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# MSMES' E-COMMERCE ADOPTION: PERSPECTIVES FROM LDACS



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Informal Working Group on MSMEs – The Internet as a tool for MSMEs

## A TELLING EXAMPLE: WWW.RIGOFASO.COM

« The issue does not lie in our capacity to produce goods and services, but rather in our capacity to sell them first to Burkinabès and to the rest of the world »

Ounteni T. Cyrille Ouoba, CEO, [www.rigofaso.com](http://www.rigofaso.com)



## MAIN OPPORTUNITIES/CHALLENGES OF RIGO FASO

- Increasing number of Internet users/Number of Facebook users/15'000 followers

**BUT...**slow adoption by the “Burkinabè consumers”: Mistrust in ICTs (Cybercrime Psychosis)/ordering online not yet a habit

- Domestic, regional and International markets (Diaspora)

**BUT...**Internet access not sufficient/Inexistent addressing system/payment issues/Expensive logistics

- A 5T pickup truck for large quantities to be shipped domestically
- A tricycle to ensure deliveries inside Ouagadougou

## LATEST E-COMMERCE ESTIMATES FROM UNCTAD

Global e-commerce sales in 2016: \$25.7 trillion

➤ B2B e-commerce: \$23 trillion

➤ B2C e-commerce: \$2.8 trillion

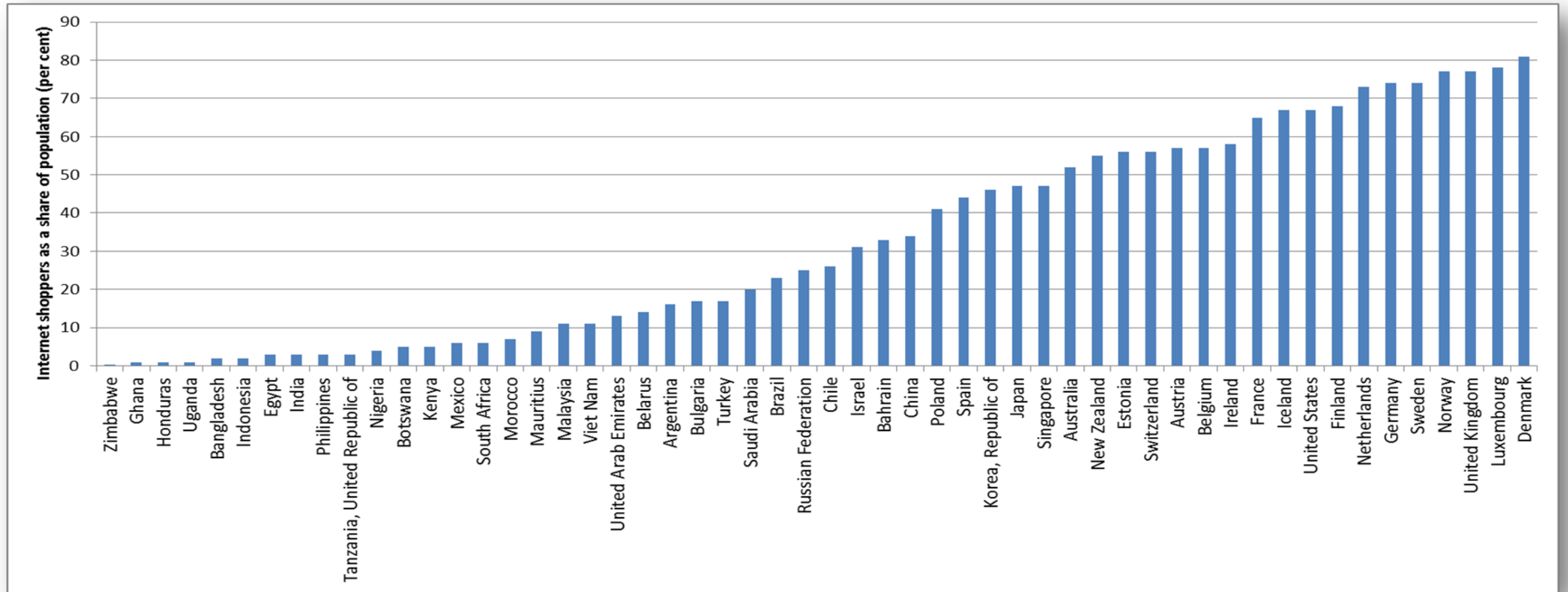
Top three markets: United States, Japan, China

