taken include developing or updating of a national e-commerce strategy, which can rather be interpreted as the renewed impetus shown by governments to turn e-commerce into a strategic economic sector amidst the pandemic. Followed by increased e-commerce visibility through advertising campaigns, skills training programmes and reduced e-payment transaction costs. Nevertheless, nearly 1 in 4 respondents indicated that no measures had been taken in support for the e-commerce sector. Findings from a public sector quick scan in 12 out of the 23 countries covered by the survey, show that 9 out of 12 countries have implemented forms of liquidity support for the sector. Other measures have focused on reducing costs of Internet and e-payments as well as supporting logistics efforts.

Figure 2.
Top 10 most important measures taken during the COVID-19 crisis (in per cent)



Note: 211 responses. Based on the question "Since the outbreak of the COVID-19 crisis, which governmental or private sector measures, if any, have been most important to facilitate your e-commerce business?" Maximum 5 choices allowed. Results are expressed as a per cent of respondents.

Policy responses and private sector measures have contributed towards business transformation processes and enhanced consumers' readiness to embrace e-commerce.

Respondents further reported that the challenges encountered, and measures taken by both the public and private sectors, have contributed to lowering the hurdles for businesses and consumers to use e-commerce services, while pushing businesses to seek greater business efficiency and new market niches. They also noted that increased Internet access and online financial transactions have facilitated business operations and minimized business' losses in some cases.

The COVID-19 crisis served as an accelerator for greater public-private cooperation. However, access to financing for e-commerce businesses remains a paramount obstacle for economic recovery and growth.

Moreover, the COVID-19 crisis has spurred action in the e-commerce sector. As much as 40 per cent and more of the respondents' businesses have been or are involved in either public-private sector collaboration initiatives or pure private sector ones. For those not involved, lack of awareness of the initiatives and limited professional networks were the main reasons. Only 14 per cent of all respondents managed to obtain more funding. While 65 per cent of the businesses surveyed had tried to obtain additional financing, only one out of five had been successful.

Respondents have highlighted the need for e-commerce enabling measures in COVID-19 recovery plans.

For the majority of the survey respondents, having a well-defined national e-commerce strategy was seen as a top priority for the COVID-19 recovery plans. Reduced costs for Internet and broadband access, as well as for mobile and other electronic payments were the other top measures recommended to be taken to support the economic recovery.

International cooperation and a strong multi-stakeholders' partnership is needed to boost countries' efforts for inclusive e-commerce development.

UNCTAD is well poised to mobilize the eTrade for all partnership to support developing countries and LDCs' COVID-19 recovery plans. Building on a successful track-record of implementation of recommendations outlined in eTrade Readiness Assessments (eT Readies),⁵ UNCTAD is working with many partners, including United Nations Resident Coordinators, to ensure that e-commerce is mainstreamed into national development plans and development partners' development cooperation frameworks.

Methodology

This paper is primarily based on a survey that investigated the different aspects of COVID-19 impact on e-commerce businesses and policy responses. It focused on 23 countries in Africa and the Asia-Pacific region which have benefitted from UNCTAD's e-commerce capacity building programmes (eTrade Readiness Assessments - eT Readies - and national e-commerce strategies). UNCTAD built on in-country Focal Points and networks to identify pertinent e-commerce market participants in June 2020. In addition, the list of e-commerce stakeholders from previous eT Readies was also used. The private sector questionnaire, conducted in French and English, targeted two types of businesses i) companies selling at least part of their goods and services online, and ii) third-party online marketplaces. Where relevant these two types of businesses responded to separate sets of questions, tailored to the specific type of business. The questionnaire was tested early June 2020 by a selected group of representatives of the two target groups, as well as some resource persons from Burkina Faso, Cambodia, Samoa, Senegal, and Uganda. Based on their feedback, the questionnaire was revised before dissemination started in early July 2020 via SurveyMonkey. In parallel, Focal Points were asked through a short questionnaire to inform about government measures related to e-commerce for COVID-19 crisis recovery plans. Twelve countries complemented the survey with their questionnaire responses.⁶ The survey was closed in the first week of August 2020.

As the number of initial contacts per country varied, so does the number of responses obtained per country. Hence, results and findings should be interpreted with caution. This analysis is descriptive in nature for the recent experience of e-commerce sector participants, but it is not representative in

⁵ UNCTAD (2020), "Fast-tracking implementation of eTrade Readiness Assessments", forthcoming.

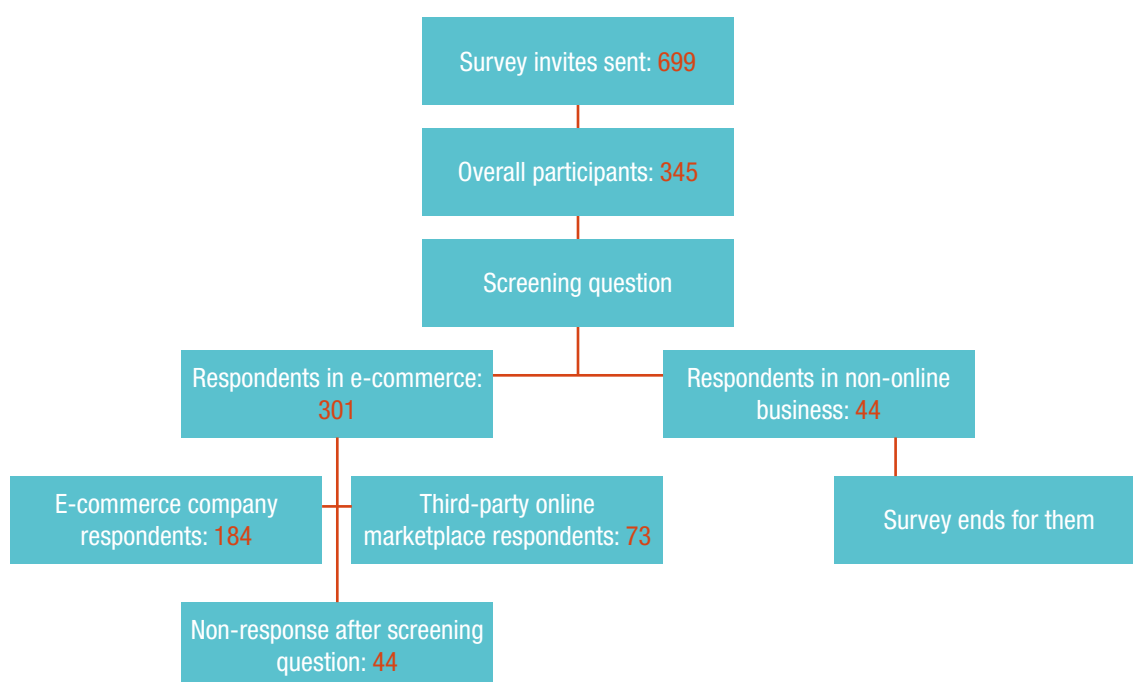
⁶ The 23 countries covered by the survey on e-commerce businesses are: 1) Africa: Benin, *Burkina Faso*, Cote d'Ivoire (non-LDC), Madagascar, *Mali*, *Niger*, *Rwanda*, *Senegal*, Tanzania, *Togo*, *Tunisia* (non-LDC), Uganda, Zambia; 2) Asia: Bangladesh, Bhutan, *Cambodia*, Lao PDR, Myanmar, *Nepal*; 3) Pacific: Kiribati, Samoa (non-LDC), *Tuvalu*, *Vanuatu*. The 12 countries having responded to the public sector questionnaire include those highlighted above in italic and Lesotho.

terms of market size, in-country and cross-country distribution. Consequently, based on the profile of respondents that follows in the next section, the readers should also be alerted of potential biases due to over- or under-representation of countries in terms of number of respondents, as well as varying regional/continental trade and development patterns, and different development status.

Profiling respondents

In depth responses from 257 respondents representing online businesses. To gather respondents, the survey invitation was sent to 699 contacts. In total, 345 individuals responded. The survey was targeted only at those businesses that were involved in e-commerce. Of the 345 respondents, 301 met the assessment criteria, i.e. to be part of a business selling, at least in part, online, while 44 were not selling online. For the latter group, the survey ended after this question. Figure 3 presents an overview of the number of survey respondents per stage of the survey. Out of the 301, a further 44 discontinued their responses after the initial screening question despite not being filtered out. Therefore, this paper is based on an initial sample of 257 respondents, from 245 distinct businesses.⁷

Figure 3.
Number of respondents per survey section

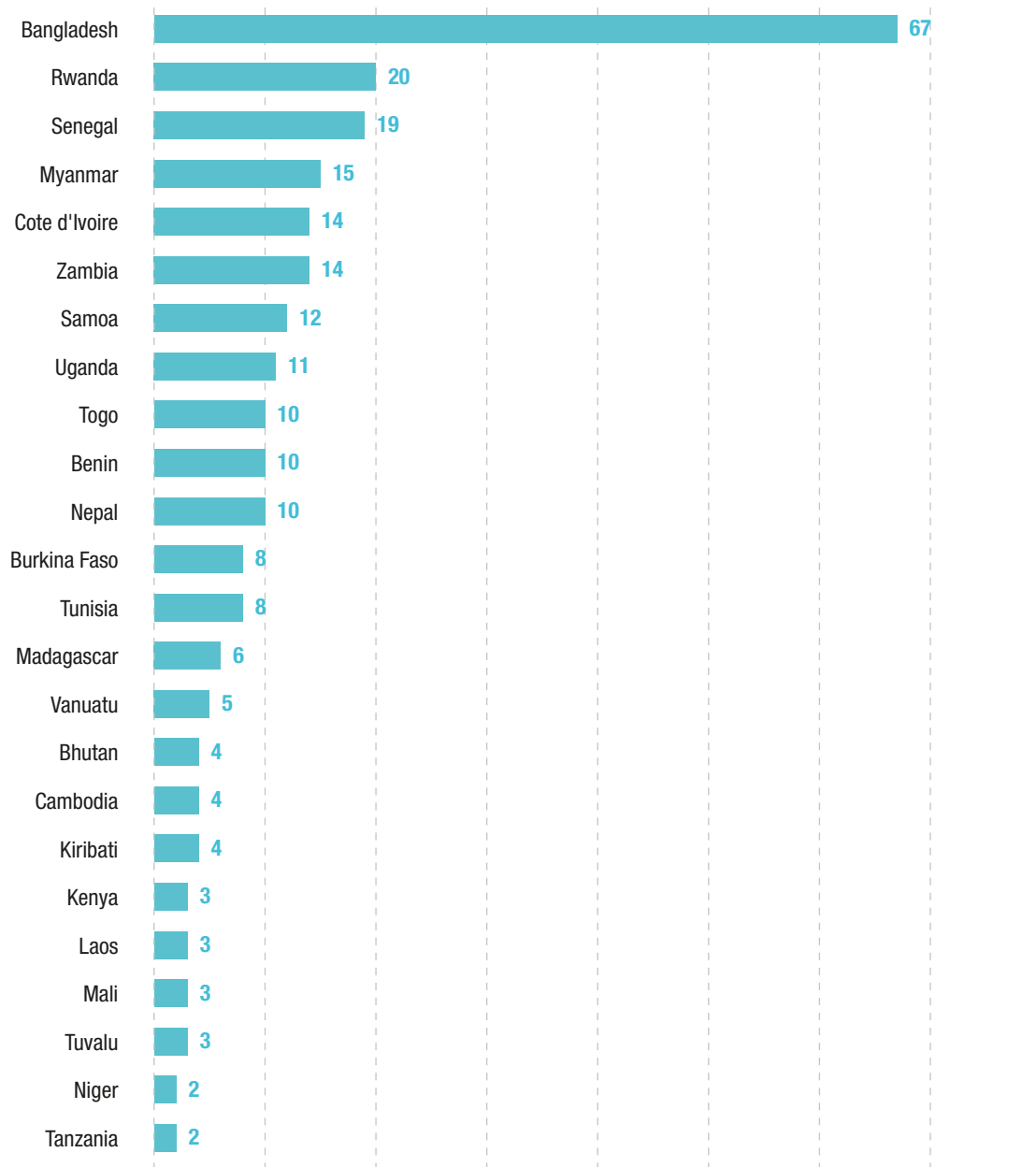


E-commerce companies and third-party online marketplaces from 23 countries participated in the survey, mostly from LDCs. In terms of demographics, a quarter of all respondents had their e-commerce operations in Bangladesh. In Rwanda, Senegal, Myanmar, Cote d'Ivoire, Zambia, Samoa, Uganda, Togo, Benin and Nepal more than 10 people responded (see Figure 4). These differences are due to varying numbers of initial contacts and the sharing of the links among possible respondents, which was encouraged. Additionally, the size of each country's e-commerce markets varies significantly, in some cases the market has only a limited number of participants. Two-thirds⁸ of the respondents used the English survey and the remaining third the French one. Furthermore, 61 per cent of respondents are male, 38 per cent of respondents are female and the remaining 1 per cent expressed a non-binary response.

⁷ This might be due to multiple respondents for the same business, i.e. third-party online marketplaces across multiple countries or the same company with different business lines.

