



E-Commerce and the Digital Economy in LDCs: **At Breaking Point in COVID-19 Times**



UNITED NATIONS



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Within the UNCTAD Division on Technology and Logistics, the E-Commerce and Digital Economy Branch carries out policy-oriented analytical work on the development implications of information and communications technologies (ICTs) and e-commerce. It is responsible for the preparation of the Digital Economy Report (DER) as well as thematic studies on ICT for Development.

The Branch promotes international dialogue on issues related to ICTs for development and contributes to building developing countries' capacities to measure the information economy and to design and implement relevant policies and legal frameworks. It also monitors the global status of e-commerce legislation ([UNCTAD Cyberlaw Tracker](#)). Since 2016, the Branch has coordinated a multi-stakeholder initiative entitled eTrade for all ([etradeforall.org](#)), which aims to improve the ability of developing countries, particularly least developed countries (LDCs), to use and benefit from e-commerce. The initiative is also behind the UNCTAD [eTrade Readiness Assessment](#) and [eTrade for Women](#) (eT4w) programmes, launched respectively in 2017 and in 2019.

The following symbols have been used in the tables:

Two dots (..) indicate that data are not available or are not separately reported. Rows in tables have been omitted in those cases where no data are available for any of the elements in the row.

A dash (-) indicates that the item is equal to zero or its value is negligible.

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

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

Preface

Two years have passed since the beginning of the COVID-19 pandemic. As the economic fall-out is still being felt all around the globe, its impacts are not fully captured. In particular, the accelerated digital transformation, with digital solutions developed and used to facilitate economic and social activities from a distance, has been accompanied by a surge in e-commerce, with potentially long-lasting effects. It has also revealed wide gaps in digital readiness, especially in the most vulnerable economies. UNCTAD's research has shown that the pandemic has further exposed gaps in policy areas central to improving digital readiness in least developed countries (LDCs).

Many LDCs are being challenged by the fast transition needed but have realized the vital importance to develop digital infrastructures and policies to support e-commerce and the digital economy, as well as the education and health sectors. Both the public and private sectors have important roles to play in creating an enabling environment for the creation of jobs through ongoing digital innovation that is changing our economies - producing new products and services for national, regional and international markets. It is now more urgent than ever to ensure that those trailing in digital readiness can catch-up. The alternative is even greater inequalities.

Digitalization is affecting all the Sustainable Development Goals (SDGs), bringing both opportunities and challenges. With less than 10 years remaining on the 2030 timeline to achieve the Goals, the international community needs to scale up dramatically its assistance to the most vulnerable countries. The importance of digital inclusion was recently recognized by member States in the 'Bridgetown Covenant' at the occasion of UNCTAD's 15th quadrennial Conference (October 2021). They agreed for the second time to strengthen UNCTAD's work on enhancing development

gains from e-commerce and the digital economy. The added urgency for Governments and the international community to respond to narrow the digital divides between countries was also recognized in the 'Zero draft of the Doha Programme of Action for LDCs for 2022-2031'¹, and in the report of the UN Secretary-General on the 'Implementation of the Programme of Action for the Least Developed Countries for the Decade 2011-2020'². With the right set of policies and coordinated support from governments, the private sector, civil society and development partners, digitalization can lead to structural transformation and economic diversification.

This note looks at key challenges facing LDCs on their digital development path and draws from our research and technical assistance especially in the area of eTrade Readiness Assessments. It provides testimonies from the public and private sectors of smart and innovative initiatives by stakeholders in various LDCs.

UNCTAD, through its E-commerce and Digital Economy Programme, is committed to being a key partner for LDCs, including in the implementation of the upcoming LDC5 Programme of Action to be considered in 2022. I would like to thank especially our core donors, the Governments of Germany, the Netherlands, and Switzerland, which are partnering with UNCTAD to support the digital transformation of developing countries, including LDCs. Let me also thank the eTrade for all partners who are contributing with their respective expertise in our technical cooperation work, including eTrade Readiness Assessments and the implementation of priority actions, and E-commerce Strategy development.

Shamika N. Sirimanne
Director, Division on Technology and Logistics,
UNCTAD

Contents

Preface	4
List of figures, tables and boxes	6
Abbreviations and acronyms	7
LDCs have fallen further behind in digital trade during COVID-19	9
Barriers to ICT uptake and use in LDCs	13
Voices from entrepreneurs amidst the pandemic	17
LDCs' performance in UNCTAD's B2C E-commerce Index	21
Strengthening the e-commerce readiness of LDCs	25
eTrade Readiness Assessments and their impact on the ground	30
Developing E-commerce Strategies in LDCs	36
Strengthening the legal and regulatory landscape for e-commerce in LDCs	38
Bridging the digital gender divide in LDCs	39
Trade negotiations, e-commerce and LDCs	41
E-commerce in the WTO and the JSI Negotiations	42
E-commerce in RTAs involving LDCs	43
Voices from recipient Governments	44

List of figures, tables and boxes

Figure 1 Change in ICT goods exports and imports, 2019-2020	12
Figure 2 Individuals using the Internet per 100 inhabitants, 2010-2021	14
Figure 3 Challenges encountered by e-commerce business	18
Figure 4 Share of population shopping online in LDCs (2017)	22
Figure 5 Average B2C Index values of LDCs vs Other main groups of economies, 2015-2020	23
Figure 6 UNCTAD eTrade Readiness Assessments status (as of February 2022)	26
Figure 7 UNCTAD E-commerce Strategy status (as of February 2022)	36
Figure 8 Cyberlaw adoption in developed, developing and least developed countries, 2021	38
Figure 9 Internet user gender parity score, by level of development and by region, 2013 and 2019	39
Table 1 Global trade in ICT goods, 2019-2020, by development region	10
Table 2 Internet users in LDCs (percent) (2010, 2015, 2019)	14
Table 3 Key ICT indicators (2020, 2021)	16
Table 4 Key policy areas and related challenges	27
Table 5 E-commerce and other digital assessments in LDCs conducted by UNCTAD and other organizations	27
Table 6 eTrade for all Development Solutions per policy areas	35
Table 7 E-commerce Strategies and policies in LDCs	37
Table 8 Share of LDCs with e-commerce legislation, 2015 and 2021 (per cent)	38
Box 1 A stronger e-commerce policy and legal framework in Cambodia	30
Box 2 eT Readies support e-commerce regional integration in West Africa	31
Box 3 eT Readies support e-commerce regional integration in the Pacific	32
Box 4 Pooling efforts in the Lao People's Democratic Republic to power recovery from the pandemic towards LDC graduation	33
Box 5 Connecting the dots for more effective capacity-building: eTrade for all	34

Abbreviations and acronyms

AfCFTA	African Continental Free Trade Area
ASEAN	Association of South East Asian Nations
ASYCUDA	UNCTAD Automated System for Customs Data
B2C	Business-to-Consumer
CAREC	Central Asia Regional Economic Cooperation
CEO	Chief Executive Officer
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
DDA	Doha Development Agenda
DE4A	World Bank Digital Economy for Africa Initiative Country Diagnostics
EAC	East African Community
ECDE	E-Commerce & Digital Economy Programme
ECOWAS	Economic Community of Western African States
eT Readies	eTrade Readiness Assessments
FAO	Food and Agriculture Organization of the United Nations
ICT	Information and Communications Technology
ILO	International Labour Organization
ISM	Implementation Support Mechanism
ITC	International Trade Centre
ITU	International Telecommunications Union
JSI	Joint Statement Initiative
LDCs	Least Developed Countries
PDEP	Pacific Digital Economy Programme
PIFS	Pacific Islands Forum Secretariat
PPPs	Public and Private Partnerships
RCEP	Regional Comprehensive Economic Partnership Agreement
RTA	Regional Trade Agreement
SDGs	Sustainable Development Goals
UNCDF	United Nations Capital Development Fund
UNCITRAL	United Nations Commission on International Trade Law
UNCTAD	United Nations Conference on Trade and Development
UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNCT	United Nations Country Team
UNIDO	United Nations Industrial Development Organization
UNRCOs	United Nations Resident Coordinator Offices
UPU	Universal Postal Union
USMCA	United States – Mexico – Canada Agreement
WB	The World Bank
WTO	The World Trade Organization



LDCs have fallen further behind in digital trade during COVID-19

Digitalization has greatly affected the world of trade in the past two decades with more and more goods and services being sold online, increasingly in recent times of various lockdown measures and travel restrictions due to the COVID-19 pandemic. Like in previous technological revolutions, the expected benefits may be immense, but they will require active policymaking at both national and international levels aimed at ensuring that countries have the capabilities needed to take advantage of these transformations.

By accelerating digitalization and deepening the reliance on digital technologies, COVID-19 has boosted the importance of international information and communications technology (ICT) related goods and services in global trade.³

Global exports of ICT goods increased by 4 per cent, to US\$ 2.4 trillion in 2020. Meanwhile, imports of such goods grew by 1.1 per cent, rising to almost US\$ 2.5 trillion. This reflects an **accelerating use of digital technologies** during the pandemic in response to lockdown measures introduced in many economies. It stands out against an overall decline in economic activities in the wake of the pandemic – in which overall merchandise trade contracted by around 7.5 per cent (according to both export and import data).

However, the upward trend in **ICT goods exports** was seen only in Eastern and South-Eastern Asia, where they surged by 8 per cent. In all other regions exports declined. By far the **sharpest drops occurred in LDCs** (-82 per cent) and in Africa (-48 per cent) ([Table 1](#)).

“The COVID-19 crisis has given a boost to the global transition to a digital economy and to the reshaping of global value chains, therefore presenting both major challenges and opportunities. Policymakers in the least developed countries need to act swiftly in the face of these structural trends, which may well define the future of global trade. In order to harness the potential benefits and overcome digital divides, national and regional trade policy strategies for the least developed countries need to support and incentivize public and foreign investment in technology, build trade-related infrastructure, reduce trade barriers and transaction costs and improve human capital accumulation, with a view to enabling the least developed countries to become more competitive players in an ever-changing global trade landscape.”

Report of the Secretary-General António Guterres on the Implementation of the Programme of Action for the Least Developed Countries for the Decade 2011–2020.