EU in top 10: Germany, United Kingdom, France, Italy

For now very little cross-border trade from developing countries

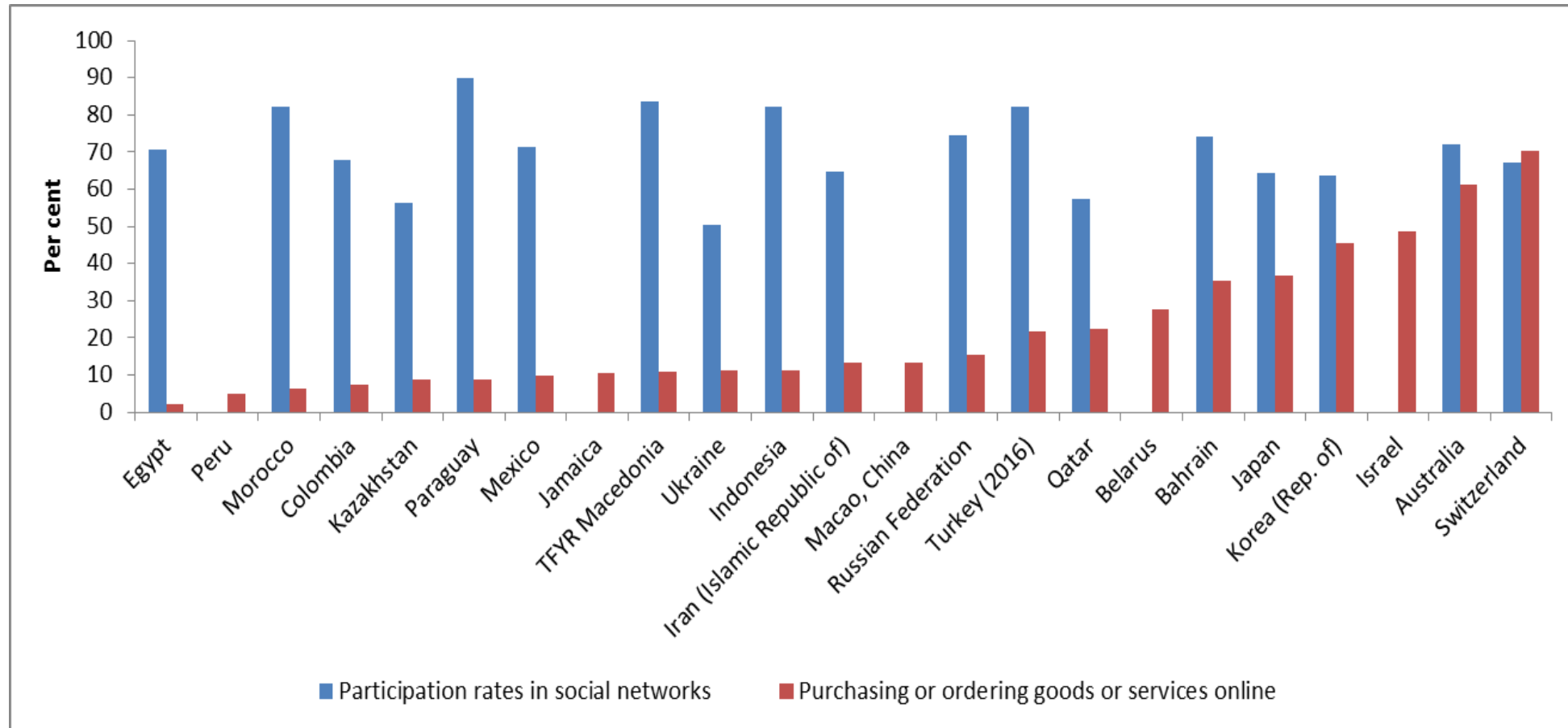
# THE E-COMMERCE DIVIDE IS HUGE

*Share of population buying online, latest year*



Source: UNCTAD.