⁸ 177 out of 257 respondents used the English survey (68.87 per cent).

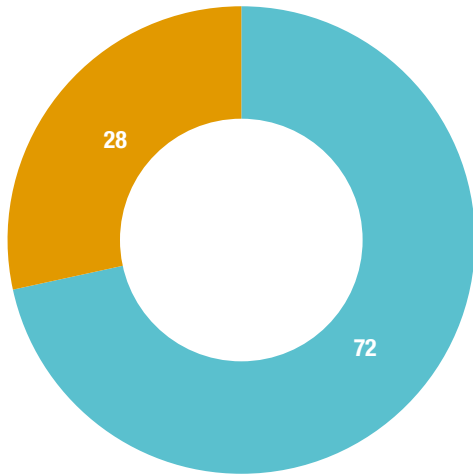
Figure 4.
Number of respondents per country of e-commerce operation



Note: 257 responses. Based on the question “Please indicate in which country your business operates. If your company/online marketplace operates in more than one country, please choose one. It should be the one for which you as business representative filling this questionnaire have in-depth knowledge and responsibilities of business operations”.

72 per cent of respondents represent e-commerce companies and the majority of businesses in the sample are small enterprises with less than 10 employees. More than two thirds of respondents are businesses that sell their own goods and services, at least partially, online (see Figure 5). Slightly less than 30 per cent of the respondents represent third-party online marketplaces. The majority of businesses surveyed had less than 10 employees, 30 per cent had 10-50 employees the remainder were larger companies (see Figure 6).

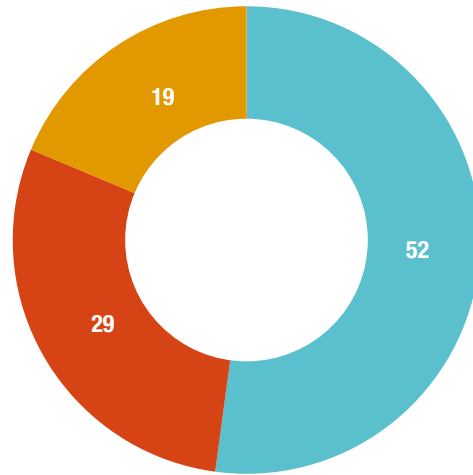
Figure 5.
Type of online business (in per cent)



- Company that sells goods/services online
- Third-party online marketplace

Note: 257 responses. Based on the question "Which option describes your business best?"

Figure 6.
Size of workforce (in per cent)



- 0-9 employees
- 10-50 employees
- More than 50 employees

Note: 257 responses. Based on the question "Please indicate the size of your workforce".



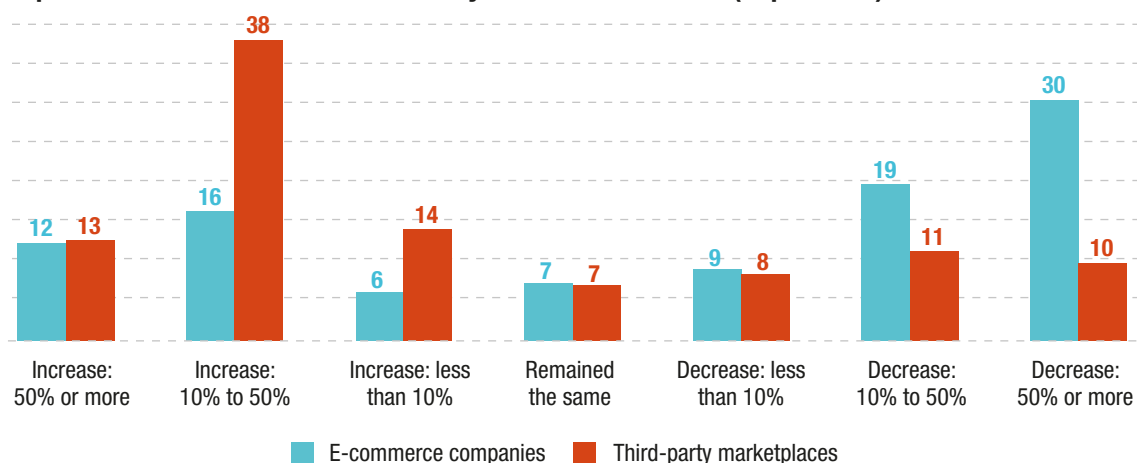
Impact on e-commerce businesses

Overall sales trends

E-commerce companies have predominantly seen declines in sales, while nearly 60 per cent of third-party online marketplaces have seen increases in sales. The latter onboarded new sellers and attracted more customers. For the businesses surveyed, the outbreak of the COVID-19 crisis has had a split effect (see Figure 7). About 58 per cent of e-commerce companies selling goods and services online had experienced reductions in sales. The majority of them had seen their sales decline by more than 50 per cent, which can be attributed to lockdown measures or other restrictions including limits to movement of people and transport of goods (see also Section III below). However, around 30 per cent of them had observed an increase in their monthly sales.

In contrast, for the third-party online marketplaces, nearly 60 per cent had experienced increased sales. For 37 per cent of the marketplaces, sales had increased by between 10 and 50 per cent. The increases in sales experienced by third-party online marketplaces has been accompanied by rising numbers of buyers as well as sellers on the third-party marketplaces surveyed. But nearly a third of the marketplaces saw their customer base shrink recently and about a fifth of them lost sellers (see Figure 8). While overall trends suggest that fully digital business models, i.e. third-party online marketplaces have better performed than e-commerce companies, variations could also be due to different impact levels across sub-sectors and composition of their sales.

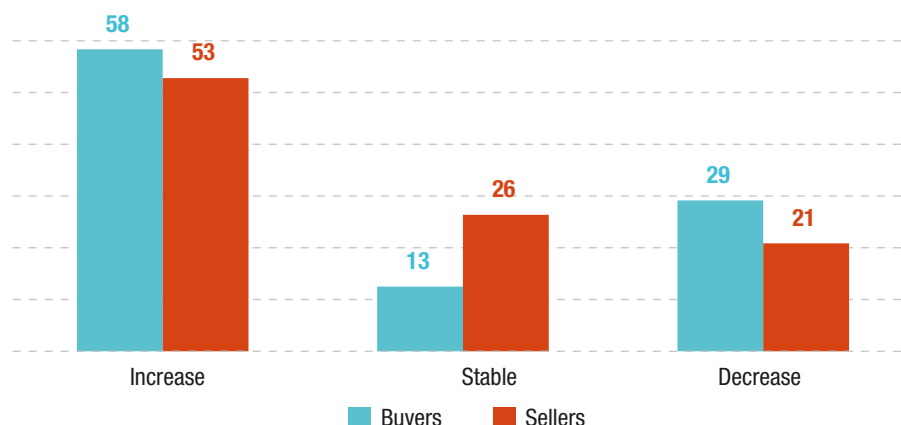
Figure 7
Impact of COVID-19 crisis on monthly e-commerce sales (in per cent)⁹



Note: 180 responses for the e-commerce business track, 72 responses for the third-party marketplace track. Based on the questions “Since the outbreak of the COVID-19 crisis, how have your monthly e-commerce sales been affected?” and “Since the outbreak of the COVID-19 crisis, how have the monthly sales on your third-party marketplace been affected?”. Results are expressed in per cent of the respondents to each question.

⁹ This graph is a broken-down version of the Figure 1 presented under Section I - Key findings.

Figure 8.
Third-party marketplaces: changes in buyers and sellers since the outbreak of the COVID-19 crisis (in per cent)

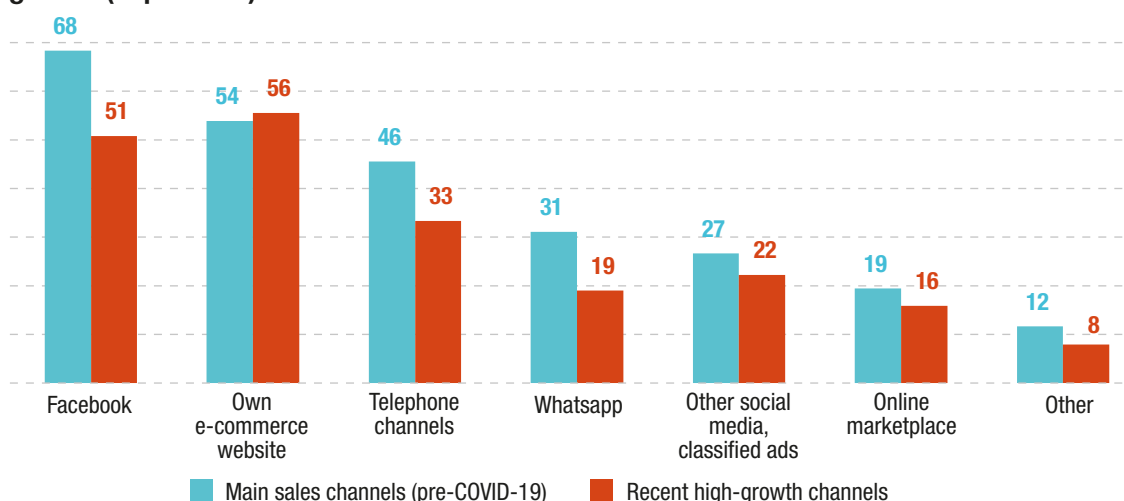


Note: 72 responses from the third-party marketplace track. Based on the questions “Since the outbreak of the COVID-19 crisis, how has the number of buyers developed on your third-party marketplace?” and “Since the outbreak of the COVID-19 crisis, how has the number of sellers changed on your third-party marketplace?”. Results are expressed in per cent of the respondents to each question.

Most used sales channels by e-commerce companies

Facebook and own e-commerce websites of e-commerce companies have been the most growing sales channels since the beginning of the COVID-19 crisis. The e-commerce companies in the sample have used, and still use, a variety of channels to sell their goods and services (see Figure 9). In aggregate, social media plays an important role, with many using Facebook, WhatsApp and other social media. Nevertheless, more than half of the responding businesses used their own e-commerce website. Phone channels, such as text message, USSD and calls were also frequently used. Presence on third-party marketplaces was still relatively limited among the businesses surveyed. In terms of other channels, apps were named most frequently. Since the beginning of the COVID-19 crisis, the e-commerce businesses have particularly used their own websites and Facebook sales channels more frequently (see Figure 9).

Figure 9.
Main sales channels, before outbreak of COVID-19 and channels with highest recent growth (in per cent)

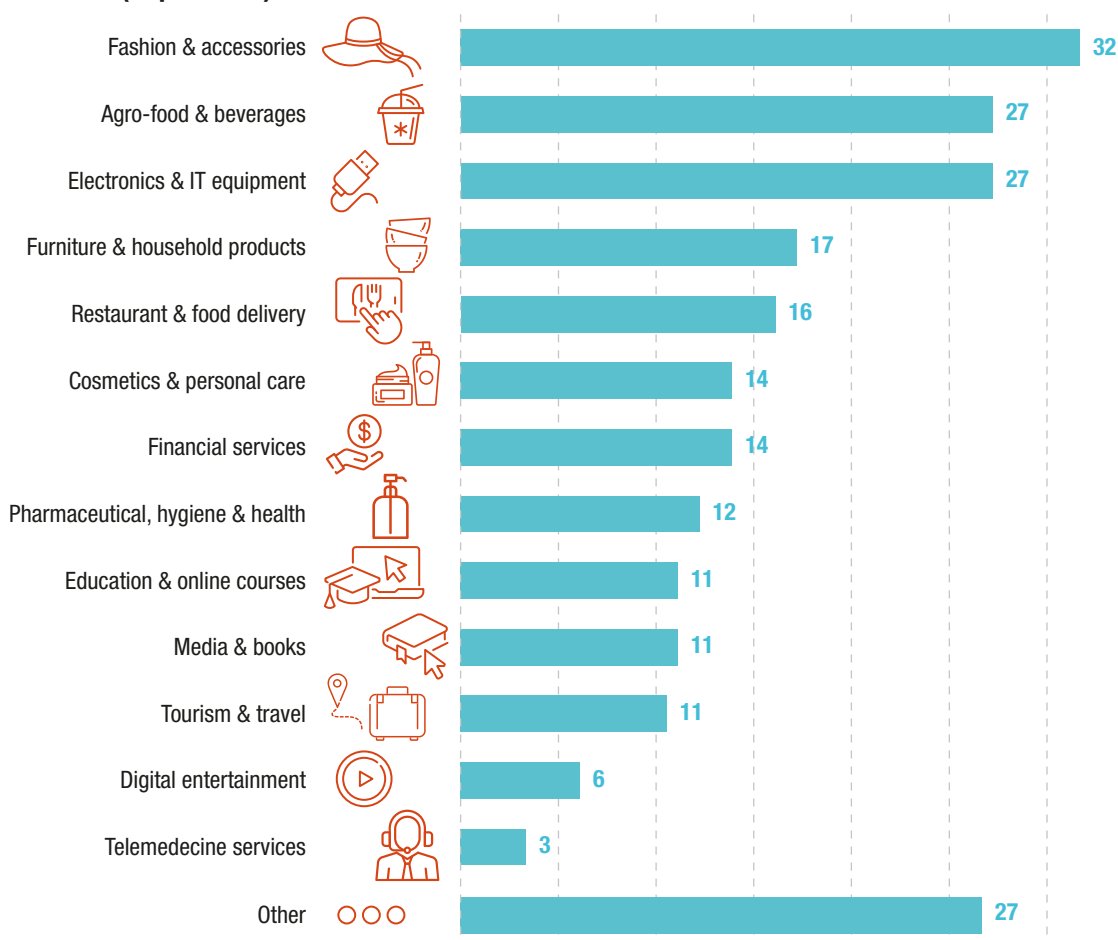


Note: 180 responses from the e-commerce company track. Based on the question “Through which channel do you usually sell online?” Multiple answers allowed. 63 responses from the e-commerce company track. Based on the question “If you have experienced an increase in e-commerce sales, through which channel(s) did you experience the highest growth?” Maximum 3 choices allowed. Results are expressed in per cent of the respondents to each question.