Table 1 Global trade in ICT goods, 2019-2020, by development region

Region	ICT goods exports			ICT goods imports		
	US\$ millions	Change 2019-20	% of merchandise exports*	US\$ millions	Change 2019-20	% of merchandise exports*
World	2 354 900	4	15	2 493 697	1.1	16
Africa	1 650	-48	1.0	10 351	-49	5
Asia	1 815 302	6	27	1 478 921	4	24
Central and Southern Asia	5 735	-13	2	44 574	-14	10
Eastern and South-Eastern Asia	1 800 746	8	30	1 413 318	9	27

Region	ICT goods exports			ICT goods imports		
	US\$ millions	Change 2019-20	% of merchandise exports*	US\$ millions	Change 2019-20	% of merchandise exports*
Europe	324 719	-1	5	506 257	-3	8
Latin America and the Caribbean	65 247	-6	9	93 056	-20	14
Northern America	145 047	-5	8	378 791	4	13
Oceania	2 934	-14	1	26 322	0.4	11
Developed regions (M49)	536 679	-2	6	1 008 351	0.2	10
Developing regions (M49)	1 818 221	5	27	1 485 346	2	24
Least developed countries	115	-82	0.2	1 632	-49	4

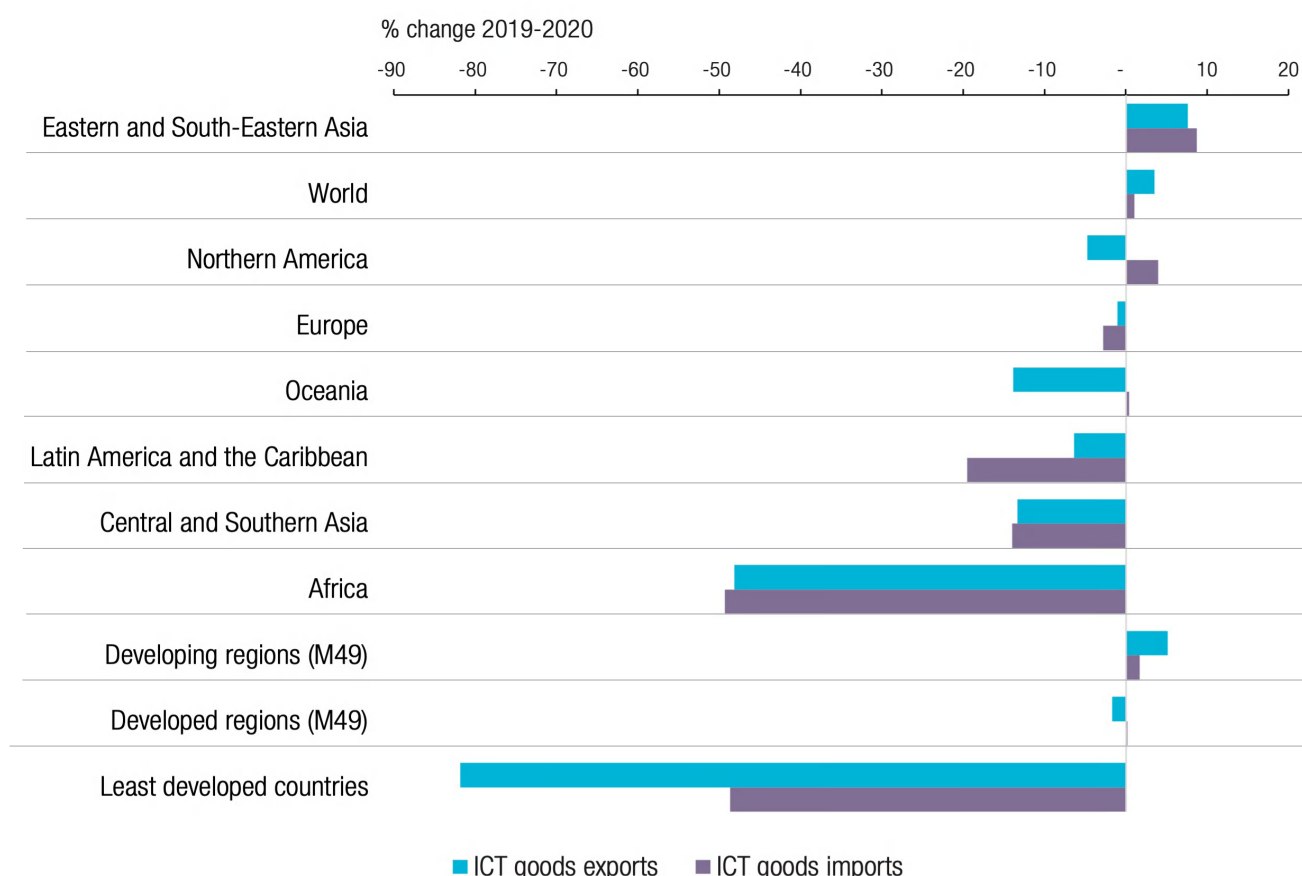
Note: Not adjusted for re-exports/re-imports due to data availability. Changes calculated in current prices.

Source: UNCTAD based on UNCTAD digital economy statistics (unctadstat.unctad.org).

While import demand for ICT goods in developed regions stayed relatively flat (0.2 per cent change), across developing regions such imports increased by 2 per cent overall. Again, this conceals greatly differing trends; **imports of ICT goods to the LDCs**

and to Africa declined by half (Figure 1). As such, the **pandemic appears to have been exacerbating existing divides leaving countries that were already struggling to engage in ICT goods trade even further behind.**

Figure 1 Change in ICT goods exports and imports, 2019-2020



Note: Not adjusted for re-exports/re-imports due to data availability. Changes calculated in current prices.

Source: UNCTAD based on UNCTAD digital economy statistics (unctadstat.unctad.org).

ICT services grew to almost 14 per cent of total services exports worldwide in 2020, while digitally deliverable services overall increased to nearly 64 per cent of total services exports - having contracted relatively little against the backdrop of an unprecedented 20 per cent decline in total services trade. While these shares increased across all regions, the **pandemic-related acceleration in digitalization risks further exacerbating digital divides, with LDCs falling further behind.**⁴

Furthermore, the share of ICT services in total exports increased markedly less in LDCs compared to other regions – rising just 0.74 percentage points

compared to 3.3 percentage points globally. This reflects **LDCs' limited ability to leverage digital technologies to continue engaging in services trade** during the disruption wrought by the COVID-19 pandemic.

Countries have differed in the extent to which they have been able to benefit from the growing demand for ICT goods and services or take up ICTs to mitigate the economic effects of the pandemic. Despite the growing importance of ICT and digitally deliverable services in global trade, their **low levels of digital readiness have hampered the ability of many LDCs to seize opportunities from digital solutions.**

The background of the slide features a teal-tinted photograph of a woman with curly hair, smiling and looking down at a smartphone she is holding. At the bottom of the image, there is a white graphic of a network or mesh structure, consisting of numerous circular nodes of varying sizes connected by thin lines, creating a dome-like shape.

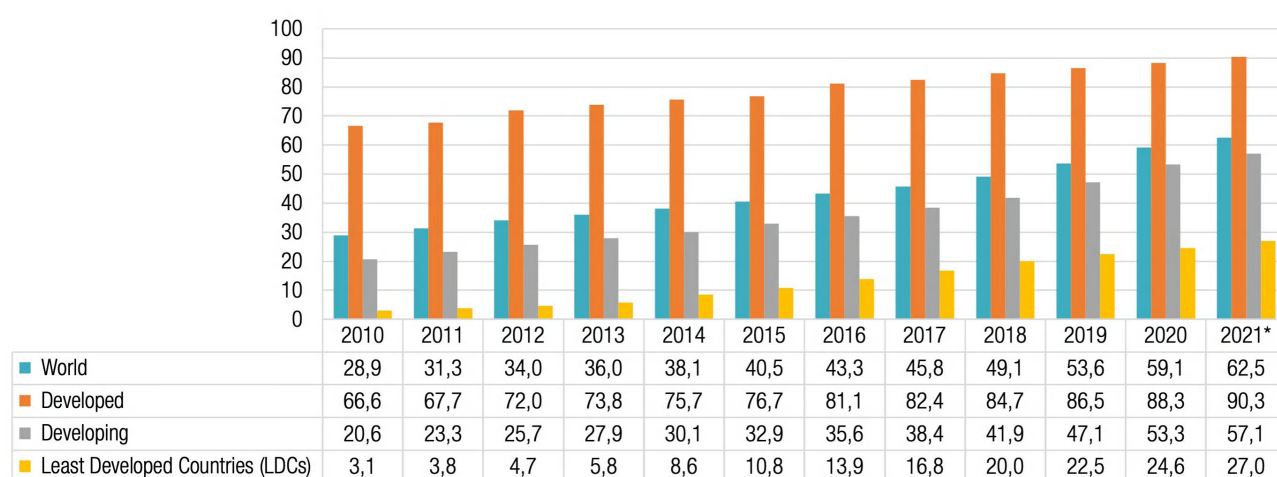
Barriers to ICT uptake and use in LDCs

According to the latest estimates from the International Telecommunication Union (ITU), an increasing number of people are using the Internet. The estimated number of people who have used the Internet surged to an estimated 4.9 billion in 2021, from 4.1 billion in 2019. However, about 37 per cent of the world's population – or 2.9 billion people – have still never used the Internet.⁵ Only 27 per cent of people in LDCs use the Internet; when they do, it is typically at relatively low download speeds and with a relatively high price tag attached.

Women are particularly marginalized, with roughly four out of five still offline.⁶ This limits their possibilities to participate in and benefit from the evolving data-driven digital economy. Moreover, a **data-related divide** is adding to the traditional **digital divide**.⁷

Over the last decade, LDCs have increased their Internet use from 3.1 to 27 individuals per 100 inhabitants using the Internet. (Figure 2) Compared to the world however, the average penetration rate of LDCs is still relatively low.