Variations in the composition of sales

The surveyed e-commerce companies and third-party online marketplaces sell a variety of products, but the COVID-19 crisis has for most businesses been associated with a change in the composition of sales, mostly towards essential items. Before the outbreak of the COVID-19 crisis the top 5 domains for the e-commerce companies were fashion, agro-food and beverages, electronics including IT equipment, furniture and household items as well as food delivery (Figure 10). Additionally, handicrafts, often as gift items or souvenirs, are sold, as well as services such as virtual business assistance.

Figure 10.
Types of goods and services sold online by e-commerce companies before the COVID-19 outbreak (in per cent)

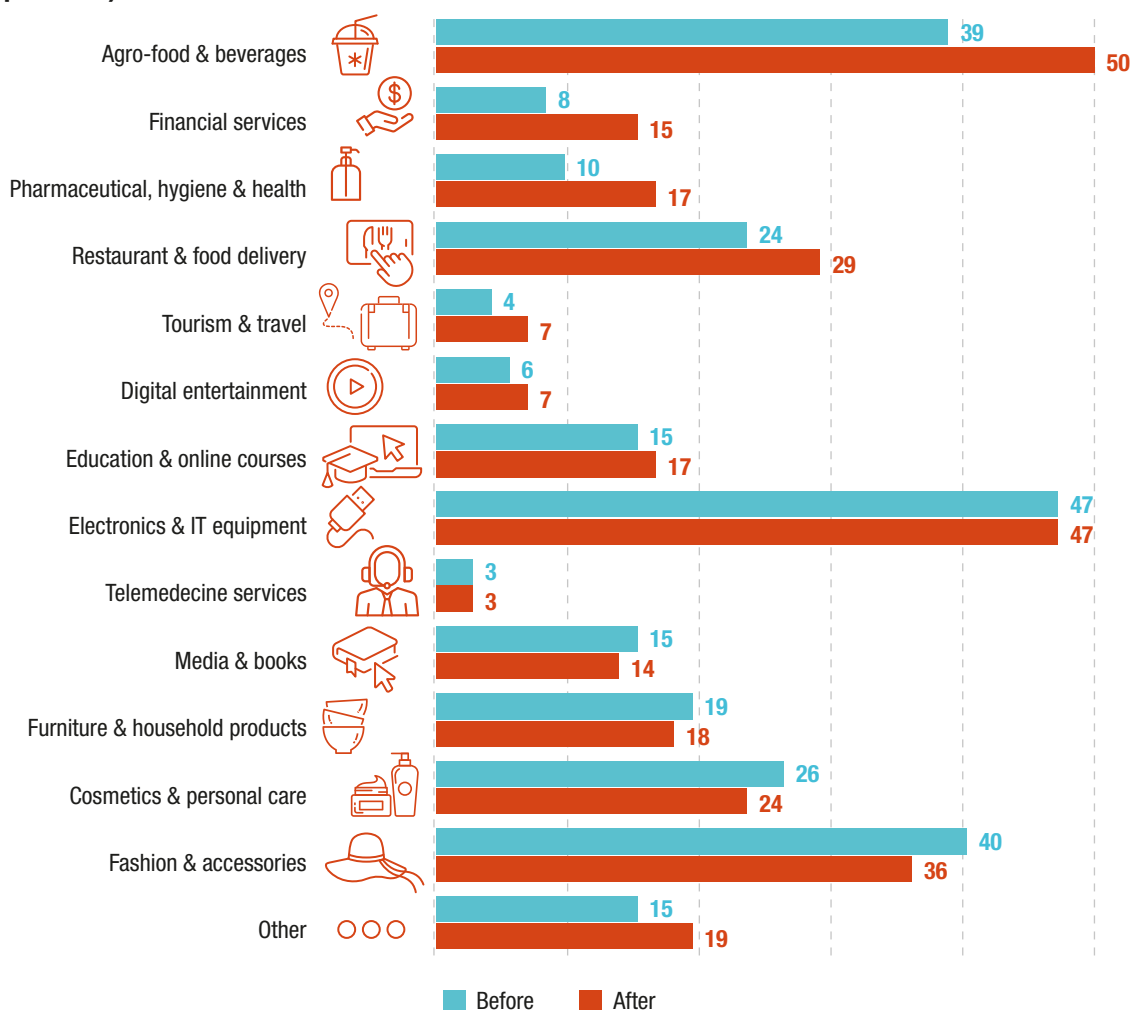


Note: 180 responses from the e-commerce company track. Based on the question "What kind of goods or services do you sell via e-commerce?" Multiple choices allowed.

The current situation has for 69 per cent of the e-commerce companies been associated with a change in the composition of sales. In part this has been driven by lockdown measures which implied that some operations had to temporarily cease. Additionally, many have been affected by the border closures which limit opportunities for trade. Companies have seen increases in sales of essential items, such as face masks and disinfectants, products related to home offices and schooling, baking, comfortable clothing and groceries.¹⁰ These tendencies are supported by shifts observed by the third-party online marketplaces (see Figure 11). According to the respondents, everyday essential items, such as agro-foods and beverages, food delivery and sales in pharmaceuticals and hygiene products are the items that have grown the most after the COVID-19 outbreak.

¹⁰ The respondents provided qualitative information to the question on how their sales composition was affected recently.

Figure 11.
Third-party marketplaces: top 5 sales categories before and after the COVID-19 crisis (in per cent)



Note: 72 responses from the third-party marketplace track. Based on the questions “Before the COVID-19 crisis, which were the top 5 categories of goods and services sold on your third-party marketplace?” and “Since the outbreak of the COVID-19 crisis, which are the top 5 categories of goods and services sold on your third-party marketplace?”. Results are expressed in per cent of the respondents to each question.

Before the pandemic outbreak the agro-food and beverages items was among the top-5 sales for 39 per cent of the surveyed online marketplaces. Since the COVID-19 outbreak, this category became one of the top-5 most sold items for 50 per cent of the surveyed third-party online marketplaces. In addition to essential items, financial services have also seen a notable increase as one of the top-5 product categories in terms of change from before to after the pandemic outbreak, moving from 8 to 15 per cent, which can be associated with the rise of e-payment methods and increase of digital financial services since the COVID-19 crisis outbreak, as seen in the next section.¹¹

Payment methods

Different e-payment methods are on the rise, particularly through mobile money, although cash on delivery remains prominent. Two-thirds of the e-commerce businesses have seen changes in payment methods since the beginning of the COVID-19 crisis.¹² In line with many countries’ recommendations to switch to digital payments to reduce possible contagion, both

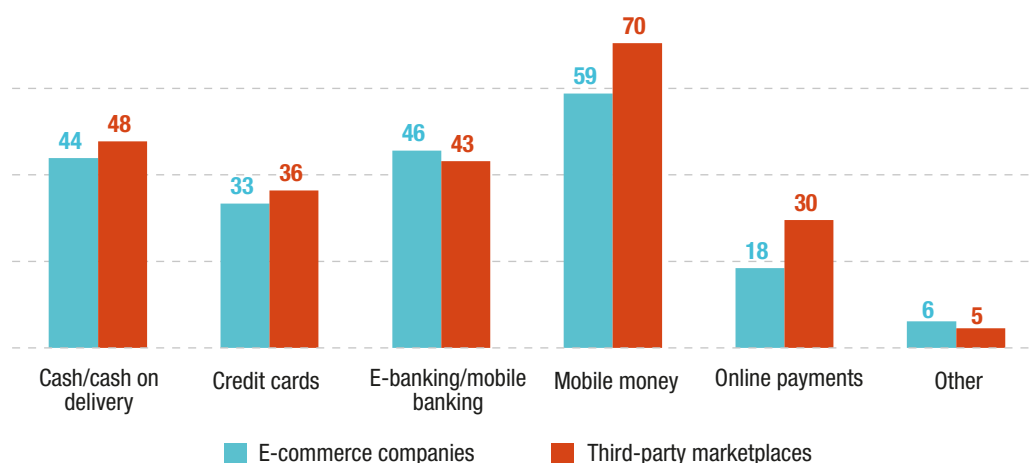
¹¹ In contrast with other data, the tourism and travel items category has reported an increase. However, looking in depth at individual responses this does not seem to be associated with an increase in sales of such services. It is rather driven by business evolution and new services offered by two online marketplaces that have come to maturity at the time the COVID-19 outbreak erupted.

¹² More precisely, 64 per cent out of 249 responses to the question “Since the outbreak of the COVID-19 crisis, have you seen a change in payment methods that clients use?”. The remaining 36 per cent answered that no change was experienced.

groups of surveyed e-commerce businesses have recorded significant growth rates in mobile money payments, as well as in e-banking and credit card use (see Figure 12).

However, cash on delivery remains prominent in absolute terms, particularly in LDCs, and for more than 40 per cent of the respondents it has continued to be an option since the outbreak of the pandemic, as consumers have increasingly turned to e-commerce. This could point to an expansion of the customer base to new segments which might not have a credit card or access to some of the digital payment methods. At the same time, the persistence of cash-based payments raises questions about consumer trust in e-commerce transactions as customers are only willing to pay once their orders reach their doorstep. On the same token, this is also associated with weak financial inclusion, in a situation where contactless transactions should have been privileged.

Figure 12.
Payment methods with highest growth since outbreak of the COVID-19 crisis (in per cent)

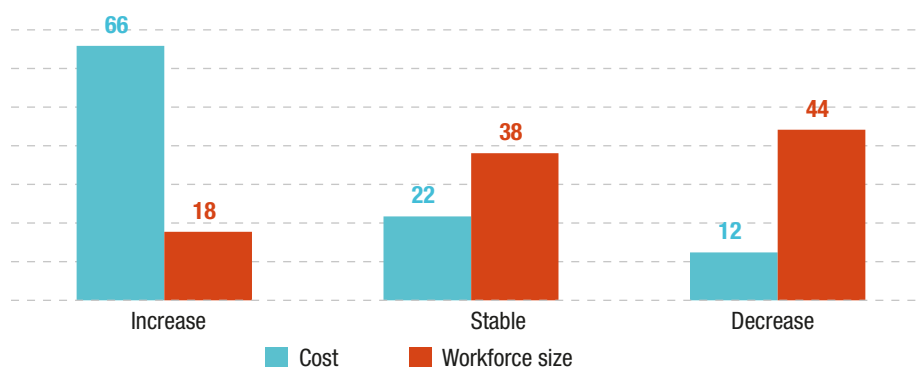


Note: 114 responses from the e-commerce business track; 44 responses from the third-party marketplace track. Based on the question "Since the outbreak of the COVID-19 crisis, which payment methods have grown the most?" Maximum 3 choices allowed. Results are expressed in per cent of the respondents to each question.

Business outlook: impact on costs and workforce

The COVID-19 crisis has affected the cost structure and the workforce size of many businesses surveyed. Approximately two thirds of all respondent businesses saw their costs increase (see Figure 13). At the same time, 44 per cent of respondents reported a reduction in their workforce, while 18 per cent were expanding theirs (see Figure 13). While rise of e-commerce since the outbreak of the COVID-19 crisis has been instrumental to strengthening overall countries' resilience to shocks, not all types of businesses and sectors have equally benefitted. Impact on business turnover and employment are likely to be severe for the majority of the surveyed businesses.

Figure 13.
Changes in costs and workforce size since the outbreak of the COVID-19 crisis (in per cent)



Note: 231 responses. Based on the question "Since the outbreak of the COVID-19 crisis, did you experience or anticipate any significant changes in costs?" and "Since the outbreak of the COVID-19 crisis, did you experience or anticipate any change in the size of your team?"

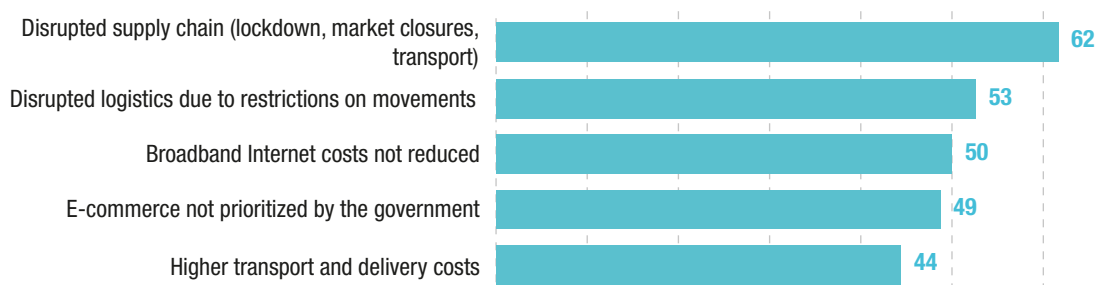


Challenges, business coping strategies and policy responses

Main challenges encountered

The survey illustrates that challenges faced during the pandemic are deeply rooted in pre-existing bottlenecks. These are situated within key policy areas which support inclusive e-commerce development as identified by the eTrade for all initiative. The main challenges that respondents have faced are three-fold: Half the respondents refer to high broadband costs as a challenge. Even more importantly, logistics and trade facilitation are frequently cited, with more than 60 per cent having experienced disrupted supply chains due to lockdowns, business closures and closed borders. Additionally, for more than 50 per cent operations had been limited by logistical problems arising from restrictions to movement. Close to half of the respondents complained that the government did not prioritise the e-commerce sector sufficiently (see Figure 14).

Figure 14.
Top 5 challenges during COVID-19 (in per cent)



Note: 232 responses. Based on the question “Since the outbreak of the COVID-19 crisis, which are the challenges that most impacted on your business?” Maximum 10 choices allowed. The full set of choices is reported by policy area in the next figures.

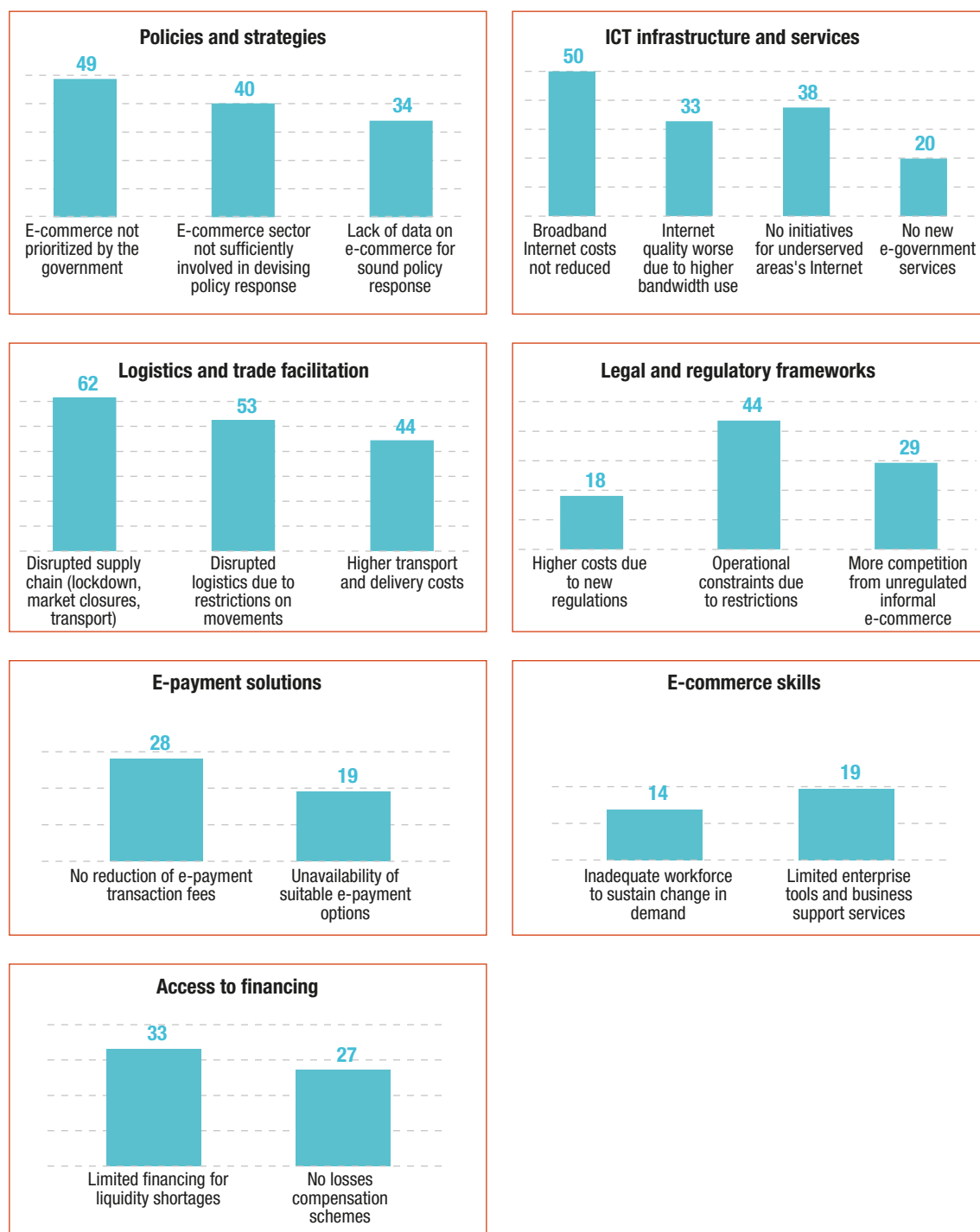
The current pandemic-related circumstances shed light on the bottlenecks that developing countries, particularly LDCs, are facing and ought to address to enhance their e-commerce ecosystem readiness with respect to seven interconnected eTrade for all key policy areas: E-Commerce Readiness Assessment and Strategy, ICT Infrastructure and Services, Payments, Trade Logistics and Trade Facilitation, Legal and Regulatory Frameworks, E-Commerce Skills Development, Access to Financing. Such bottlenecks and challenges have been widely documented by UNCTAD as part of its eTrade Readiness Assessment programme, a spin-off of the eTrade for all partnership.¹³

In the field of e-commerce policies and strategies, many respondents saw need for improvement in the COVID-19 response. In addition to e-commerce not being sufficiently prioritized, per cent, the e-commerce sector was not adequately consulted when devising relevant policy responses, according to 40 per cent of respondents. Some 34 per cent referred to a lack of data on e-commerce to inform

¹³ See here for a compendium of findings and policy impact notes <https://etradeforall.org/development-solution/e-t-ready-rapid-e-trade-readiness-surveys-least-developed-countries-getting-started-e-commerce-development/>

effective policy responses. Relatively speaking, the challenges in the policy areas of e-payments, e-commerce skills and access to financing were less frequently mentioned. Of these areas, limited financing for liquidity shortages, high transaction fees for e-payments, and lack of compensation loss schemes were the main challenges noted (see Figure 15).

Figure 15.
Challenges since the COVID-19 outbreak in eTrade for all Policy Areas (in per cent)¹⁴



¹⁴ Note: 232 responses. Based on the question "Since the outbreak of the COVID-19 crisis, which are the challenges that most impacted on your business?" Maximum 10 choices

Further feedback received confirmed how supply chain disruptions (e.g. closed airports, freight disruption especially in remote locations, dis-functional storage facilities, etc.) have deeply impacted turnover of e-commerce sector relying on trade in goods and value chains. Reduced or no demand for services has also had an impact on turnover for businesses operating in hard-hit sectors, such as hospitality, transport and tourism, education and training, entertainment and leisure, relying on trade in services, both local and cross-border. Moreover, price hikes for certain goods and services,¹⁵ lower consumer spending and reduced orders have negatively impacted on business profitability. In addition to the impact on business operations and turnover, they have also highlighted several other aspects related to the impact and challenges they faced.

Impact on capacity to invest. Even when demand grew, businesses found it very challenging to adapt and expand to meet the additional demand. Insufficient funds to scale-up operations, uncertainty about the future to undertake new investments, availability of the required workforce on short notice were vital challenges, further complicated by health-related precaution measures. The same constraints impacted the availability of resources dedicated to communication and visibility, necessary to expose products and services to potential buyers in the market.

ICT gaps further exacerbated. Respondents further reaffirmed the importance of having an accessible, affordable and well-performing ICT infrastructure, especially in rural areas, where access to online markets is very limited and low digital literacy is a major hindrance. Bottlenecks persist also in better connected areas. Some respondents reported that working from home has been hampered by power cuts, insufficient bandwidth and no reliable infrastructure to sustain demand for automation of business processes.

Consumer protection and competition. Supply chain disruptions have severely impacted on e-commerce for import-dependent countries facing already high transport and logistics costs. Price hikes for goods in high demand during the crisis have stressed the importance of sound consumer protection regulations and institutions, according to respondents from Small Island Developing States, who feel particularly disadvantaged by limited competition in aviation and expensive freight market.

Persistent cash on delivery culture. Many businesses have adapted business practices to the COVID-19 “new normal” by introducing contactless delivery options and e-payments solutions. However, respondents reported that cash on delivery payments often pose the biggest challenge as they put workers at increased risk of contracting COVID-19. Efforts to minimize physical transactions have been hindered by strong cultural inclinations related to the use of cash and payment on delivery. Additionally, limited availability of e-payment gateways and solutions has been cited as a bottleneck to increasing online sales.

Business facilitation measures: an overview

Governments and the private sector have taken a range of measures relevant for the e-commerce sector to mitigate the economic and social impact of the COVID-19 crisis, but many respondents also pointed towards a lack of support for the sector.

One quarter of respondents perceived that no measures had been taken to support e-commerce (see Figure 16). Furthermore, the COVID-19 crisis pushed the importance of having a national e-commerce strategy to the forefront.

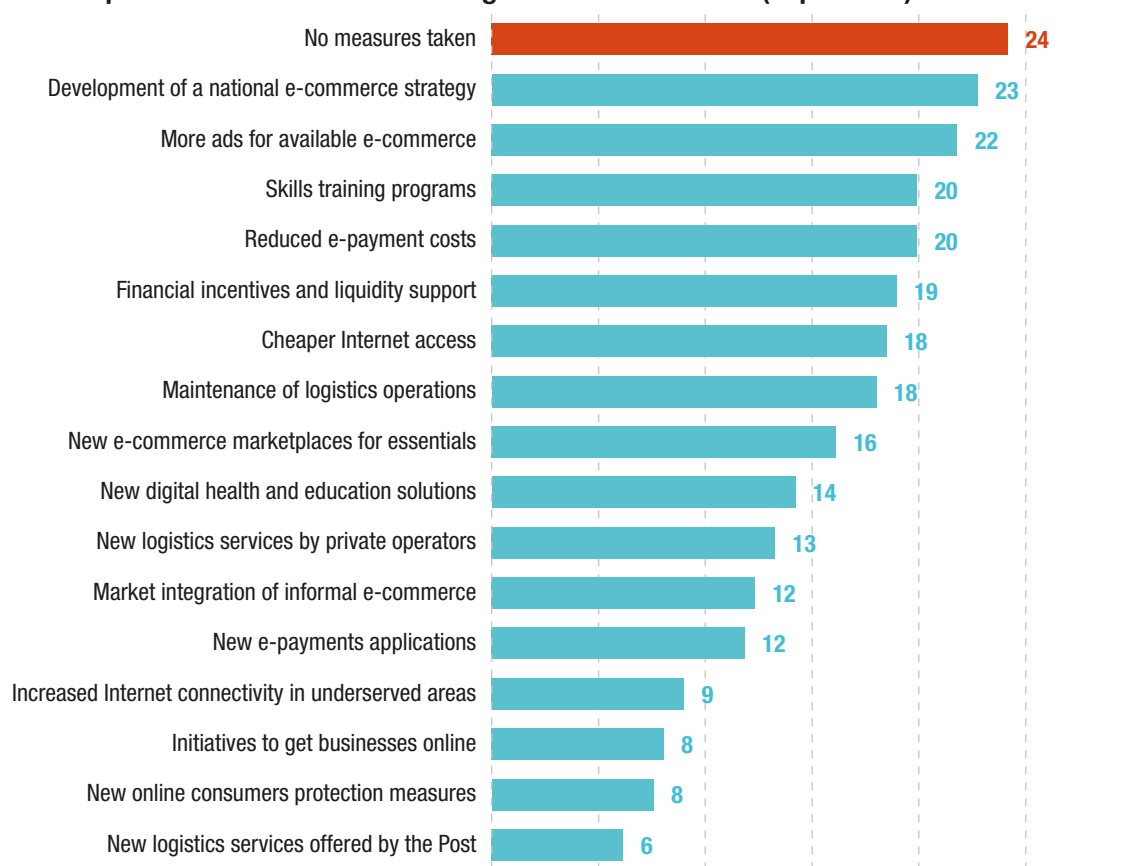
On the other hand, many measures were very hands-on: In one fifth of the responses, increased publicity efforts for e-commerce, e-commerce skills trainings to bring more people up to date with the opportunities offered by the digital economy as well as reduced transaction costs for e-payment were considered major measures taken.