Figure 2 Individuals using the Internet per 100 inhabitants, 2010-2021



Source: ITU

Note: 2021 data are estimates

Data for individual countries show that for some LDCs the share of Internet users has increased even more steeply, with Cambodia (at 78 per cent), Djibouti (59 per cent), and Gambia (51 per cent) leading in

connecting their population to the grid and enabling them to take part in and benefit from arising digital economy and e-commerce opportunities. (Table 2)

Table 2 Internet users in LDCs (percent) (2010, 2015, 2019)

Country	2010	2015	2019
Afghanistan	4.00	8.26	
Angola	2.80	29.00	36.00
Bangladesh	3.70	8.30	12.90
Benin	3.13	11.25	29.00
Bhutan	13.60	39.80	41.77*
Burkina Faso	2.40	7.00	18.00

Country	2010	2015	2019
Burundi	1.00	2.10	5.20
Cambodia	1.26	18.00	78.27
Central African Republic	2.00	3.80	4.00*
Chad	1.70	3.50	9.80
Comoros	5.10	7.46	8.48*
Democratic Republic of the Congo	0.72	3.80	12.50
Djibouti	6.50	22.90	59.00
Eritrea	0.61	1.08	1.31*
Ethiopia	0.75	13.86	25.00
Gambia	9.20	19.70	51.00
Guinea	1.00	8.20	23.00
Guinea-Bissau	2.45	3.32	28.00*
Haiti	8.37	12.20	32.50
Kiribati	9.07	13.00	14.58*
Lao People's Democratic Republic	7.00	18.20	25.51*
Lesotho	3.86	25.00	42.30
Liberia	2.30	10.00	22.00
Madagascar	1.70	4.17	15.00*
Malawi	2.26	7.60	15.50
Mali	2.00	10.33	26.00
Mauritania	4.00	15.20	20.80*
Mozambique	4.17	6.50	15.10
Myanmar	0.25	11.52	23.62*
Nepal	7.93	17.58	21.40*
Niger	0.83	2.48	10.22*
Rwanda	8.00	18.00	26.00
Sao Tome and Principe	18.75	25.82	32.00
Senegal	8.00	21.70	39.50
Sierra Leone	0.58	6.34	16.80
Solomon Islands	5.00	10.00	11.92*
Somalia	1.25	1.76	2.00*
South Sudan	3.83	5.50	7.98*
Sudan	16.70	n.a.	25.40
Timor-Leste	3.00	23.00	27.49*
Togo	3.00	7.12	19.30
Tuvalu	25.00	42.70	49.32*
Uganda	n.a.	n.a.	n.a.
United Republic of Tanzania	2.90	10.00	20.00
Yemen	12.35	24.09	26.72*
Zambia	10.00	n.a.	19.00

Source: ITU

Note: *For some countries, data from 2016, 2017 or latest data available

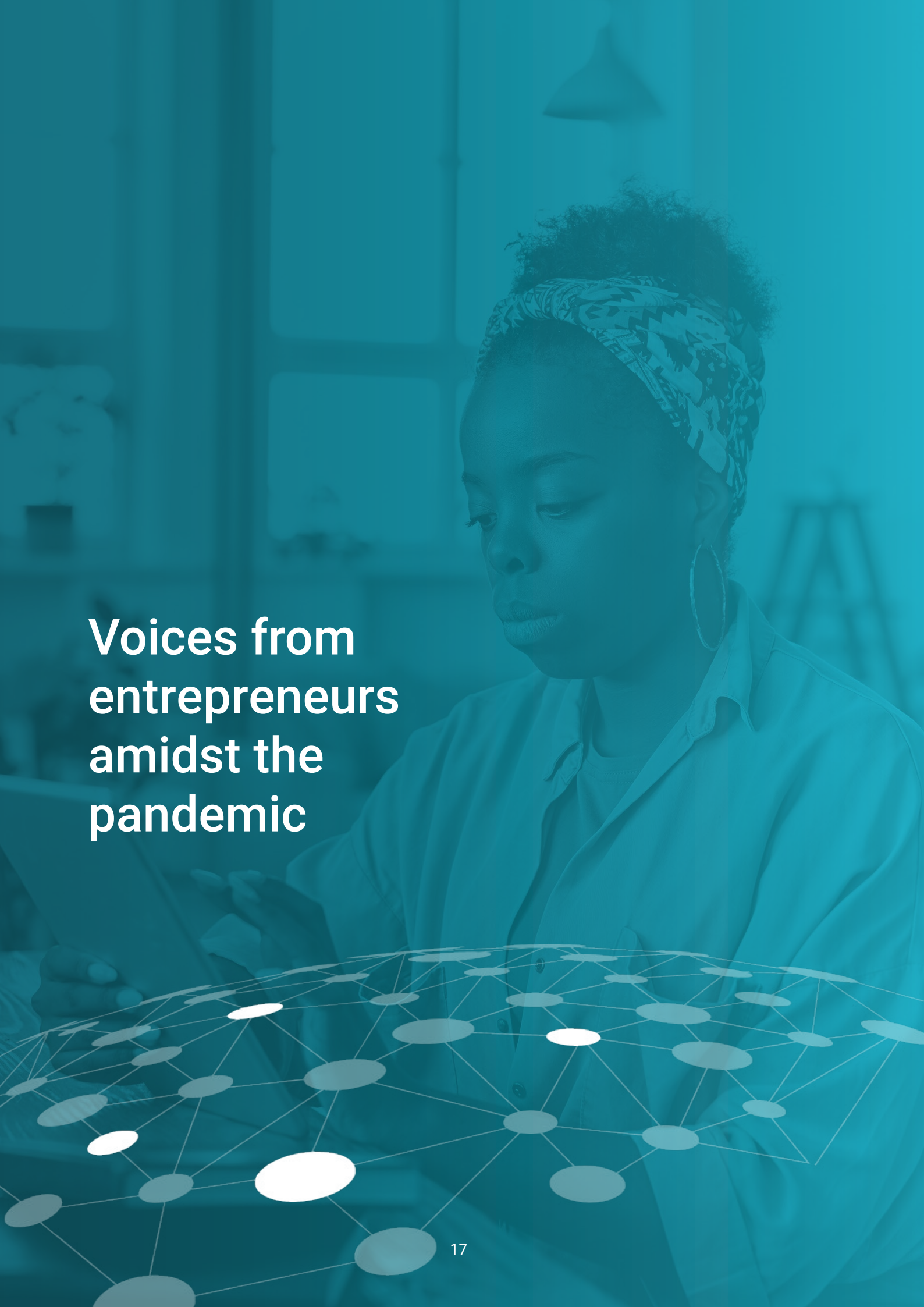
Other key ICT infrastructure indicators also point to the need for LDCs to catch up ([Table 3](#)). Additional investment will be needed in the ICT sector to facilitate the growth of service delivery in 3G/4G by mobile network operators in a competitive environment, as well as public and private partnerships (PPPs), to strengthen the backbone infrastructure.

Table 3 Key ICT indicators (2020, 2021)

	Fixed-broadband subscriptions		Active mobile-broadband subscriptions		Population covered by a mobile-cellular network		Population covered by at least a 3G mobile network	
	2020	2021*	2020	2021*	2020	2021*	2020	2021*
World	15.8	16.7	77.3	83.2	96.7	96.9	93.6	95.0
Developed	34.6	35.7	127.1	131.0	99.7	99.7	97.8	98.6
Developing	12.1	13.0	67.5	73.9	96.2	96.4	92.8	94.3
Least Developed Countries (LDCs)	1.4	1.4	36.3	38.8	88.7	90.1	79.0	83.2

Source: ITU World Telecommunication/ICT Indicators database; Updated: October 2021

Note: *2021 data are estimates

A woman with dark curly hair, wearing a patterned headband and large hoop earrings, is looking down at a tablet. The image is overlaid with a teal tint and a network diagram consisting of white and grey circles connected by lines. The text "Voices from entrepreneurs amidst the pandemic" is written in white on the left side.

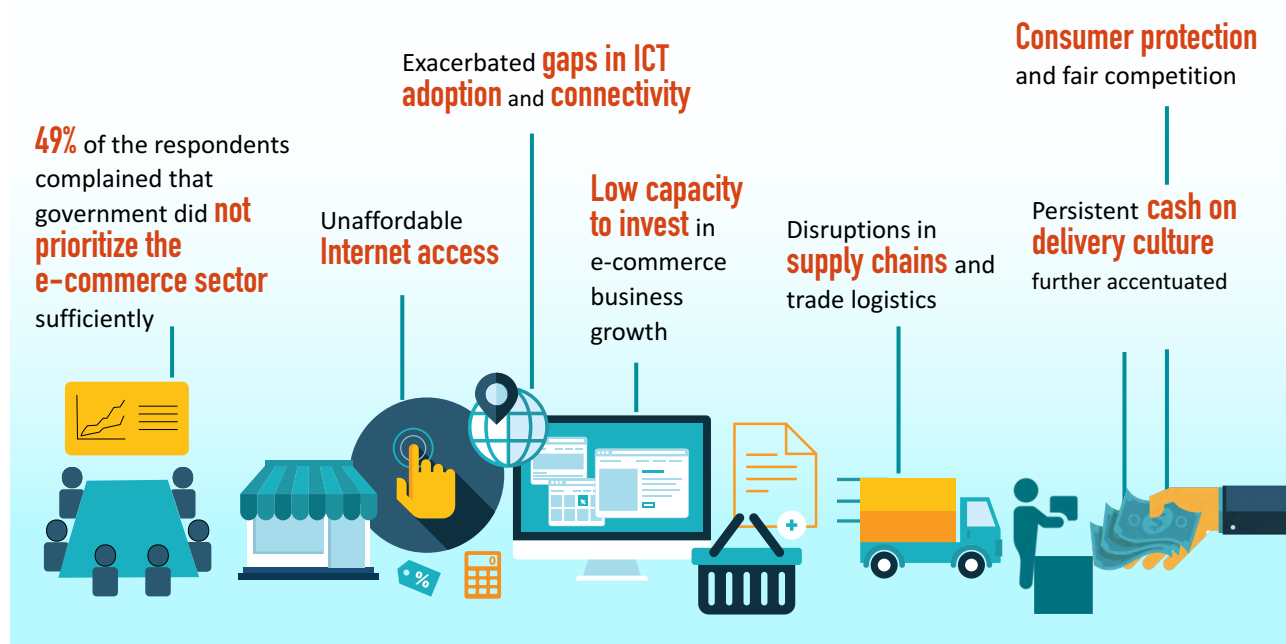
Voices from entrepreneurs amidst the pandemic

Digital divides that exist across and within countries have been evidenced in several UNCTAD reports. Our analysis confirms that the pandemic has led to increased awareness of the potential benefits of e-commerce, which has become a valuable digital solution for coping with mobility restrictions and requirements on social distancing. The study [“COVID-19 and e-commerce”](#) about the impact on businesses and policy responses mainly in Africa and Asia Pacific LDCs, documents that close to half of the survey’s participants said that governments had not prioritized the e-commerce sector sufficiently in their COVID-19 response efforts and recovery plans.

The pandemic has further exposed gaps in policy areas central to improving digital readiness in developing countries, such as weak e-commerce regulatory frameworks and bottlenecks in financing digital entrepreneurs and start-ups. But the surveyed

businesses did acknowledge that some measures taken by the public and private sectors have helped lower hurdles for businesses and consumers to use e-commerce services. Increased public awareness campaigns of the benefits of e-commerce, more digital skills training opportunities, and reduced e-payment transaction costs were most cited as impactful. The pandemic has underscored the value and potential of public-private cooperation in devising crisis recovery strategies, as well as the need for greater collaboration among stakeholders to mobilize technical and financial resources. Most of the surveyed businesses said “a well-defined national E-commerce Strategy” should be a priority for COVID-19 recovery plans. Reduced costs for Internet and broadband access, as well as for mobile and other electronic payments, were the other measures recommended most.⁸

Figure 3 Challenges encountered by e-commerce business



Source: UNCTAD

Innovations in LDCs

Cambodia's digital startups help blunt the economic impact of COVID-19

An uptick in business, especially in the delivery of food and essential items, is enhancing resilience in the wake of the crisis.



"Grocerdel's sales have shot up nearly 165 per cent, forcing the startup to increase its staff by 50 per cent to cope with the spike in

demand, while taking measures to protect its employees and consumers alike. We made arrangements for contactless delivery, for example by leaving baskets outside customers' premises, and started processing payments via QR codes or electronic transfers".

Ms. Priyanka Chetry - CEO Grocerdel

Senegal's e-commerce sector helps country cope with COVID-19

Trade ministry fast-tracks measures to ease access to essential goods and services during the pandemic.



"We'd like to help businesses reach consumers in all the major urban centres, especially beyond Dakar, where current e-commerce services

are concentrated. For this to happen, businesses have to move from a purely competitive mindset to a cooperative one. They should be willing to share a common marketplace infrastructure that benefits the whole e-commerce ecosystem".

Mr. Ibrahima N.E. Diagne, CEO Gainde2000

Ugandan e-commerce platforms power recovery from COVID-19 crisis

Partnerships with development agencies and government efforts to boost the digital economy are helping soften the economic blow of the pandemic.



"COVID-19 has amplified the uptake of e-payments and growth of local fintech solutions like Xente. Following the

COVID-19 outbreak, we waived set-up and commission fees for small businesses for three months. The company recorded a 10 per cent increase in business-to-consumer transactions and a 200 per cent jump in business-to-business turnover".

Mr. Allan Rwakatungu, CEO, Xente

Businesses in Nepal tap e-commerce opportunities amid pandemic

Government reforms and initiatives in response to an UNCTAD assessment of the Himalayan nation's eTrade readiness have allowed businesses to capitalize on COVID-19-induced online opportunities.



"We tried to sell online before COVID-19, but it was difficult, due to the widespread practice of bargaining prices and paying in

cash. We proved to potential customers the quality and value of our services and we recorded an average of 10 to 15 new customers each day since the pandemic started. Also, digital payments now account for about 80 per cent of Sabji Land's sales, up from just 5 per cent in 2019".

Ms. Deepa Karki, Manager, Sabji Land

Zambia's e-commerce firms stay the course amid pandemic

Despite COVID-19 hurdles, online businesses in Zambia are clinging to their big dreams while the government strengthens the nation's e-commerce ecosystem.



"We managed to keep delivering, from shops, restaurants, supermarkets and pharmacies while also finding more businesses to partner with, and we experienced a 100% growth in annual terms in 2020. Despite the opportunities, the pandemic also brought many challenges and unforeseen increase in operational costs, due among others to measures taken to protect staff and exchange rate fluctuations. The latter exacerbated the situation by driving up the price of imported motorbikes, the primary delivery vehicle in Zambia".

Mr. Afshon Wallace, CEO, AfriDelivery

Kiribati sets sights on overcoming hurdles to e-commerce

Digital solutions implemented to combat the spread of COVID-19 have given fresh impetus to efforts to harness the development gains of ICT and e-commerce.

The background of the slide features a blue-toned image of a hand reaching up to touch a globe. Overlaid on this is a complex network of white lines and dots, resembling a digital or data network. The globe shows the continents of Africa and Europe. The overall aesthetic is technological and global.

LDCs' performance in UNCTAD's B2C E-commerce Index

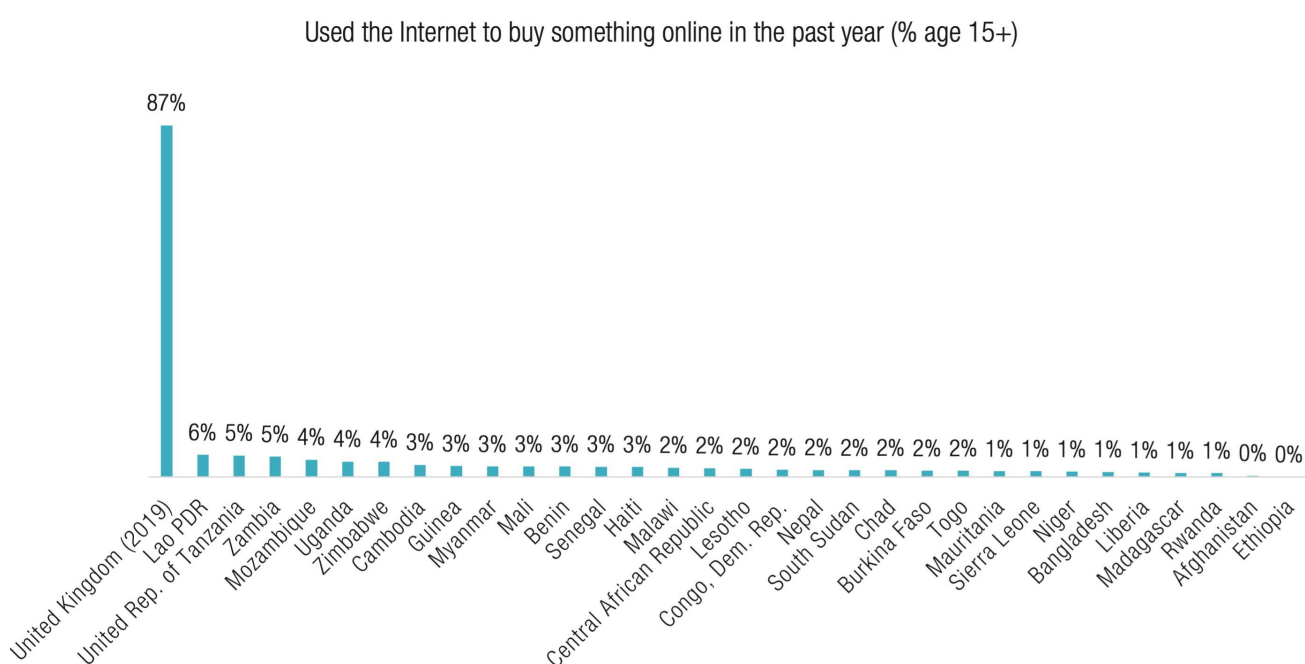
The UNCTAD Business-to-Consumer (B2C) E-commerce Index measures an economy's preparedness to engage in and benefit from e-commerce. The index consists of four indicators that are highly correlated with online shopping and for which data are available from a wide range of countries.⁹ The 2020 edition of

the Index comprises the following indicators:

1. "Share of individuals using Internet",
2. "Secure servers per 1 million people",
3. "UPU postal reliability score", and
4. "Share of individuals with a financial account".

Available data suggest that while up to 8 in 10 Internet users shop online in developed countries, that figure is less than 1 in 10 in many LDCs.¹⁰ (See also [Figure 4](#))

Figure 4 Share of population shopping online in LDCs (2017)

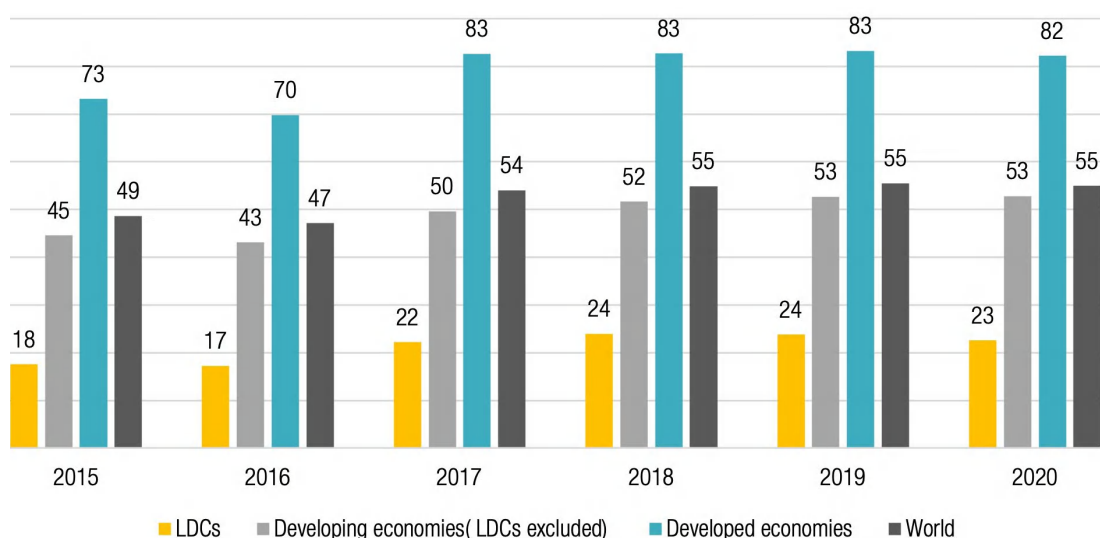


Source: UNCTAD, based on World Bank Findex data (2017) and EuroStat (2019)

During the period 2015-2020, LDCs generally ranked at the bottom of the index, both as a group (average index values), and in terms of individual values and rankings. This confirms that LDCs, and especially **LDCs in Africa, face persistent challenges to engage in and benefit from e-commerce.** ([Figure 4](#), [Figure 5](#))

Between 2015 and 2020, the average index values of the LDC group ranged between 17 and 24, which was much lower than those of the group of developing countries (43 to 53) and the world in general (47 to 55). The average index values of the LDC group stood at about one fourth of those of the group of developed countries (70 to 83).