Additionally, more than 15 per cent of the respondents considered financial and liquidity support in addition to maintaining logistics operations vital for their business continuity, as well as cheaper Internet access and new e-commerce opportunities for essential goods and services. New services, such as additional logistics services from the private sector and the Post or new e-payment

¹⁵ See for example <https://www.dw.com/en/price-hikes-in-africa-aggravate-the-coronavirus-crisis/a-52820553> and <https://www.foodnavigator-asia.com/Article/2020/04/22/Rice-ing-concern-COVID-19-creates-supply-and-price-volatility-for-Asia-s-most-cost-sensitive-crop#>

applications, were not considered as important. Initiatives to integrate informal vendors and initiatives to get businesses online were not named as frequently. This could be explained by a certain bias in the sample towards already established e-commerce participants.

Figure 16.
Most important measures taken during the COVID-19 crisis (in per cent)



Note: 211 responses. Based on the question “Since the outbreak of the COVID-19 crisis, which governmental or private sector measures, if any, have been most important to facilitate your e-commerce business?” Maximum 5 choices allowed.

Qualitative feedback from the respondents echoes the results from the multiple-choice question (see Figure 16). Four main points show how the government and private sector measures supported e-commerce businesses:

Businesses and consumers have become more prone to use e-commerce services, new efforts have been made to enhance business efficiency and new market niches have been found.¹⁶ Respondents reported that increased outreach campaigns by governments to use e-commerce services in the COVID-19 crisis have contributed to improving customer and private sector awareness about e-commerce opportunities. As a result, companies have had greater incentives to capitalize on these growth trends through more online marketing and increased presence or onboarding on third-party marketplaces. Some businesses have also taken the opportunity to acquire new skills for online marketing and to improve their online presence. At the same time, in some cases, reduced liquidity has increased uncertainty about the future and pushed businesses to find ways to remain afloat by increasing efficiency, for example, by reviewing internal operations, controlling expenses, and avoiding redundant transactions. Businesses relying on physical distribution networks have moved forward with digital distribution plans and greater use of online marketplaces to lower distribution costs for suppliers. In some cases, new niches have been sought by reconverting a core PPE business. For example, a company exporting jute goods and handicrafts started to sell masks, PPE and gloves to survive.

¹⁶ The following paragraphs draw on qualitative responses provided in addition to both the question related to challenges encountered (see Figure 15) and helpful business facilitation measures (Figure 16).

Increased Internet access and online financial transactions. Reduced costs for Internet data, e-payments and mobile money transactions have provided incentives to use online ICT and financial services. More people have been able to use Internet for longer periods and pay through e-payments for goods and services. As a result, e-commerce growth was also powered by a higher demand for connectivity and mobile money increased use.

Business operations facilitated. Supply chain disruptions were mitigated in some places through extended business hours and unrestricted movements of logistics operators that ensured supply chain operations, last-mile, and home deliveries.

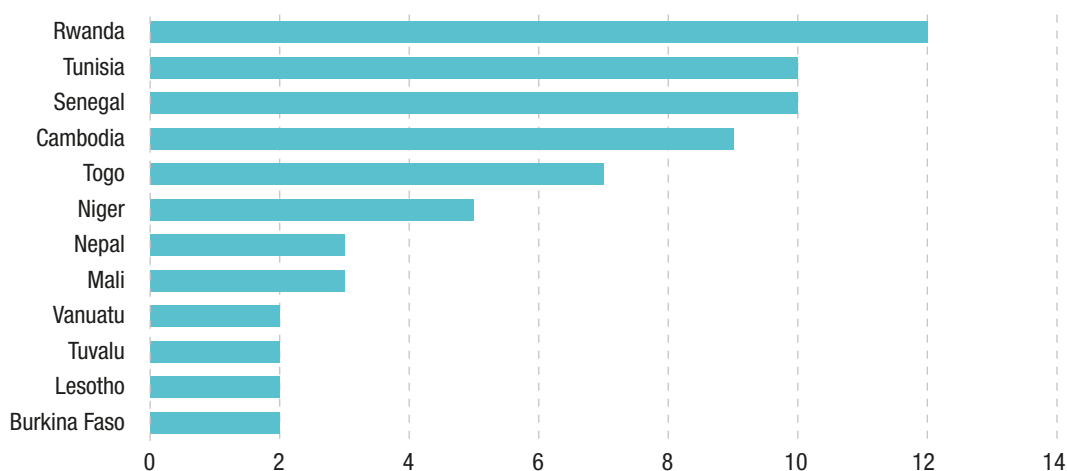
Businesses losses minimized. Financial support measures (e.g. reduced interest rates, subsidized loans, office rentals costs' compensation, social protection wages) have been very helpful for businesses to survive, when available, and in some cases, stimulate investments into more profitable activities.

E-commerce business facilitation measures: examples from the public sector

Out of the 23 countries included, 12 countries¹⁷ reported, through their eT Ready Focal Points, on governmental or public sector measures, taken or planned, to support e-commerce businesses since the outbreak of the COVID-19 crisis.

Figure 17 provides an overview of the countries that have been most active in taking measures and providing support to e-commerce businesses. The top-5 are Rwanda, Senegal, Tunisia, Cambodia, and Togo.

Figure 17.
Number of governmental/public sector measures taken by country to support e-commerce businesses since the outbreak of the COVID-19 crisis



Note: 12 responses.

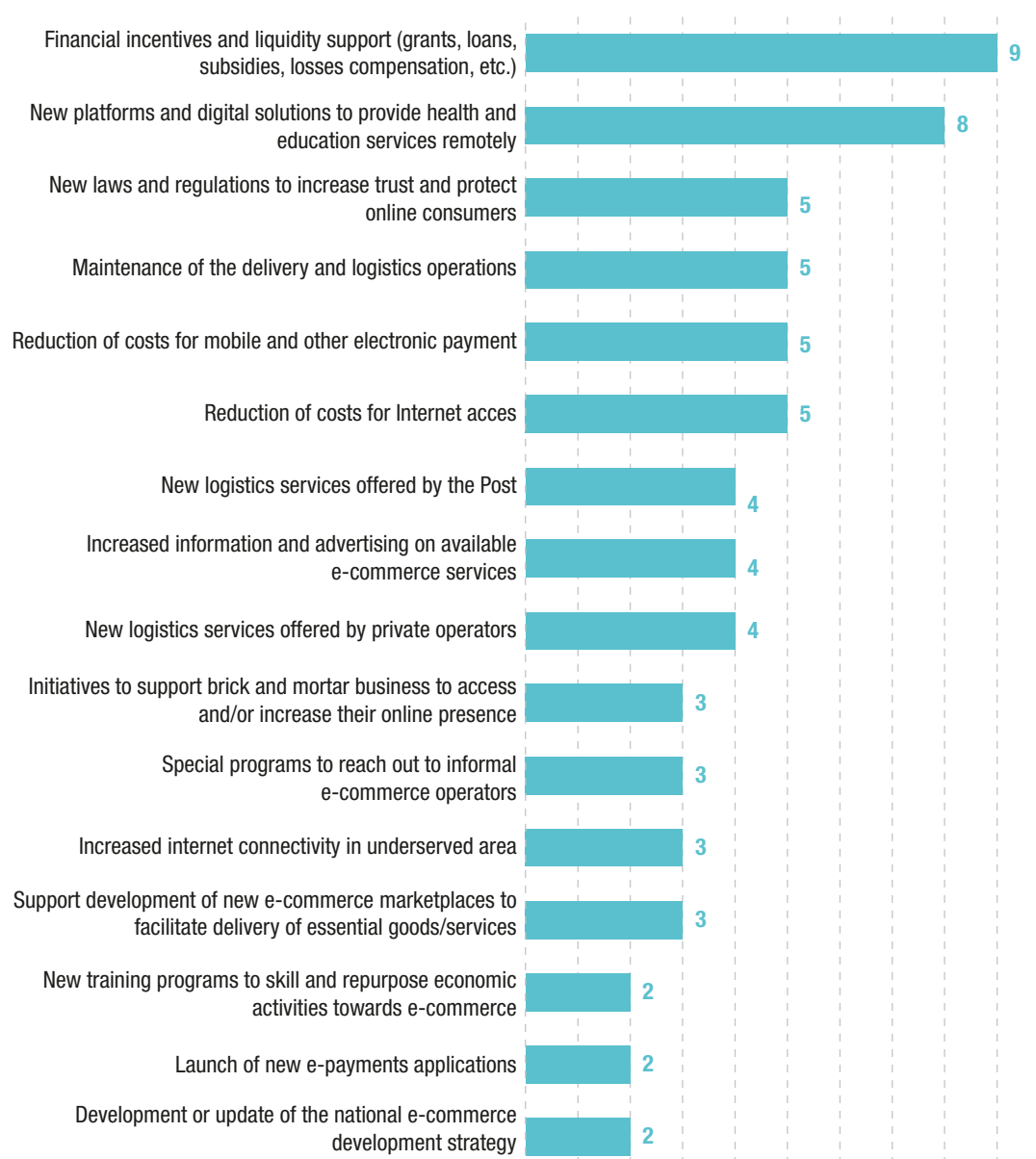
Measures taken by countries are summarized below. These are based on the results summarized in Figure 18:

- The majority of countries, 9 and 8 out of 12 respectively, had implemented financial incentives and liquidity support (grants, loans, subsidies, losses compensation, etc.) and had supported the development of new third-party marketplaces and digital solutions to provide health and education services remotely;
- 5 countries had taken measures to a) reduce the costs of Internet access, as well as mobile and other e-payments, b) maintain delivery and logistics operations, and c) adopt new laws and regulations to increase trust and protect online consumers;

¹⁷ Burkina Faso, Cambodia, Lesotho, Mali, Nepal, Niger, Rwanda, Senegal, Togo, Tunisia, Tuvalu, and Vanuatu. Additional, information from Kiribati is mainly based on <https://unctad.org/news/kiribati-sets-sights-overcoming-hurdles-e-commerce> but it was not possible to compute it in Figg. 17 and 18.

- 4 countries had taken measures related to a) new logistics services offered by the Post and private operators and b) increased information and advertising on available e-commerce services;
- 3 countries had taken measures to a) increase Internet connectivity in underserved areas, b) use special programmes to reach out to informal e-commerce operators, and c) support the development of new e-commerce marketplaces to facilitate access to essential goods and services, as well as brick and mortar business to build their online presence;
- 2 countries reported to have taken measures related to a) the development or update of the national e-commerce development strategy, b) the launch of new e-payments applications, and c) new training programmes to reskill and repurpose economic activities towards e-commerce.

Figure 18.
Number of countries reporting to have taken governmental/public sector measures to support e-commerce businesses since the outbreak of the COVID-19 crisis



Note: 12 responses

Country highlights by policy area

The sixteen measures reported by countries can be grouped along the 7 eTrade for all policy areas.

Boosting e-commerce readiness and market development

Development or update of the national e-commerce development strategy.

- ✓ In Cambodia, the development of Cambodia E-commerce Strategy under the Ministry of Commerce was pursued even after the outbreak of the COVID-19 pandemic and has been successfully completed and launched in July 2020.
- ✓ In Senegal, COVID-19 has accelerated the process of implementing the Senegal National E-commerce Development Strategy (SNDCES).¹⁸ The implementation of the SNDCES is ongoing, particularly for certain activities of axes 1, 2 and 5, which include the creation of a national third-party marketplace, the establishment of relay delivery points, the establishment of an e-commerce observatory, and a review of the legal texts governing e-commerce. The Ministry of Trade and Small and Medium Enterprises manages the implementation of the SNDCES. In addition, two bodies will be created to ensure good governance of e-commerce in Senegal, namely an observatory housed within the Ministry of Commerce and small and medium enterprises (SMEs) and a framework for consultation between e-commerce players to defend their common interests. In this regard, the consortium of e-commerce players was officially launched on 16 June 2020 by the Minister of Commerce.

Increased information and advertising on available e-commerce services.

- ✓ In Cambodia, public and private sectors have increasingly reached out to their target audience via digital marketing and online tools, such as social media (Facebook, YouTube, etc.) and online conference applications (Zoom, Microsoft Team, etc.).
- ✓ In Rwanda, the government has put in place measures to increase the awareness and trust of citizens on online business. In collaboration with stakeholders and the private sector, a continuous assessment of third-party marketplaces is done and those that qualify according to predefined criteria are regularly published. As of July 2020, 35 third-party marketplaces have been published. In addition, public-private dialogues are regularly held to understand challenges and opportunities of e-commerce in different sectors (third-party marketplaces, logistics, warehouse, payments etc.).
- ✓ In Senegal, awareness campaigns have been carried out to communicate on initiatives put in place, through media coverage and advertising sport (TV, radio, press, online portals).
- ✓ In Tunisia, sensitization campaigns have been held, mainly through the national radio, focused on advising consumers on safe online shopping and warning them of the guarantees necessary to ensure consumers' protection.

Support development of new e-commerce marketplaces to facilitate delivery of essential goods/services, as well as brick and mortar business to build their online presence.

- ✓ In Cambodia, the Ministry of Commerce is working on the Go4eCam project, funded by the Enhanced Integrated Framework (EIF). The project aims at providing opportunities for Cambodian SMEs to grow and diversify their domestic and cross-border e-commerce sales based on a robust, supportive, and conducive e-commerce ecosystem and a Cambodian-owned and managed marketplace.¹⁹

¹⁸ Known in French as *Stratégie nationale de développement du Commerce électronique au Sénégal* (SNDCES), the strategy followed suit the UNCTAD eTrade Readiness Assessment which was done in 2018. The SNDCES was launched in December 2019 and made possible with the support of the Enhanced Integrated Framework (EIF).

¹⁹ The project has the following objectives: 1) Enable new trade, business and employment opportunities through a highly visible B2B2C e-marketplace for Cambodian urban and provincial businesses, targeting both domestic and cross-border e-commerce; 2) Strengthen e-commerce value chains through customized access to entrepreneurship skills and finance; 3) Improve access to financing from domestic and foreign sources for e-commerce firms to support creation of new qualified jobs in Cambodian SMEs and increase investment in formalized e-commerce firms. The project has reached all its objectives, which have been monitored, audited and covered in relevant media channels.

- ✓ In Senegal, in partnership with the Trade Point Senegal Foundation, the Ministry of Commerce has deployed a website for the sale of local products to encourage the population to consume local products to help producers cope with the pandemic. The third-party marketplace is called eKomkom (www.consommonslocal.net). This is the second third-party marketplace recently established. A first one was put in place with the support of the Ministry of Trade to facilitate supply of essential goods in the aftermath of the COVID-19 crisis, i.e. www.ecommercecovid.sn, which was then renamed into www.ecommercesenegal.sn. These initiatives respond to the government strategy aimed at, pooling efforts of the private sector through the creation of a national e-commerce consortium, while also giving them higher visibility through this enhanced public-private cooperation projects.

Special programmes to reach out to informal e-commerce operators.

- ✓ In Togo, handicraft workers and entrepreneurs have been invited to expand their business through www.assiyeyeme.tg, a marketplace managed by the *Société des Postes du Togo* dedicated to promoting Made in Togo handicrafts. The latter initiative was launched in 2020 and accelerated in response to the COVID-19 crisis.
- ✓ In Tunisia, a sensitization campaign was run through the radio to raise awareness of traders on e-commerce regulation and on respect for the rules governing online sales, especially on social networks.
- ✓ In Senegal, a process of formalization and registration of e-commerce businesses has started. The creation of a national e-commerce consortium to boost the promotion and sale of all categories of Senegalese products, in particular local products, is in place. This process is also supported by other initiatives that enabled onboarding of e-commerce businesses, for instance, third-party marketplaces established to address needs emerged during the pandemic, such as the e-Komkom and ecommercesenegal.sn.

New third-party marketplaces and digital solutions to provide health and education services remotely.

- ✓ In Cambodia, the Ministry of Health has developed digital third-party marketplaces, such as a website (www.cdcmoh.gov.kh), a Facebook page, and various digital communication tools. The Ministry of Education, Youth and Sport also encouraged education institutions to deploy online learning tools.
- ✓ In Mali, the Ministry of National Education has adopted and implemented a training programme using media (radio and TV) for students in final exams classes.
- ✓ In Niger, an online third-party marketplace www.mobileclassroom.com.ng was created by the Ministry of Education to give students access to a pool of video content.
- ✓ In Senegal, the Ministry of National Education has set up a digital tool called “Apprendre à la maison” to help students access lessons and exercises in certain disciplines, particularly to prepare children in final exams classes. Thus, a set of third-party marketplaces specially dedicated to learners and others intended for teachers has been put online on education.sn.
- ✓ In Tunisia, several initiatives have been developed by public institutions, NGOs, universities, start-up and SMEs. The Ministry of Higher Educations and Scientific Research keeps track of these initiatives through a dedicated portal.²⁰ One of the most popular applications is <https://www.3awen.com/> allowing users to find many applications related to neighbourhood support services, health and medical facilities, food, transport and logistics, e-learning and teleworking.
- ✓ In Vanuatu, the Ministry of Education has put in place online learning third-party marketplaces for schools.

²⁰ See <http://horizon2020tunisia.org/initiatives-tunisiennes-pour-vaincre-le-covid19/#1586368779975-4074f7b6-263b>

Increasing Internet access

Reduction of costs for Internet access.

- ✓ In Lesotho, mobile and telecommunication companies have reduced the costs for Internet access to educational websites and content to assist students to study online during the COVID-19 lockdown.
- ✓ In Tunisia, three telecommunications operators provided free Internet access for distance education third-party marketplaces during the lockdown. To avoid network saturation, rationing of Internet use in Tunisia was recommended with reduced mobile data access costs granted during night hours.
- ✓ In Nepal, telecommunication companies offer different kinds of cheaper data packages and recharge bonuses.

Increased internet connectivity in underserved areas

- ✓ In Niger, Internet coverage in underserved areas has significantly increased with several dozen villages connected and more than 200 other villages in prospect. COVID-19 gave further impetus to ongoing projects aimed at fast-tracking last-mile connectivity in rural areas, such as the Niger 2.0 Smart Villages project, supported by the International Telecommunication Union (ITU).²¹
- ✓ In Tuvalu, the Government through the Ministry of Justice, Communication and Foreign Affairs has installed satellite dishes in all its outer islands to enhance connectivity, especially with regards to education amidst the COVID-19 crisis.

Fostering use of e-payments

Launch of new e-payment applications, reduction of costs for mobile and electronic payments

- ✓ In Cambodia, the National Bank of Cambodia is fast-tracking its plans to launch the Bakong App, an all-in-one mobile payment and banking app using blockchain technology.
- ✓ In Kiribati, many government employees who did not have bank accounts before the pandemic were obliged to open them. The Government enforced a mandatory salary payment direct to bank accounts effective from 10 April 2020 to reduce cash payment that may contribute to the risk of spreading COVID-19.
- ✓ In Nepal, the Government encouraged use of electronic payments, and urged its citizen to use online banking and related apps.
- ✓ In Rwanda, the Central Bank suspended mobile money fees for three months and waived charges on push and pull services between bank accounts and mobile wallets.
- ✓ In Senegal, some mobile payment fees and costs were removed during the peak of the pandemic outbreak to encourage people to use digital payment systems. These include utilities payments, for water and electricity bills.
- ✓ In Togo, the *Société des Postes du Togo* has actively promoted e-payments by raising awareness on the use of its ECO CCP solution, an account opened based on a telephone number, no need for identity documents which poses a challenge for many. Fees were scrapped for money transactions from the ECO CCP account to e-wallet accounts of mobile operators, TMoney and Flooz, and vice versa. In addition, the Post launched the “e-Poste” mobile app, and widely communicated via social networks and direct marketing to promote its use. The application is available on Google Play and allows users to pay their electricity and water bills free of charge.
- ✓ In Tunisia, measures taken by the Central Bank focused on reducing walk-in services in banks by cancelling fees for operations through automated teller machines and encouraging banks to issue more payment cards.

²¹ See <https://news.itu.int/niger-2-0-digital-gateway-to-sustainable-development/>

Easing e-commerce logistics

Maintenance of the delivery and logistics operations

- ✓ In Kiribati, new measures were placed including online clearance of documentation of all incoming vessels and flights, bringing in essential goods or repatriating foreign citizens, to minimize contacts.
- ✓ In Mali, to ensure the country's product supply, the Government, despite the decision to close the borders, authorized the entry of vehicles and aircrafts transporting essential goods.
- ✓ In Niger, all delivery and logistics operations were maintained (outside of the curfew hours for the Niamey region for 45 days) throughout the country.

New logistics services offered by the Post

- ✓ In Senegal, in response to the COVID-19 outbreak, *La Poste* readjusted its offer through its delivery service called "Jotnaci", in particular by deploying a digital third-party marketplace, revising prices and diversifying partners.
- ✓ In Tunisia, domestic and international postal activities were fully maintained. Arrangements for delivery of retirement pensions for the elderly at their homes were made, using itinerant post offices reassigned to this task in response to the COVID-19 outbreak.

New logistics services offered by private operators

- ✓ In Cambodia, there has been a rise in the use of private logistics companies that recently entered the Cambodian market, especially food and grocery delivery companies, such as Food Panda, Nham24, and E-gets.
- ✓ In Senegal, some logistics companies have developed new products during the COVID-19 outbreak period to facilitate e-commerce transactions, for example by offering online third-party marketplaces integrating mobile payment and delivery systems (i.e. the company Global through its platform called www.rapidos.sn).
- ✓ In Tunisia, there have been new express delivery and logistics services companies appearing in the market, especially during the lockdown period.

Strengthening the e-commerce business environment

- ✓ In Cambodia, as the law on e-commerce and law on consumer protection were passed in November 2019, the government, through the Ministry of Commerce, has been working on drafting legal documents, i.e. Prakas, to enforce effective implementation and the urgency for moving forward was stressed following the COVID-19 outbreak.
- ✓ In Nepal, the Ministry of Industry, Commerce and Supplies continues to draft new e-commerce laws during the COVID-19 outbreak, with plans to submit the draft law to the parliament. This is part of the implementation of the national e-commerce strategy adopted in 2019.
- ✓ In Niger, a law on the interception of electronic communications was passed in June 2020, deemed to contribute to safer online transactions. However, criticism has been raised by civil society groups about its insufficient oversight mechanisms and human rights safeguards.²²
- ✓ In Tunisia, a decree-law²³ was issued in April 2020 laying down specific provisions for the repression of violations of the competition and fair pricing rules during the lockdown period.

²² See <https://privacyinternational.org/news-analysis/3854/nigerien-bill-giving-broad-powers-intercept-communications>

²³ See http://www.legislation.tn/fr/detailtexte/D%C3%A9cret-loi-num-2020-10-du-17-04-2020-jort-2020-033__2020033000102

Enhancing skills

No significant country initiatives were signalled, beside Cambodia, although that refers to activities targeting the private sector and is not necessarily COVID-19 related.

- ✓ In Cambodia, the Ministry of Commerce has been collaborating with the Economic Research Institute for ASEAN and East Asia on e-capacity building through enhancing e-commerce knowledge and skills among government officials. The E-capacity Building on E-commerce's overall goal is to provide support for key government officials, to improve negotiators' skills and knowledge around e-commerce, with a particular focus on domestic and cross border regulations in the context of free trade agreements.²⁴

Ensuring business continuity through funding and financing opportunities

- ✓ In Cambodia, the Ministry of Economy and Finance has established the SME Bank and officially launched it in April 2020. It foresees co-financing from financial institutions in Cambodia to provide financial incentives and liquidity support to SMEs in all sectors, especially priority sectors, including: 1) food production and processing; 2) production for domestic consumption, waste processing, and products for tourism sector; 3) industry producing financial products or parts and components to support other industries; 4) ICT research and development, including innovation ICT management services; and 5) industry located in SME clusters.
- ✓ In Lesotho, the Government has established a COVID-19 Private Sector Relief Fund to financially assist businesses which closed their operations during the lockdown. This fund is mainly for payment of rent and any costs or liabilities related to outstanding loans.
- ✓ In Mali, the Government granted subsidies to economic operators to facilitate the supply of basic products (rice, milk, and oil). It also lowered electricity bills for three months and distributed free food to disadvantaged households.
- ✓ In Niger, a vast fiscal reduction package was approved, containing facilitation of import of all products related to the fight against COVID-19. Additionally, the Government implemented tax and duty exemptions, postponement of payment dates, suspension of on-site tax inspections and tax collection proceedings across most affected sectors, for instance, travel and transport services, hospitality, sport, and leisure. In addition, consultations with economic operators were envisaged leading to, if necessary, price controls to contain inflation. These measures taken at the national level are complemented by those taken at the West African Economic and Monetary Union level, such as: 1) increase of FCFA 340 billion in the volume of liquidity injected by the Central Bank of West African States (BCEAO) each week into the money market in favor of banks to bring liquidity to FCFA 4750 billion, 2) establishment of a guarantee fund of FCFA 50 billion with the BCEAO by the State of Niger to allow local banks to mobilize FCFA 150 billion for the benefit of economic operators, of which FCFA 50 billion are for SMEs regularly registered and compliant with rules of hiring, remuneration, and accounting obligations. The 2020 finance law has been amended to take into account all the measures having an impact on law originally passed.
- ✓ In Rwanda, the Government has launched a comprehensive RF 100 billion Economic Recovery Fund, a two-year facility established to cushion businesses in most affected sectors by the COVID-19 crisis, as well as facilitate domestic production of essential health products and protective equipment. The government, through the Ministry of ICT and Innovation, launched a grant competition for innovative solutions, called Corona Action Rwanda, to encourage young entrepreneurs develop scalable and sustainable solutions to mitigate the socio-economic impact of the pandemic. Four projects have won grants, while other 13 Rwandan organizations have offered to support 30 projects that did not win the grants but proved their potential to weather the unprecedented disruptions caused by COVID-19.²⁵

²⁴ Additional initiatives to repurpose private sector employees and build skills for e-commerce sector development have been undertaken by the United Nations Development Programme, but were not recorded in the public sector questionnaire.