Figure 5 Average B2C Index values of LDCs vs Other main groups of economies, 2015-2020



Source: UNCTAD

Nevertheless, some LDCs have shown steady improvement in their e-commerce readiness. For example, the ranking of Guinea improved from 142nd out of 144 economies in 2017 to 140th out of 152 economies in 2020, with its index value rising by 11 points. The increase in the number of Internet users and secure Internet servers contributed to Guinea's improved e-commerce readiness. Senegal, Ethiopia and Djibouti also registered substantial progress (index values increased by more than 10 points). In particular, Ethiopia and Djibouti no longer rank in the index's bottom 20 positions. More Internet users and rising postal reliability were the main drivers of these LDCs' increase in e-commerce readiness.

The index meanwhile shows stagnated e-commerce preparedness in some LDCs. Between 2017 and 2020, 17 or 18 of the index's bottom 20 positions were occupied by LDCs. Niger, Chad, Guinea, Burundi, Comoros, Democratic Republic of the Congo, Sierra Leone, Liberia, Mauritania, Haiti, Malawi, Yemen, Burkina Faso, and Afghanistan have consistently ranked in the index's bottom 20 group. **Greater efforts are needed to strengthen the capabilities of LDCs to engage in and benefit from e-commerce.**

The background image shows a person from the chest up, wearing a traditional conical hat and a checkered shirt. They are holding a smartphone in their right hand. The entire image has a blue tint. Overlaid on the bottom half of the image is a network diagram consisting of numerous circular nodes connected by lines, forming a complex web.

Strengthening the e-commerce readiness of LDCs

Strengthening the readiness of developing countries to benefit from digital transformation is a development challenge that has gained added urgency by the ongoing COVID-19 pandemic.

Since 2017, UNCTAD has been pioneering assessments of the readiness of LDCs through the **eTrade Readiness Assessments (eT Readies)**. Out of the 46 country requests that had been received by December 2021, UNCTAD had completed

[29 eT Readies](#) of which 24 in LDCs ([Figure 6](#)). The assessments have helped countries to identify the main barriers and opportunities for e-commerce development across seven key policy areas: E-commerce readiness assessment and strategy formulation, ICT infrastructure and services, Trade logistics and trade facilitation, Payment solutions, Legal and regulatory frameworks, E-commerce skills development, and Access to financing.

Figure 6 UNCTAD eTrade Readiness Assessments status (as of February 2022)



Through the eT Readies, a number of key policy recommendations have been made on how to enhance the countries' ability to engage in and benefit from e-commerce ([Table 4](#)). Through a dedicated **eT Ready Implementation Support Mechanism (ISM)**, beneficiary countries have access to a wider range of technical assistance solutions and expertise provided by the whole set of 34 eTrade

for all partners, as well as from other in-country development partners. Seeking to foster multi-stakeholder partnerships, UNCTAD is working with the United Nations Resident Coordinators Offices (UNRCOs) to enhance cooperation and contribute to mainstream e-commerce and digital economy in national development policy processes and cooperation frameworks.

Table 4 Key policy areas and related challenges

Policy areas	Main challenges
E-commerce readiness assessment and strategy formulation	Limited awareness of e-commerce relevance among policy and law makers, consumers, and businesses. Lack of statistical data on electronic commerce and the digital economy. Persistent barriers for women and youth to engage in e-commerce, preventing the leveling of playing fields through increased inclusion.
ICT infrastructure and services	Limited Internet access in rural/ remote areas and costly access to fixed and mobile-broadband Internet.
Trade logistics and trade facilitation	Inadequate facilities for physical delivery of online purchases.
Payment solutions	Overreliance on cash-based transactions, plus low access to and limited experience with online payments and the use of credit cards.
Legal and regulatory frameworks	Weak legal and regulatory frameworks, including protection of consumers online.
E-commerce skills development	Inappropriate education for the digital economy and lack of business development skills and adequate e-commerce skills for MSMEs.
Access to financing	Unsuitable financial mechanisms for start-up enterprises to engage in e-commerce.

Source: UNCTAD

A number of organizations can provide assessments of country digital readiness. So far 32¹¹ of the 46 LDCs have been assessed by UNCTAD, the World Bank and the UNDP. As mentioned above, UNCTAD has completed eT Readies for 24 LDCs in Africa, Asia and the Pacific. Sixteen African LDCs have benefitted from the World Bank Digital Economy for Africa Initiative (DE4A) Country Diagnostics, while the UNDP has conducted one assessment in the Solomon Islands. Afghanistan was also covered by a study conducted by the Asian Development

Bank, “E-Commerce in CAREC Countries: Laws and Policies”. The various assessments have different scope (digital economy in a broad sense for the WB and UNDP reports) and use different methodologies. Those by UNCTAD involve a series of capacity-building activities and an implementation support mechanism to ensure follow-up to the eT Readies. Efforts to build on existing studies and to strengthen cooperation with development partners for their implementation is at the heart of eTrade for all and the ECDE Programme philosophy.

Table 5 E-commerce and other digital assessments in LDCs conducted by UNCTAD and other organizations

Countries by region	UNCTAD eTrade Readiness Assessment	Other assessments
AFRICA		
Angola		WB DE4A (ongoing)
Benin	June 2020	WB DE4A October 2020
Burkina Faso	October 2018	
Burundi		WB DE4A June 2020

Countries by region	UNCTAD eTrade Readiness Assessment	Other assessments
Central African Republic		WB DE4A June 2020
Congo, Dem. Rep. of the		WB DE4A June 2020
Gambia		WB DE4A May 2021
Guinea		WB DE4A March 2020
Lesotho	June 2019	WB DE4A June 2020
Liberia	April 2018	WB DE4A June 2020
Madagascar	December 2018	
Malawi	May 2020	
Mali	February 2020	
Mozambique		WB DE4A June 2019
Niger	July 2020	
Rwanda		WB DE4A January 2020
Senegal	July 2018	WB DE4A June 2018
Sierra Leone		WB DE4A June 2020
United Republic of Tanzania	May 2020	WB DE4A June 2020
Togo	October 2018	
Uganda	December 2018	WB DE4A June 2020
Zambia	December 2018	WB DE4A December 2019
ASIA		
Afghanistan	March 2019	Asian Development Bank: E-Commerce in CAREC Countries: Laws and Policies August 2021
Bangladesh	March 2019	
Bhutan	April 2017	
Cambodia	April 2017	
Lao People's Democratic Republic	April 2018	
Myanmar	April 2018	WB Digital Government Readiness Assessment 2018
Nepal	December 2017	

Countries by region	UNCTAD eTrade Readiness Assessment	Other assessments
PACIFIC		
Solomon Islands	July 2018	UNDP Digital Readiness Assessment September 2021
Kiribati	December 2020	
Samoa*	October 2017	
Tuvalu	November 2019	
Vanuatu*	July 2018	

* Vanuatu and Samoa, both already graduated from LDC status

Source: UNCTAD, based on online research

eTrade Readiness Assessments and their impact on the ground

eTrade Readiness Assessments have proven to be strategic tools to strengthen LDCs' digital readiness. Their real value for beneficiary countries is only fully realized when policy recommendations are implemented. Through UNCTAD's Implementation Support Mechanism, countries are equipped with advisory tools, mainly in the form of Implementation Reviews, to keep track of their progress in implementing eT Ready recommendations, share good practices and lessons learned among peers, and highlight policy

impacts. Our reviews show how LDCs have a better knowledge base to decide on effective actions to leverage e-commerce for development. For example, as documented in the report "[Fast-tracking implementation of eTrade Readiness Assessments](#)", *Cambodia* has made remarkable progress in strengthening its e-commerce ecosystem, having implemented more than 80 per cent of the assessment's recommendations.

Box 1 A stronger e-commerce policy and legal framework in Cambodia

"The eT Ready done in 2017 with UNCTAD support was a **key milestone for e-commerce development in Cambodia**. In addition to providing a diagnostic, the eT Ready charted a future roadmap for further growth of the e-commerce ecosystem" said H. E. Pan Sorasak, Kingdom of Cambodia's Minister of Commerce at the UNCTAD 15th Ministerial Conference.

Since then, policy and legal frameworks as well as various initiatives in line with the UNCTAD eT Ready recommendations have been developed to support the e-commerce ecosystem. One of the recommendations that was prioritized by the Royal Government of Cambodia (RGC) was to develop an E-commerce Strategy. As a result, the Ministry of Commerce led this process with strong participation from the private sector and launched its E-commerce Strategy in November 2020, aiming to build an inclusive and harmonized e-commerce ecosystem in Cambodia. In terms of legal frameworks, the RGC has been developing and amending several laws and regulations that are aimed at governing e-commerce activities. For example, towards the end of 2019 two important pieces of law were passed. The Consumer Protection Law was enacted in October 2019 to promote a fair-trading environment. The E-Commerce Law was enacted in November 2019 and later complemented by a series of implementation decrees passed in 2020 to regulate the registration of e-commerce businesses and ensure compliance with taxation issues. The growing importance of e-commerce in the South-East Asian nation has prompted the RGC to develop a Digital Economy and Society Policy Framework 2021-2035, which sets out a long-term vision to build a vibrant digital economy and society to accelerate new economic growth and promote social-being based on the path of new normal.

Other LDCs have also made serious efforts to strengthen their e-commerce ecosystems and ensured a follow-up to the recommendations outlined in their eT Readies. In Africa, the E-commerce Development Committee in *Burkina Faso* was established in July 2020. Similar steps have been taken by Niger, with the formation of national e-commerce consultative

committee, established by a ministerial order in 2021. *Senegal* was the first sub-Saharan country to pass a start-up act, a piece of legislation enacted in January 2020 that enables the Government to take fiscal and administrative measures, as well as to access financing facilitation and business support measures, in addition to creating more favorable

conditions to access public procurement. In *Togo*, the law on cybersecurity and the fight against cybercrime was passed in December 2018 and the Computer Emergency Response Team was established in February 2021. In *Uganda*, the legal framework has been strengthened with the adoption of the Data Protection and Privacy Act 2019, the National Payment Systems Act in 2020 and the Data Protection Regulations in 2021. *Zambia* has continued its infrastructural development with the erection of communication towers across the country, which would raise mobile networks' coverage rate above 90 per cent of the population.