²⁵ See <https://www.newtimes.co.rw/news/who-are-four-corona-action-rwanda-winners>

- ✔ In Senegal, as part of the Government's economic and social recovery plan, several business support measures are planned, including for those in e-commerce. Also, within the context of certain Ministry of Commerce projects (such as the creation of the bread marketing platform, jaaymamburu.sn), some actors have received funding to facilitate implementation.
- ✔ In Tunisia, the Government set up a digital platform to apply for grant support for businesses affected by the lockdown.²⁶ Government support covers taxes and duties postponement or suspension, as well as the creation of different funds to cushion the impact on most affected sectors.²⁷
- ✔ In Tuvalu, the Government through the National Bank of Tuvalu, Development Bank of Tuvalu and the Tuvalu National Provident Fund provided grants and loans to members and non-members affected both directly and indirectly by the COVID-19 crisis.

Public-private cooperation and private sector initiatives

Collaboration among market participants and the public sector play an important role in the COVID-19 crisis to limit its adverse impact. Of the respondents, 40 per cent were or are involved in public-private sector collaboration and close to half in public sector initiatives (see Figure 19). The complementary qualitative responses emphasise very much collaboration instead of competition to serve population's needs and ensure business survival. This is with the intention of immediate relief of basic needs. Long-term benefits of the current collaboration, namely increased trust in e-commerce, have been reported as well. Lack of trust remains a hurdle to e-commerce. Consequently, a response saw increasing importance for a public-private partnership for a quality label for e-commerce participants to protect consumer interests and enhance confidence. One such initiative is Tunisia's "Label de Confiance".²⁸ E-commerce businesses that receive this label comply with certain standards which secure transactions and, where this promise is not upheld, gives consumers simple access to legal recourse. Furthermore, some governments launched awareness campaigns for e-commerce as well as outreach campaigns to instil trust in potential customers.

Several collaborations in onboarding new businesses are listed, as well as supporting local produce providers and more broadly sourcing locally. For instance, a respondent listed collaborating with the United States Agency for International Development to onboard women-led businesses. Additionally, in several countries, initiatives established new third-party marketplaces to reunite various e-commerce participants to provide goods and services more easily to the population.

To support the sector, several initiatives centred around payments and financing. For instance: making utilities payable using mobile money, establishing a local payment gateway in the Pacific for reduced cost, and improving cross-border payments. One initiative, in collaboration with the United Nations Capital Development Fund (UNCDF), aims to provide credit scores for loans and grants to Ugandan farmers.

Furthermore, several initiatives were directed towards training new market participants as well as providing tech support to them. Furthermore, Burkina Faso established a mentoring programme for SMEs in accounting, legal and fiscal concerns. In Tunisia, a start-up launched a platform to collect technological devices to recycle and repair them and distribute to students in need to reduce the wealth gap in the current education situation.²⁹

Finally, some of the initiatives are specifically targeted towards supporting vulnerable parts of the population, such as distributing relief packages to low income mothers or producing face masks locally in marginalised communities, which are then sold globally as well as distributed locally to those in need.

In the sub-set of respondents (5) whose business was not involved in any initiative and that stated that they would not like to participate in a public-private sector collaboration (see Figure 20), several

²⁶ See <http://entreprise.finances.gov.tn/>

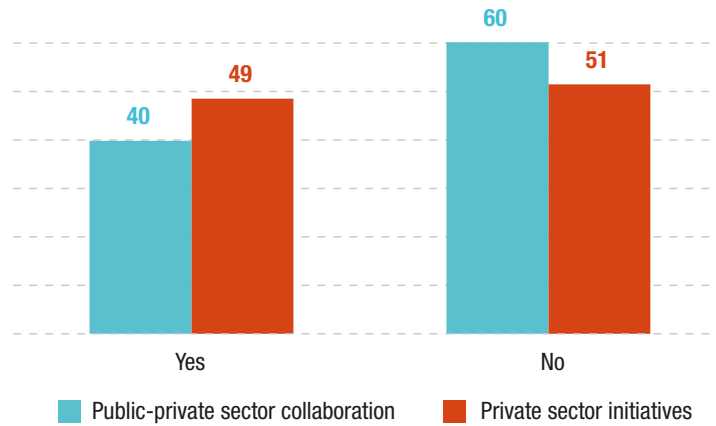
²⁷ See <http://chaexpert.com/covid-19-mesures-economiques/>

²⁸ See <https://www.labeldeconfiance.tn/consomateurs/label-de-confiance/>

²⁹ See <https://startup.orange.com/fr/candidature/sharek/>

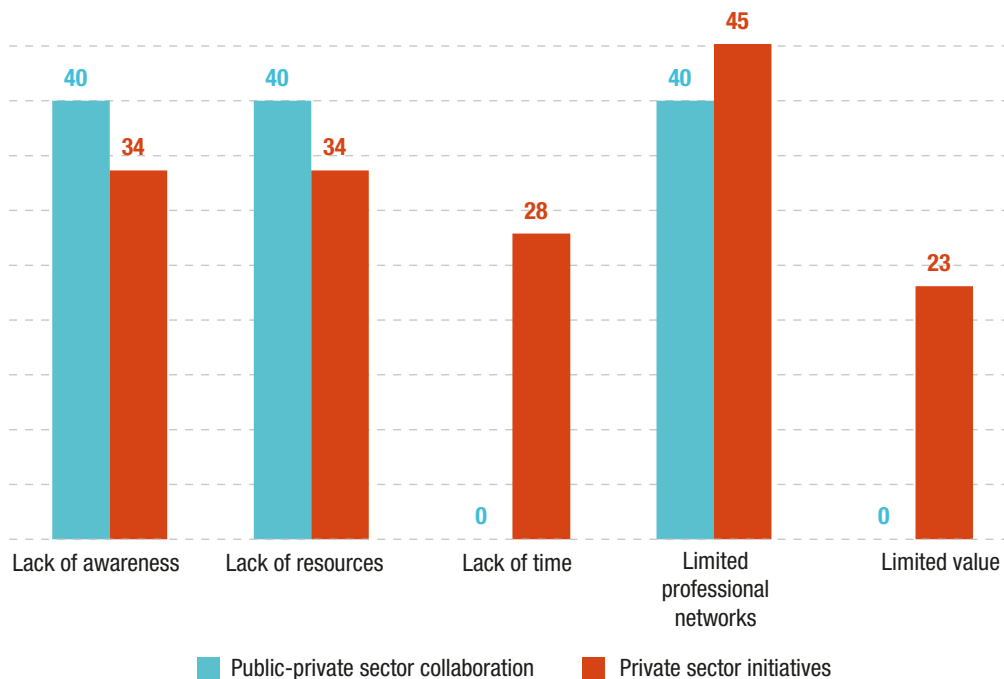
influencing factors were identified such as the lack of awareness, of resources and of professional network to do so. For private sector initiatives, a limited professional network is indeed a decisive factor. Although the other factors of limited awareness, resources, time, and value also impact the decision.

Figure 19.
Company involvement in new public-private sector initiatives to support e-commerce (in per cent)



Note: 211 responses for public-private sector collaboration; 206 for private sector initiatives. Based on the questions “Is your company involved in (a) new public-private sector collaboration initiative(s) to support e-commerce?” and “Since the start of the COVID-19 crisis, have you started to work with other private sector entities on joint projects and solutions related to e-commerce?”. Results are expressed in per cent of the respondents to each question.

Figure 20.
Reasons for not participating in new public-private initiatives or in joint private sector collaboration (in per cent)

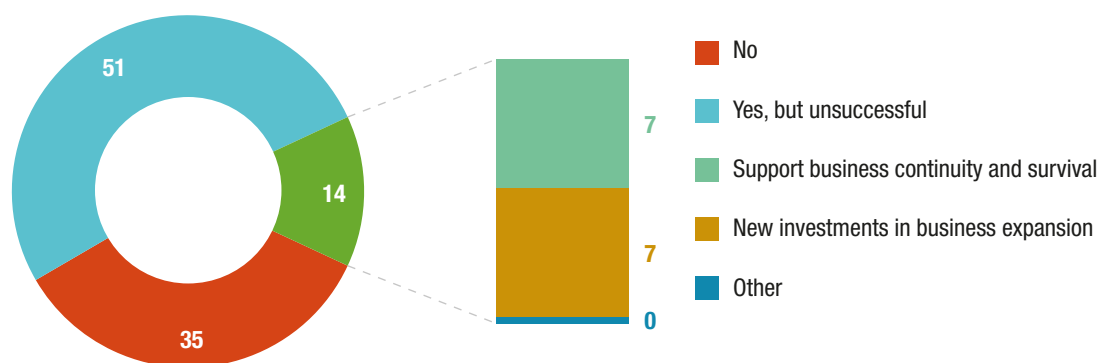


Note: 5 responses for public-private sector collaboration; 104 for private sector initiatives. Based on the questions “If your business is not involved in such new public-private sector collaboration initiatives to support e-commerce and not interested in participating, please tell us why?” and “If your business is not working with other private sector entities on joint projects and solutions related to e-commerce, please tell us why?”. Results are expressed in per cent of the respondents to each question (multiple choice allowed)

Financing

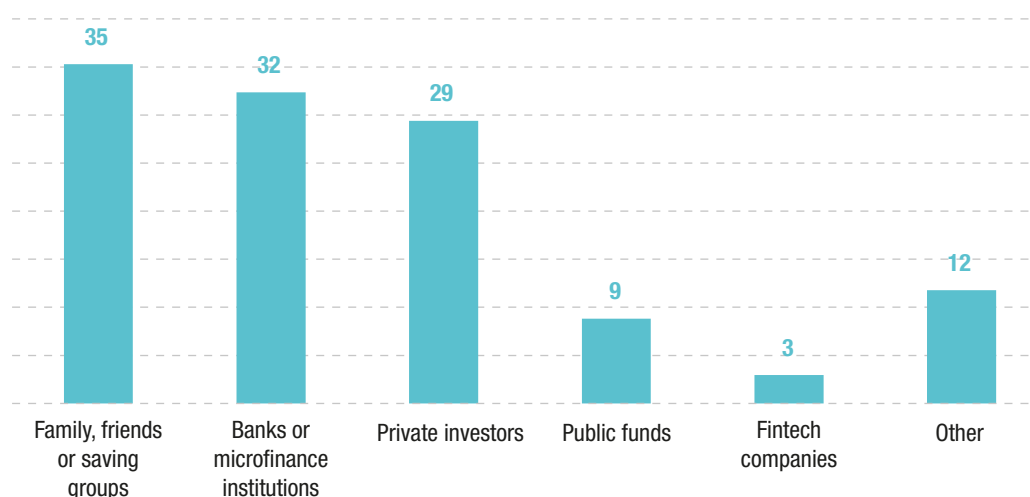
Only 14 per cent of all respondents had managed to obtain funding. Access to financing is one of the important bottlenecks experienced by digital businesses in developing countries and in LDCs in particular. The survey confirms this: in recent months, 65 per cent of the businesses in the sample tried to obtain additional financing (see Figure 21). 79 per cent of those looking for financing were unsuccessful and only 14 per cent of all respondents – or 34 businesses – obtained additional resources. Of these, several pooled funds from multiple sources. More than a third relied on informal financing options from family, friends or saving groups. Moreover, another third received support from banks or microfinance institutions and just below 30 per cent obtained a private investment (see Figure 22). In terms of other sources of funding, three businesses were supported by international organisations or donor agencies, such as UNCDF. Businesses aim to use the raised funds in equal measure to support business continuity and their survival and to finance business expansion (see Figure 21).

Figure 21.
Search for financing since the outbreak of the COVID-19 crisis and purpose of funding (in per cent)



Note: 231 responses. Based on the question “Since the outbreak of the COVID-19 crisis, has your business looked for financing?” Bar graph element based on 33 responses from the question “How will you use this new funding?”

Figure 22.
Source of new financing (in per cent)



Note: 34 responses. Based on the question “If successful in obtaining financing, from which type of financial institution did you receive it?” Multiple choices allowed.



Way forward

Measures to support COVID-19 recovery plans through e-commerce development

According to the respondents, the top-3 measures to be taken to support COVID-19 economic recovery plans are the development or update of the national e-commerce strategy (54 per cent), reduction of costs for Internet access (47 per cent), as well as for mobile and other electronic payments (43 per cent) (see Figure 23). The following recommendations are based on the top-ten measures resulting from the business survey, which were especially emphasized by the survey respondents to make e-commerce an engine of sustainable growth in developing countries and LDCs, in the context of COVID-19 economic recovery efforts.

Figure 23.
Measures that could support COVID-19 recovery (in per cent)



Note: 211 responses. Based on the question “What additional measures could be taken, by either the Government or the private sector, to facilitate e-commerce as part of COVID-19 economic recovery plans?” Multiple choices allowed, maximum 5 responses.

Development of a well-defined national e-commerce strategy. As mentioned in this paper, Cambodia and Senegal have accelerated the adoption and implementation of their respective national e-commerce strategies. Similarly, Myanmar is currently developing a national e-commerce strategy with technical support from UNCTAD and financial assistance from the EIF. The Government of Myanmar has made e-commerce a priority area for recovery plans to the COVID-19 crisis and issued a comprehensive economic stimulus plan – “COVID-19 Economic Relief Plan”– to provide fiscal and monetary relief to local businesses. Several measures relating to e-commerce were identified, i.e. promoting use of mobile platforms such as mobile payment services, stimulating online retail by, amongst other things, launching a central e-commerce website where retail businesses can sell their products online.³⁰

Reduction of costs for Internet access. Similarly to the measures referred to above by Lesotho, Nepal and Tunisia, several other countries have taken temporary measures to make Internet data packages more attractive and affordable during national lock-downs. These measures have been highly appreciated, especially in LDCs. Indeed, while Internet access costs have generally been decreasing over the last few years, and such decreases have been relatively most marked in low-income countries, the price of 1GB still exceeds 2 per cent of average monthly income in many countries, particularly in LDCs. Governments and companies have a critical role to play to improve Internet access and affordability through public-private partnerships, along with community-level support by civil society organizations.³¹

Reduced e-payment costs. Mobile money fees were temporarily suspended in Rwanda, and similar actions were taken elsewhere, for example, by the Central Bank of Western African States (BCEAO), through its announcement No. 004-03-2020 relating to the promotion of electronic payments in the fight against COVID-19. Payment solutions for e-commerce have significantly grown in recent years in the countries covered by a review of implementation of eT Ready recommendations in 18 countries.³² The same level of support should be devoted towards making payments less costly, by promoting financial inclusion, improving the business environment for cross-border transactions and the interoperability of different payment platforms.

Financial incentives and liquidity support. As shown in Figure 18, liquidity support measures and financial incentives have been taken by the majority of countries surveyed. Support in the area of access to financing is even more critical for e-commerce companies and startups that face often insurmountable obstacles to access bank loans. While some e-commerce companies and platforms have flourished since the outbreak of the COVID-19 pandemic, it is important that funds are channelled not only to the most in need, but also to those that are willing to invest in business models that tap into the rising potential of e-commerce and can support job creation, with a focus on youth employment and women economic empowerment.

Increased connectivity in underserved areas. The reduction of Internet access cost should go hand in hand with increased investments in ICT infrastructure to foster connectivity, bridge disparities between and within countries, not least with regard to the widening gender gap in Internet access. Initiatives undertaken by Niger and Tuvalu recalled in this paper show how critical ICT access is to foster inclusive education. As reminded by the latest “State of Broadband 2020” report, the Broadband Commission for Sustainable Development has stressed the importance of ICT to recover faster and better from the crisis and issued an Agenda for Action with a medium-term agenda that emphasizes the adoption of strategies aimed at promoting universal, affordable broadband connectivity by mobilizing public and private funding and investment, especially in LDCs, Landlocked Developing Countries and Small Island Developing States.³³

More awareness raising of available e-commerce solutions. Drawing on initiatives undertaken by Cambodia, Rwanda, Senegal and Tunisia, this paper has highlighted how countries have

³⁰ See <https://unctad.org/news/myanmar-shows-great-e-commerce-promise-covid-19-response>

³¹ A more comprehensive set of recommendations issued by the Alliance for Affordable Internet can be seen here: <https://a4ai.org/research/covid-19-policy-brief-internet-access-and-affordability/>

³² UNCTAD (2020), “Fast-tracking implementation of eTrade Readiness Assessments”, forthcoming.

³³ See <https://www.broadbandcommission.org/COVID19/Pages/default.aspx>

promoted the visibility of e-commerce services amidst the pandemic. In Uganda,³⁴ higher visibility has translated into increased use of digital platforms, with more sellers willing to be onboarded and new customers more prone to use e-commerce. Awareness campaigns have been helpful to raise the profile of e-commerce among the population, particularly in countries where trust in online transactions is still low and e-commerce is nascent. This explains why survey respondents have found this measure to be highly relevant in the context of economic recovery plans for a rise in e-commerce to be consolidated and made more sustainable.

New online consumer protection measures. Consumers' protection is still an area of concern in developing countries and LDCs, in particular. The share of LDCs with laws on consumer protection is 40 per cent, for data and privacy protection is 43 per cent, for e-transaction and cybercrime laws, the adoption rate is 64 and 66 per cent respectively.³⁵ This survey shows that, while businesses and consumers are more eager to use e-commerce services, there are still important gaps in the business environment to make it attractive and enabling for e-commerce, and in turn enhance consumers' readiness to fully embrace e-commerce solutions. UNCTAD recommends a more generalised adoption of the United Nations Guidelines for Consumer Protection, as well as the use of international legal instruments, i.e. the UNCITRAL Model Law on Electronic Commerce and the United Nations Convention on the Use of Electronic Communications in International Contracts.

New e-commerce marketplaces for essential goods. This suggests that, at least over the medium-term, e-commerce will continue to be a hands-on solution to access essential goods and services and there is a need to expand the offer of online marketplaces. On the one hand, this will open new opportunities for reskilling and repurposing workers and businesses that have been mostly affected by the COVID-19 crisis. On the other hand, this could be a wake-up call for businesses to accelerate transition and diversification of the business models towards the use of digital solutions. In Cambodia, digital startups have been dynamic in tackling the challenges posed by the pandemic and are contributing to increase overall country resilience to shocks.³⁶

Skills training programmes. In line with the recommendation above, survey respondents have stressed the importance of skills training programmes. In the short term, these should focus on addressing immediate needs of businesses that quickly want to invest in digital business models. In the long term, countries have an interest in investing on bridging the mismatch between the education and training offers, as well as the overall trade support infrastructure vis-à-vis the skills required by businesses to thrive in the digital economy.

Maintenance of logistics operations. This reflects the fear associated with further lockdowns and restrictions to movements of people and goods. The COVID-19 pandemic has stretched the capacity of postal and logistics operators worldwide. E-commerce enabled by a working logistics and delivery infrastructure has been, and continues to be, of tremendous importance to source goods in times when people tend to limit, or are obliged to, limit their personal movements. The International Civil Aviation Organization and the Universal Postal Union have encouraged countries to continue to support their designated postal operators, air cargo carriers and express mail operators during the ongoing COVID-19 crisis and to provide support for future recovery efforts.³⁷

Conclusions: UNCTAD support and eTrade for all partnership

This paper has shed new light on the impact that e-commerce companies and third-party online marketplaces in many LDCs and other developing countries have experienced during the pandemic. In a time of profound uncertainty, it is difficult to make predictions about the magnitude of changes that this crisis will unfold. What can be inferred is that different levels of readiness of e-commerce ecosystems and varying degrees in the implementation of reforms needed to improve the e-commerce sector will significantly influence the trajectory of the impact over the long term.

The paper has also highlighted policy responses and recommended concrete actions for the way

³⁴ See <https://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=2442>

³⁵ See <https://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=2348>

³⁶ See <https://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=2401>

³⁷ See <https://www.upu.int/en/Press-Release/2020/9/UPU-ICAO-urge-support-for-posts,-air-cargo-carriers-and-express-mail-operators-during-COVID-19-pande>

forward. The demand for support received by UNCTAD has been increasing over the past two years. UNCTAD, in cooperation with some eTrade for all Partners, has been assisting countries in conducting eTrade Readiness Assessments (25) and several e-commerce strategies (see Figure 24 and Figure 25).

Figure 24.
Overview of UNCTAD support through eT Readies

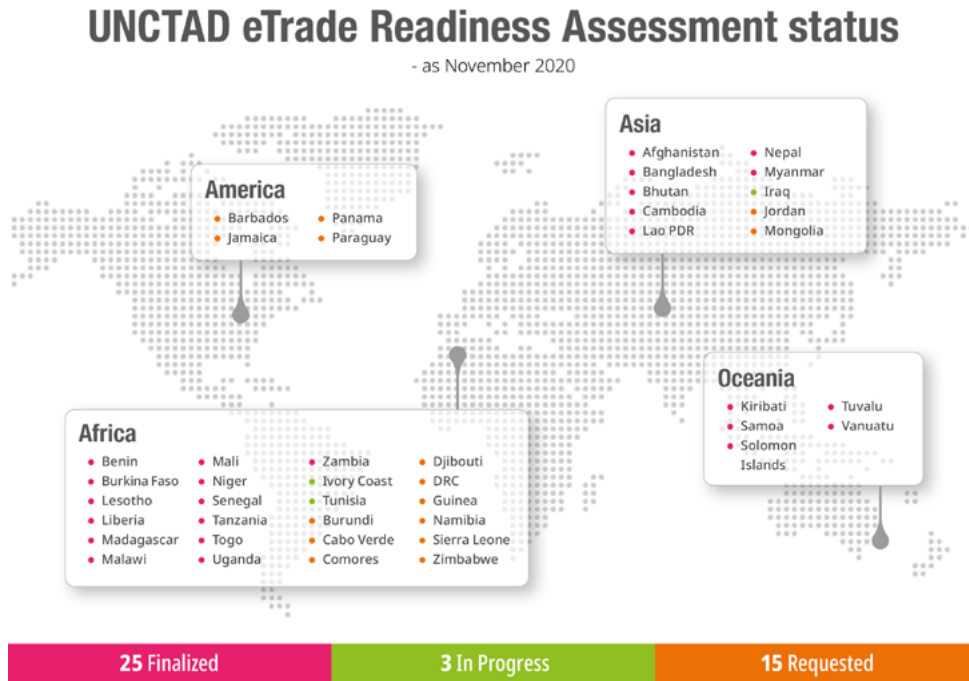
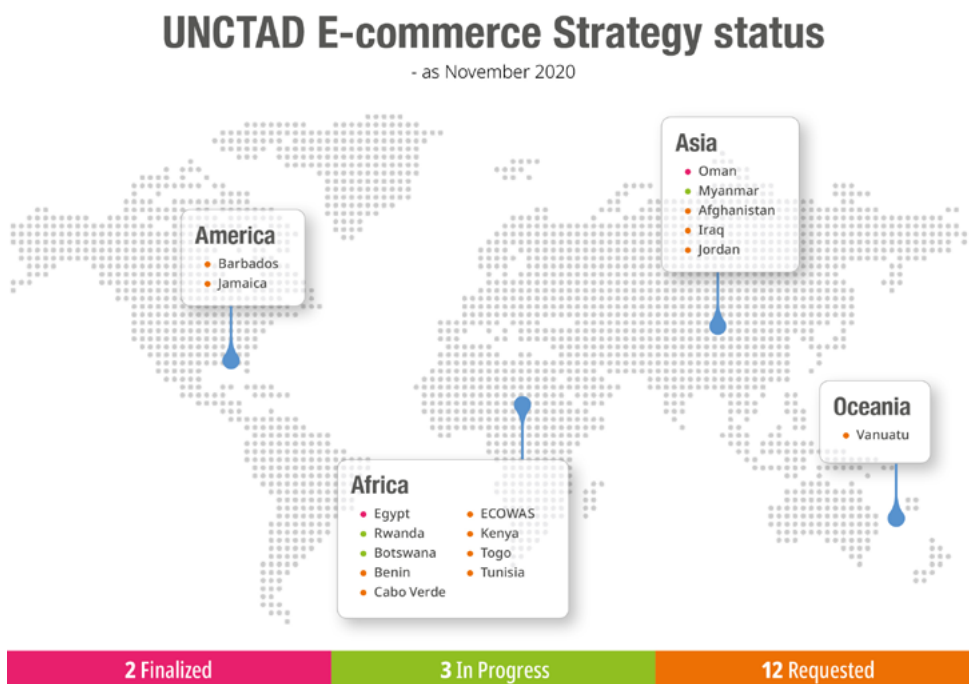


Figure 25.
Overview of UNCTAD support in the development of e-commerce strategies



It is also supporting the development of digital skills for women economic empowerment through Masterclasses led by regional eTrade for Women advocates. In addition, UNCTAD is working to sensitize and mobilize governments, private sector and development partners on the need to fast-track implementation of the recommendations outlined in the eTrade action matrix in their respective countries. A recent review carried out by UNCTAD of 18 countries, that have benefitted from an eT Ready, has shown that countries are moving ahead with implementation of the recommendations of their eTrade Readiness Assessments, but still half-way to fully integrate e-commerce support efforts in different policy areas into their national development plans.³⁸ UNCTAD is working with a wide range of partners, including UN Resident Coordinators, to ensure that e-commerce is mainstreamed into national development plans and development partners' development cooperation frameworks.

The recommendations issued in this paper further underline the urgent need to accelerate the implementation of recommendations outlined in eT Readies' action matrixes. The eTrade for all partnership can count on the commitment of 32 partners,³⁹ with relevant expertise and resources in the seven policy areas that holistically contribute to make e-commerce development sustainable and inclusive. In view of the huge needs for action and the scarcity of resources, it is essential to work collectively and reap synergies along the priorities that developing countries and LDCs have spelled out. Smart partnerships are important in order to enable a faster and better recovery and to address the challenges posed by the COVID-19 crisis.

³⁸ UNCTAD (2020), "Fast-tracking implementation of eTrade Readiness Assessments", forthcoming.

³⁹ See <https://etradeforall.org/about/partners/>