In the Asia-Pacific, the Women Chamber of Commerce and Industry in *Bangladesh* is implementing a policy advocacy initiative since 2020 focused on empowering women in business to participate fully in the digital economy. *Bhutan* expanded the scope of its Financial Switch through integrating with neighboring India to allow for better e-commerce flows across the two countries and the country's QR code system was launched in July 2020, spurred by the Covid-19 pandemic. The Bank of the *Lao People's Democratic Republic* has also launched a QR code for domestic payments and in 2021 the Government issued an "E-com-

merce decree" which contains licensing provisions for e-commerce businesses. In *Nepal*, the National Strategy on Development and Use of E-commerce in *Nepal* was developed in June 2019. In recently graduated *Vanuatu*, the Single Window team and the national Post of Vanuatu are working together interfacing UPU's customs clearance system (CDS) with the existing customs system based on ASYCUDA.

Preliminary findings from the second eT Ready Implementation Review carried out in 2021 indicate that countries like *Cambodia*, *Bhutan*, *Senegal* and *Togo* have reached implementation rates above 80%. Progress and support needed in other LDCs which have taken part in the implementation review for the first time (*Bangladesh*, *Malawi*, *Niger*, *Solomon Islands* and *Tuvalu*) are highlighted in the report. **Efforts at the national level have provided an impetus to shape common regional visions in the area of e-commerce.** For example, the *East African Community (EAC) Secretariat*, the *Economic Community of Western African States (ECOWAS) Commission* and the *Pacific Islands Forum Secretariat (PIFS)* have embarked on developing regional E-commerce Strategies using eT Readies as diagnostic tools.

Box 2 eT Readies support e-commerce regional integration in West Africa

An UNCTAD report taking stock of the findings of the seven evaluations conducted in the WAEMU region has outlined recommendations contributing to the development of a joint ECOWAS/WAEMU approach to prepare a regional E-commerce Strategy. The findings were presented at UNCTAD eWeek High-level Session "Enhancing e-commerce readiness in the ECOWAS region", in April 2020. It highlighted the need for better policy coordination among regional economic communities to spearhead a regional e-commerce development agenda that builds on the diversity of e-commerce readiness across member countries. The report recommended the development of a regional E-commerce Strategy that will be centered on the need to strengthen essential infrastructures (electricity, e-commerce logistics, street addressing), advance ongoing digital economy development projects (ICT connectivity, e-government, legal reforms, payments' interoperability), as well as steer and monitor e-commerce sector development building on a regional e-commerce observatory. As a result of this process, the ECOWAS Commission formally requested UNCTAD assistance in 2020 to develop a regional E-commerce Strategy. A first ECOWAS E-commerce Forum was organized in December 2020 in Abidjan by the ECOWAS Commission, in collaboration with UNCTAD, bringing together national high-level representatives and

e-commerce experts. The strategy development process officially kicked off in October 2021 with a series of meetings with the ECOWAS Commission and agencies, with national focal points and finally with representatives of ECOWAS Member States in Geneva. A mapping of e-commerce initiatives and projects supported technical partners and international organizations is currently underway with the support of the United Nations Resident Coordinator Offices established in countries of the region. As a first step, an ECOWAS regional eT Ready assessment aiming at complementing the initial seven evaluations of the WAEMU countries and that of Liberia conducted in 2018 is underway. The E-commerce Strategy development will follow immediately thereafter.

Box 3 eT Readies support e-commerce regional integration in the Pacific

Between 2017 and 2021, eleven national e-commerce assessments were conducted in the Pacific region. Five of these were eTrade Readiness Assessments led by UNCTAD (Kiribati, Samoa, Solomon Islands, Tonga, Vanuatu), of which four were in LDCs. The other six also following the eT Ready methodology. In 2020, the national assessments were complemented by a regional Pacific E-commerce Assessment and the Pacific E-commerce Strategy and Roadmap in 2021. Both also closely following the seven policy areas that are at the core of the eT Readies. Building on this and further strengthening the development of inclusive digital economies in the region, UNCTAD, UNCDF and UNDP in 2021 joined forces under the Pacific Digital Economy Programme (PDEP), a unique multi-agency partnership funded by the Australian Government. Apart from several regional research and capacity-building activities, UNCTAD will also support several governments with the development of their national E-commerce Strategies under the PDEP, starting with the Solomon Islands.

Capacity-building and multi-stakeholder cooperation remain key to enhance e-commerce readiness. Despite actions being taken by LDCs, recurring hurdles are hampering their efforts in boosting e-commerce investments. These include limited inter-ministerial coordination, fragmented public-private sector cooperation, and scarce resource mobilization from development partners for capacity-building in the different policy areas. Given the cross-cutting nature of e-commerce, cooperation between development partners and the beneficiary countries is critical for effective implementation. While recognizing that implementation is first and foremost a national process, UNCTAD's eT Ready ISM and the eTrade for all initiative both help to make easily accessible many relevant e-commerce capacity-building programmes offered by UNCTAD and other partners.

Through the eT Ready ISM, beneficiary countries can access a wide range of technical assistance solutions and expertise provided by the whole set

of 34 eTrade for all partners, as well as from other in-country development partners. With a view to fostering multi-stakeholders' partnerships, UNCTAD has been working with the UN Resident Coordinators System to enhance cooperation and contribute to mainstreaming e-commerce and digital economy into national development policy processes and cooperation frameworks. This is still a relatively new policy area and LDCs often have to deal with fragmented and uncoordinated actions taken by a multitude of development assistance players. As part of UNCTAD support in the development of the ECOWAS Regional E-commerce Strategy, UN RCOs have been encouraged to undertake mappings of development partners interventions in their respective countries. Mapping is not to be viewed as an end in itself but rather as a steppingstone to assess who is doing what, foster coordination and build synergies, as, for example, in the Lao People's Democratic Republic.

Box 4 Pooling efforts in the Lao People's Democratic Republic to power recovery from the pandemic towards LDC graduation. Perspectives from Ms. Sara Sekkenes - UN Resident Coordinator in the Lao People's Democratic Republic



Digitalization, and e-commerce development in particular, is in many LDCs still at a nascent stage and cooperation is fragmented. What was the approach of the UN System in the Lao People's Democratic Republic to build coherence among development partners?

Starting from an initial stakeholders' intervention mapping, the UN Resident Coordinator Office has played a lead role in convening technical expertise from across the UN Development System, including drawing from the eTrade Readiness Assessment, to coordinate collective efforts to support the development of e-commerce. Starting in March 2020, the RCO began convening a series of virtual discussions among United Nations Country Team (UNCT) members working on support to the Lao People's Democratic Republic's trade diversification agenda as an informal mechanism to share resources, plans, and identify ways forward. These discussions grew to include representatives from FAO, ILO, ITC, UNCDF, UNCITRAL, UNCTAD, UNDESA, UNDP, UNICEF, UNIDO, and the World Bank.

Can you share some practical examples of how this enhanced coordination has had a positive impact on policy dialogue and contributed to raising the profile of a digital economy in the national development agenda?

The approach we followed was aimed at providing coordinated support for the inclusion of the e-commerce and digital transformation agenda into Government planning as part of the 9th National Socio-Economic Development Plan that was endorsed by the National Assembly in early 2021, and into the new UN Sustainable Development Cooperation Framework, endorsed by the Lao People's Democratic Republic – UN Joint Steering Committee in June, formally approved by the Prime Minister's office in August and officially signed on the 16th of November 2021. This also allowed for efficient inclusion of priorities to support the further development of e-commerce as part of the joint UN Socio-Economic Response Framework to COVID-19 and the country's national COVID-19 Recovery Plan currently being developed.

What do you suggest as a way forward to turn digital trade into a meaningful driver for economic transformation and LDCs graduation?

As a country building its trade portfolio, it is important to build the capacity of digital trade now that can help reduce costs, disseminate ideas and technologies, and connect businesses and consumers, ensuring that the opportunities and benefits from digital trade can be realized and shared inclusively. Working with the National Steering Committee on LDC graduation and the formulation of a Smooth Transition Strategy, digital trade has already been emphasized as a critical element with regards to economic transformation, which in itself can help secure the graduation anticipated in 2026 through a more diverse and also less vulnerable economy, importantly also looking towards increased resilience in the agroforestry sector that is critical to trade. Together with the investments needed in human assets and a climbing GDP, this can become the engine room that can propel the Lao People's Democratic Republic into delivering a sustainable development that truly leaves no one behind.

Box 5 Connecting the dots for more effective capacity-building: eTrade for all

The eTrade for all Initiative, launched at the fourteenth Ministerial Conference of UNCTAD in 2016, is a practical example of how to harness the digital economy in support of the 2030 Agenda for Sustainable Development, notably Sustainable Development Goals (SDGs) 5, 8, 9, and 17. The initiative seeks to raise awareness, enhance synergies, and increase the scale of existing and new efforts by the development community to strengthen the ability of developing countries to engage in and benefit from e-commerce by addressing key challenges.

The initiative plays an important role in raising awareness of the opportunities and risks for the digital economy and e-commerce that have emerged before and during the pandemic, and in working to improve understanding of the challenges faced by e-commerce businesses, particularly in developing and least developing countries (LDCs). The report, COVID-19 and E-commerce: A Global Review (2021), stressed that greater efforts are needed to reduce inequalities in e-trade readiness among countries. The report calls for governments, businesses, consumers, and international development partners to ensure e-commerce plays a “positive and powerful role” in national and international recovery efforts.

Thanks to eTrade for all, eT Ready beneficiary countries can have access to a wider range of technical assistance solutions and expertise provided by all 34 eTrade for all partners (see [Table 6](#)). The eT Ready ISM was precisely established to enhance coordination among often fragmented interventions, and bring coherence in the way available support for e-commerce development matches countries-needs and priorities. UNCTAD has been actively advocating for greater engagement of development partners and scaling up their commitments, particularly through:

- Making strategic use of the eT Ready as a development assistance needs assessment and planning tool;
- Planning country-specific technical and financial assistance based on country priorities and solid analytical foundations provided by the eT Readies;
- Engaging with other partners under the umbrella of the eTrade for all partnership to organize coordinated actions and speak with governments using a harmonized approach;
- Mainstreaming e-commerce and digital economy into policy dialogue and development assistance frameworks in eT Ready beneficiary countries, building on the enhanced role of UN Resident Coordinators;
- Providing support to governments in costing activities, especially through capacity-building for leading government agencies, as well as advisory services to articulate bankable projects through inclusive processes.

Table 6 eTrade for all Development Solutions per policy areas

PARTNERS	ETRADE FOR ALL POLICY AREAS						
	 E-commerce strategy	 ICT infrastructure	 Payment solutions	 Trade logistics and facilitation	 Legal frameworks	 Skills development	 Financing SMEs
ACSIS						✓	
AfDB		✓		✓	✓		
BSI					✓		
Commonwealth Secretariat	✓				✓	✓	
Consumers International					✓	✓	
CUTS						✓	
DiPLO						✓	
ECA	✓	✓		✓	✓	✓	
ECLAC	✓	✓		✓	✓	✓	
EIF	✓	✓					
ERIA	✓					✓	
ESCAP		✓	✓	✓		✓	
ESCWA		✓		✓	✓	✓	
E-Residency			✓		✓		
IAP					✓	✓	
ICAO				✓	✓		
IDB		✓	✓	✓	✓		✓
ILO					✓	✓	
ISOC		✓				✓	
ITFC		✓	✓		✓		✓
ITC	✓			✓		✓	✓
ITU		✓			✓	✓	
South Centre					✓	✓	
UNCDF			✓			✓	✓
UNCITRAL			✓		✓		
UNCTAD	✓			✓	✓	✓	
UNECE				✓	✓	✓	
UNIDO				✓	✓	✓	
UPU	✓		✓	✓			
WBG	✓	✓	✓	✓	✓	✓	✓
WCO				✓	✓		
WEF						✓	
WIPO					✓		
WTO				✓		✓	

Note : list of eTrade for all partners who could assist in the various policy areas in accordance to their mandate and expertise.

Developing E-commerce Strategies in LDCs

UNCTAD provides support to developing countries, including LDCs, to develop E-commerce Strategies at national or regional levels. This support includes a diagnostic of e-commerce in the beneficiary country or region, the mapping of relevant stakeholders, including development partners with ongoing support in e-commerce related areas, consultations and support for the drafting of a strategy. A strategy includes an overall vision and goals, priority policy

areas, strategic measures and implementation plan, as well as governance, monitoring and evaluation frameworks. Countries that have developed E-commerce Strategies with UNCTAD's support include Botswana, Egypt and Oman. Support is ongoing for Benin, Kenya, Myanmar (paused), Rwanda (ministerial validation of the strategy is pending) and the ECOWAS region.

Figure 7 UNCTAD E-commerce Strategy status (as of February 2022)



As part of a mapping exercise to identify e-commerce policy documents conducted by various development partners and by countries themselves, such documents were noted for 45 transition, developing and least developed countries. Of these countries, 13 are LDCs ([Table 7](#)). While this list does

not purport to be exhaustive, it suggests that many developing countries still lack such frameworks or are in the process of developing them. It is worth noting that the gender component has for the most part not been integrated within those policy tools.

Table 7 E-commerce Strategies and policies in LDCs

Country	Type of document	Year
Bangladesh	E-commerce Policy	2018
Benin	E-commerce Strategy	On-going
Bhutan	E-commerce Policy	2020
Cambodia	E-commerce Strategy	2020
Myanmar*	E-commerce Strategy	On hold
Nepal	E-commerce Strategy	2019
Rwanda*	E-commerce Strategy	On-going
Senegal	E-commerce Strategy	2019
Solomon Islands*	E-commerce Strategy	On-going
Togo	E-commerce Strategy	2021
Uganda	E-commerce Policy	On-going
Zambia	E-commerce Strategy	2020

*conducted by UNCTAD

Strengthening the legal and regulatory landscape for e-commerce in LDCs

Governments worldwide are trying to catch up with regulating the shift to a more digital world. The escalation of cybercrime and online fraud accelerated by the global COVID-pandemic makes ever more urgent the adoption of sound laws, with corresponding efficient implementation mechanisms.

The [UNCTAD Cyberlaw Tracker](#) provides a **global overview of the state of e-commerce legislation by country, including LDCs**. This online tool shows the progress made in the adoption of legislation in the four legal areas that are essential for increasing user confidence in e-commerce: e-transaction, consumer

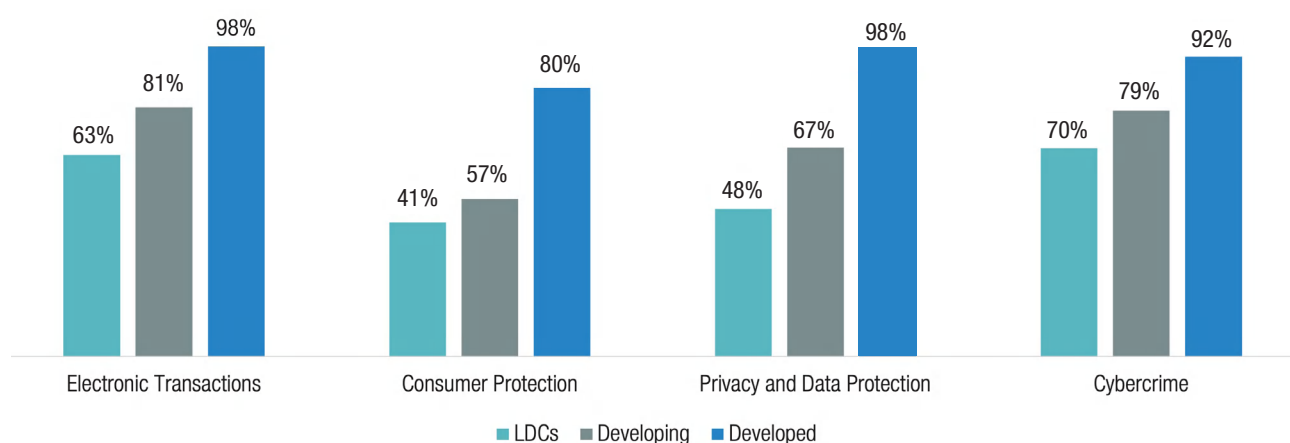
protection, privacy and data protection, and cybercrime. The data collected from 2015 to 2021 show an increase in the worldwide adoption of legislation to fight against cybercrime, from 71 per cent in 2015 to 80 per cent in 2021, and to protect data from 55 per cent in 2015 to 71 per cent in 2021. In LDCs, significant advances in law adoption have been made since 2015. However, the share with relevant laws is particularly weak for data and privacy protection (48 per cent) and consumer protection (41 per cent). For e-transaction and cybercrime laws, the adoption rate is 64 per cent and 66 per cent respectively.

Table 8 Share of LDCs with e-commerce legislation, 2015 and 2021 (per cent)

	Electronic Transactions	Consumer Protection	Data Protection	Cybercrime
2021				
World	81	59	71	80
LDCs	63	41	48	70
2015				
World	75	50	55	71
LDCs	34	30	36	36

Source: UNCTAD calculations

Figure 8 Cyberlaw adoption in developed, developing and least developed countries, 2021



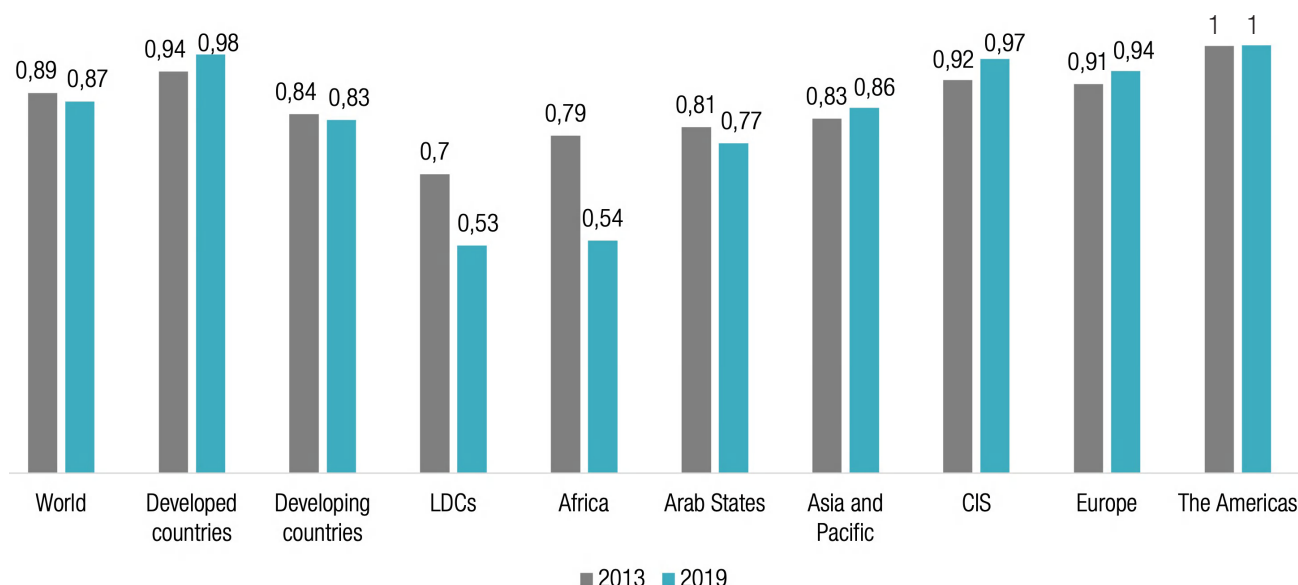
Source: UNCTAD, Cyberlaw Tracker December 2021

Bridging the digital gender divide in LDCs

Addressing gender divides is essential to build more inclusive and resilient digital economies. The digital gender divide is highly visible within countries in terms of both smartphone ownership and Internet use, as highlighted for example in UNCTAD's Digital Economy Report.¹² While the COVID-19 pandemic has resulted in an acceleration of the digital trans-

formation in developing countries, gender inequalities remain significant (Figure 9). At the same time, women digital entrepreneurs have been playing and will continue to play a key role for recovery after the crisis and they need to be provided targeted support to contribute to inclusive economic growth.¹³

Figure 9 Internet user gender parity score, by level of development and by region, 2013 and 2019



Source: UNCTAD, based on ITU (2020).

Note: Country groups are those of the source.

In line with SDG 5 and SDG 8, UNCTAD's [eTrade for Women](#)¹⁴ initiative combines the transformative power of women entrepreneurship with the positive impact of digital technologies. Launched in September 2019, it aims at advancing inclusive and sustainable development in developing countries, including LDCs, by empowering women entrepreneurs in the digital economy. The initiative carries out activities along 4 strategic action lines: **advocacy, empowerment, community-building and policy dialogue.**

Through the creation of local and regional networks of women entrepreneurs – the eTrade for Women

Communities – the initiative aims at addressing the gaps existing in terms of networking opportunities and visibility of women entrepreneurs in the digital economy. It provides specific support to help women thrive as business leaders and emerge as credible voices in public policy debates. Support ranges from building skills to networking and community development activities, inspired and supported by its eTrade for Women Advocates. The initiative enhances the participation of women digital entrepreneurs in high-level policy dialogues on e-commerce and digital economy to influence global and regional policymaking.

Currently, eTrade for Women Communities counts more than 100 members from 27 countries, **13 of which are LDCs**. The whole initiative has impacted more than 200 members, including participants to the Masterclasses.

Members reported that the space provided by eTrade for Women is very resourceful, in particular during COVID-19 times, highlighting how the Communities are addressing a gap in terms of peer-learning and networking opportunities.



"It contributes to give us more visibility and our network gives us more credibility in front of any type of institution".

Betty Bâ, founder of Oua Company in Senegal.



Trade negotiations, e-commerce and LDCs

E-commerce in the WTO and the JSI Negotiations

The issue of e-commerce was introduced into the multilateral trade system back in 1998 when the World Trade Organization (WTO) adopted the Declaration on Global Electronic Commerce. The Declaration called for the establishment of a work programme “to examine all trade-related issues relating to global electronic commerce” (WTO, 1998). Discussions under the work programme have continued for over two decades with the most noteworthy development being the moratorium on customs duties on electronic transmissions, which has been extended by each WTO Ministerial Conference since 1998.

Calls for the WTO to address e-commerce issues more deeply have been gaining traction over the last decade. In the run-up to 11th WTO Ministerial Conference in 2017, a group of countries proposed to convert the work programme into negotiations. This initiative did not succeed, however, in the absence of consensus among all WTO members. This led a group of 71 WTO members to announce that they would initiate “exploratory work together toward future WTO negotiations on trade-related aspects of e-commerce” in what is known as the Joint Statement Initiative (JSI) on E-commerce. All WTO members were invited to join the initiative.

Two years later, the participating WTO Members confirmed their intention to begin negotiations on trade-related aspects of e-commerce with the aim to achieve “a high standard outcome” that builds on existing WTO agreements and frameworks with as many WTO members as possible. The year 2019 also marked a shift in the dynamics of the negotia-

tions as China opted to join the initiative, which further confirmed that a critical mass of participants had been secured. The number of WTO Members currently involved has risen to 86 after a diverse group of countries joined the negotiations. Only 4 LDCs (Benin, Burkina Faso, the Lao People's Democratic Republic and Myanmar) are participants in the negotiations, though a few more may participate as observers.

The main positions of the WTO members in favour of the JSI and those opposing it have not significantly evolved since 2017. The former argue that the launch of the negotiations relating to e-commerce are significant for the credibility and integrity of the multilateral trading system, reinvigorating the negotiating function of the WTO, and ensuring that the organization remains relevant in the midst of heightened trade tensions and systemic challenges. Those WTO members opposing the negotiations argue that the pursuit of negotiations despite the lack of a specific negotiating mandate runs counter to core WTO principles. LDCs and some developing countries have been described as opposing these negotiations in favour of a continued focus on negotiations of the unresolved Doha Development Agenda (DDA) issues and discussions about e-commerce within the current mandate of the Electronic Commerce Work Programme.¹⁵ In summary, these countries may feel that the introduction of e-commerce will distract from efforts that are needed in other areas of the WTO mandate where developing and least developed countries are still struggling to see concrete benefits from the commitments taken by the WTO.¹⁶

E-commerce in RTAs involving LDCs

The trend towards the inclusion of e-commerce is not limited to the margins of the WTO. E-commerce is increasingly found in provisions or chapters of regional trade agreements (RTAs) through e-commerce related topics such as customs duties, electronic signatures, consumer protection, data protection, paperless trading and unsolicited electronic messages. A number of LDCs are involved in these RTAs, including in Asia with the ASEAN Agreement on Electronic Commerce (which include Cambodia, Myanmar and the Lao People's Democratic Republic) and the Regional Comprehensive Economic Partnership Agreement (RCEP) (which involves ASEAN and its trading partners Australia, China, Japan, New Zealand and the Democratic People's Republic of Korea). The scope and depth of disciplines related to e-commerce differ significantly across RTAs. At one end of the spectrum are those that contain only a few binding provisions along with a number of general hortatory provisions on cooperation between regulatory authorities. This includes the ASEAN e-commerce agreement that involves only developing countries and exempts its three LDC members from certain obligations for a five-year period.

At the other end of the spectrum, some recent RTAs address relatively novel issues related to digital trade, such as data flows, data localization and the treatment of source code. The Comprehensive and Progressive Trans-Pacific Partnership Agreement (CPTPP) signed by 11 countries and the United States-Mexico-Canada Agreement (USMCA) are examples of RTAs with more ambitious and elaborate disciplines on e-commerce. The RCEP agreement,

which brings together developing countries and LDCs with much more economically advanced economies that are strong proponents of the inclusion of digital trade in trade agreements lies somewhere between the two extremes. A number of provisions included in the RCEP uphold participating countries' right to determine what they consider necessary to achieve a legitimate public policy objective. Others authorize measures considered necessary to protect essential security interests and ensure that such measures are preserved from other parties' scrutiny altogether, thereby providing countries some policy flexibility.

The African Union mandated the AU Commission during the February 2020 Summit to include e-commerce as part of Phase III Negotiations with the objective of concluding an AfCFTA Protocol on E-Commerce. The pandemic ultimately led to the negotiations on e-commerce being brought forward because it not only contributed to increased awareness of the importance of e-commerce as a response to the lockdown measures and other restrictions on the movement of persons and to transport, it also delayed the Phase II negotiations and preparations for Phase III, leading to the decision for the two phases to be merged. Once the AfCFTA protocol (retitled Protocol on Digital Trade) is adopted it will be the first trade agreement to include provisions on this topic involving a significant number of LDCs. The AfCFTA negotiations represent a unique opportunity to develop trade provisions that are adapted to the needs of LDCs and tailored to enabling LDCs and developing countries to effectively harness the benefits of e-commerce.

Voices from recipient Governments

"An effective e-commerce ecosystem will offer us increased trade opportunities through better access to worldwide markets and business resources. We're committed to creating an enabling environment for e-trade."

H.E. Mr. Atarake Natara, (former) Minister of Commerce, Industry and Cooperatives, Kiribati.

"We see e-commerce not just as a trade accelerator, but also as an important means to overcoming the barriers erected by the COVID-19 pandemic and to ensuring the continuity of commercial activities. The report on Benin's readiness to engage in e-commerce is therefore timely, and we'll work to implement its recommendations."

H.E. Ms. Shadiya Alimatou Assouman, Minister of Industry and Trade of Benin.

"UNCTAD's Rapid eTrade Readiness Assessments can serve as a useful tool for LDCs by identifying areas for improvement and policy interventions that could help alleviate bottlenecks to seize the benefits from the digital economy."

H.E. Mr. Robert Dufter SALAMA, Ambassador, Permanent Mission of the Republic of Malawi to the United Nations Office and other international organizations in Geneva.

Voices from ECDE core donors

"The integration of developing countries, especially LDCs, in global trade remains a challenge, and Germany sees digitalization and e-commerce as part of the solution! This is why we are strong supporters of UNCTAD's work on the eT Readies. The assessments are proving to be a great tool for our partner countries to establish exactly what areas they need to improve, or capitalize on, not least to be able to better cope with the prevailing COVID-19 pandemic and the risk of widening digital divides. We appreciate very much that several partner countries have started with follow-up activities already, e.g., designing strategies."

Stephen Bethe, Head of Division Trade Policy, German Federal Ministry for Economic Cooperation and Development.

"Switzerland is proud to contribute to UNCTAD's programme on e-commerce, which supports the establishment of favourable framework conditions for e-commerce in developing and least developed countries. As the COVID-19 pandemic revealed, a robust e-commerce ecosystem is needed to maintain trade flows and mitigate economic and social consequences in times of crisis, particularly in the most vulnerable countries."

Didier Chambovey, Ambassador of the Swiss Permanent Mission to the World Trade Organization and the European Free Trade Association.

"The pandemic shows us the need to step up our efforts to build more inclusive, resilient and sustainable economies. We believe eTrade provides great opportunities for developing countries and vulnerable groups to access new markets and to help improve economic and social outcomes." "We partner with UNCTAD to support countries in reaping the benefits from digitalization."

Steven Collet, Director of sustainable economic development in the Netherlands' Ministry of Foreign Affairs.

Notes

- 1 [rev1_of_the_poa_ldc5.pdf \(un.org\)](#)
- 2 [Official Documents | 5th United Nations Conference on the Least Developed Countries \(LDC5\) - Doha, 23-27 January 2022 A/76/71–E/2021/13](#)
- 3 For more details see [UNCTAD Technical Notes on ICT for Development No. 19](#), available at https://unctad.org/system/files/official-document/tn_unctad_ict4d19_en.pdf
- 4 [UNCTAD Technical Notes on ICT for Development No. 19](#)
- 5 <https://www.itu.int/en/myitu/News/2021/11/29/10/25/COVID-connectivity-boost-ITU-statistics-Facts-and-Figures-2021>
- 6 According to Doreen Bogdan-Martin, Director of ITU's Telecommunication Development Bureau, available at Facts and Figures 2021: 2.9 billion people still offline - My ITU
- 7 [Digital Economy Report 2021 \(unctad.org\)](#)
- 8 [UNCTAD \(2020\) Covid-19 and e-commerce impact on businesses and policy responses \(unctad.org\)](#)
- 9 The index is calculated as the average of four indicators, each carrying the same weight.
- 10 [THE UNCTAD B2C E-COMMERCE INDEX 2020, Spotlight on Latin America and the Caribbean](#)
- 11 Plus Vanuatu and Samoa, both graduated from LDC status
- 12 [Digital Economy Report 2021 \(unctad.org\)](#)
- 13 <https://www.itu.int/en/mediacentre/backgrounders/Pages/bridging-the-gender-divide.aspx>
- 14 <https://unctad.org/topic/ecommerce-and-digital-economy/etrade-for-women>
- 15 [Darsinouei, A.E. and R.S. Kaukab \(2017\). Understanding E-Commerce Issues in Trade Agreements: A Development Perspective Towards MC11 and Beyond. Geneva. CUTS.](#)
- 16 [For a detailed discussion of the JSI on e-commerce c.f., UNCTAD \(2021\). What is at stake for developing countries in trade negotiations on e-commerce? Geneva. UNCTAD.](#)