# IT TAKES MORE THAN INTERNET ACCESS AND FACEBOOK

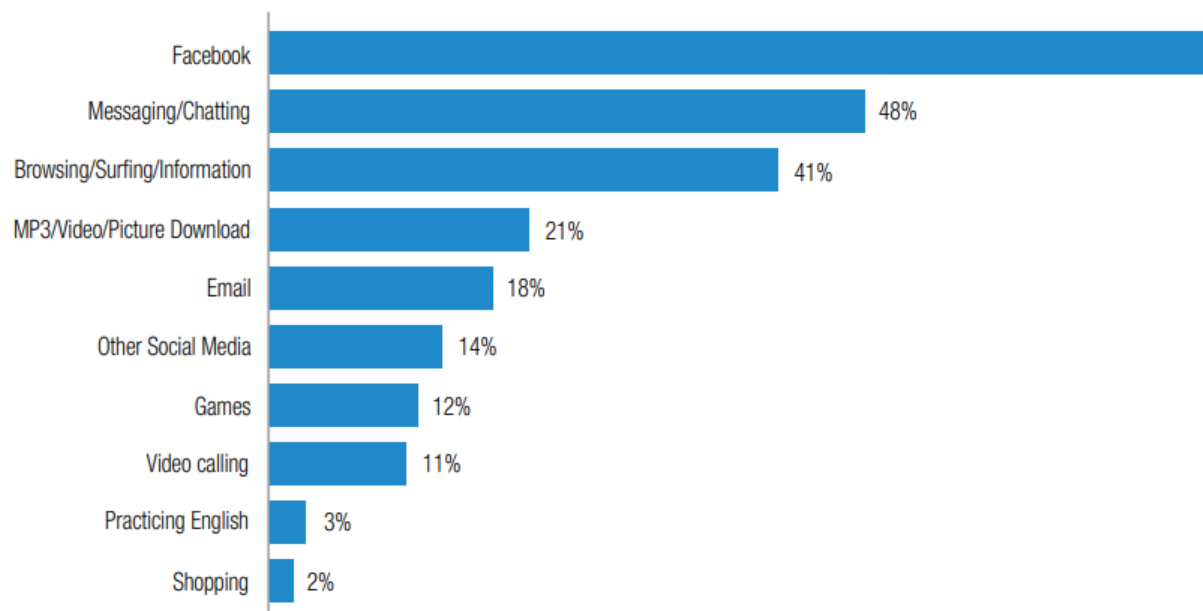


*Share of Internet users purchasing online and participating in social networks, 2015  
(per cent of Internet users)*



## LAO PDR — INTERNET USE

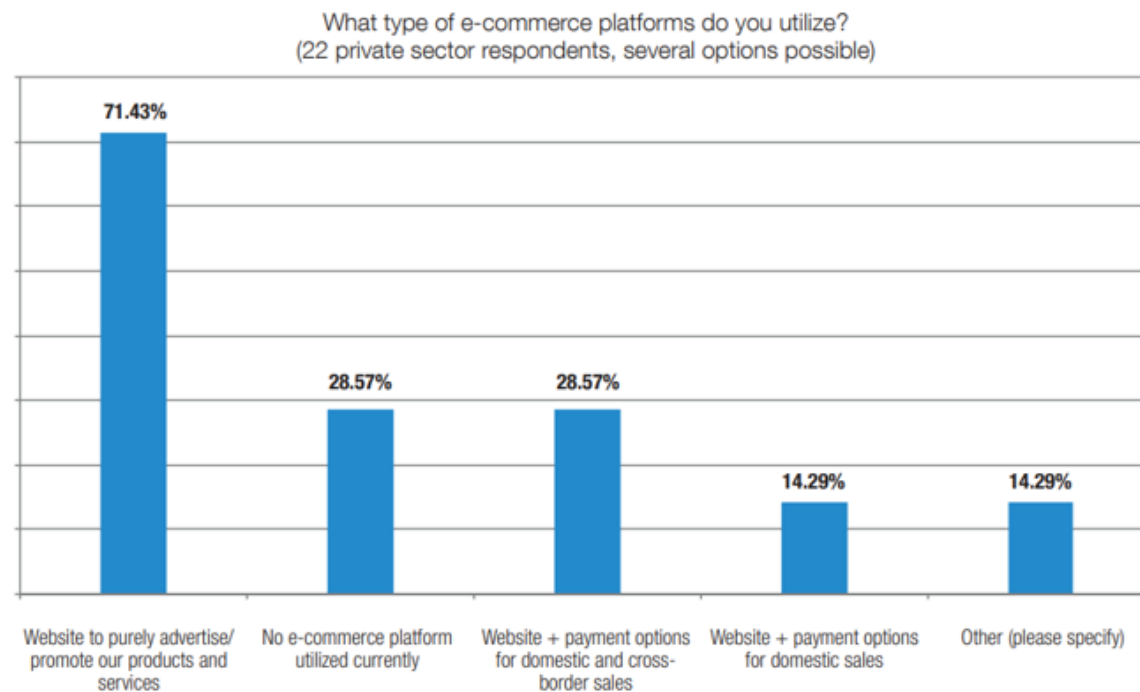
Figure 12: What is mobile Internet used for?



Source: Indochina Research. 2017

## VANUATU — MOST BUSINESSES USE WEBSITES PURELY FOR ADVERTING, NOT FOR ONLINE TRANSACTIONS

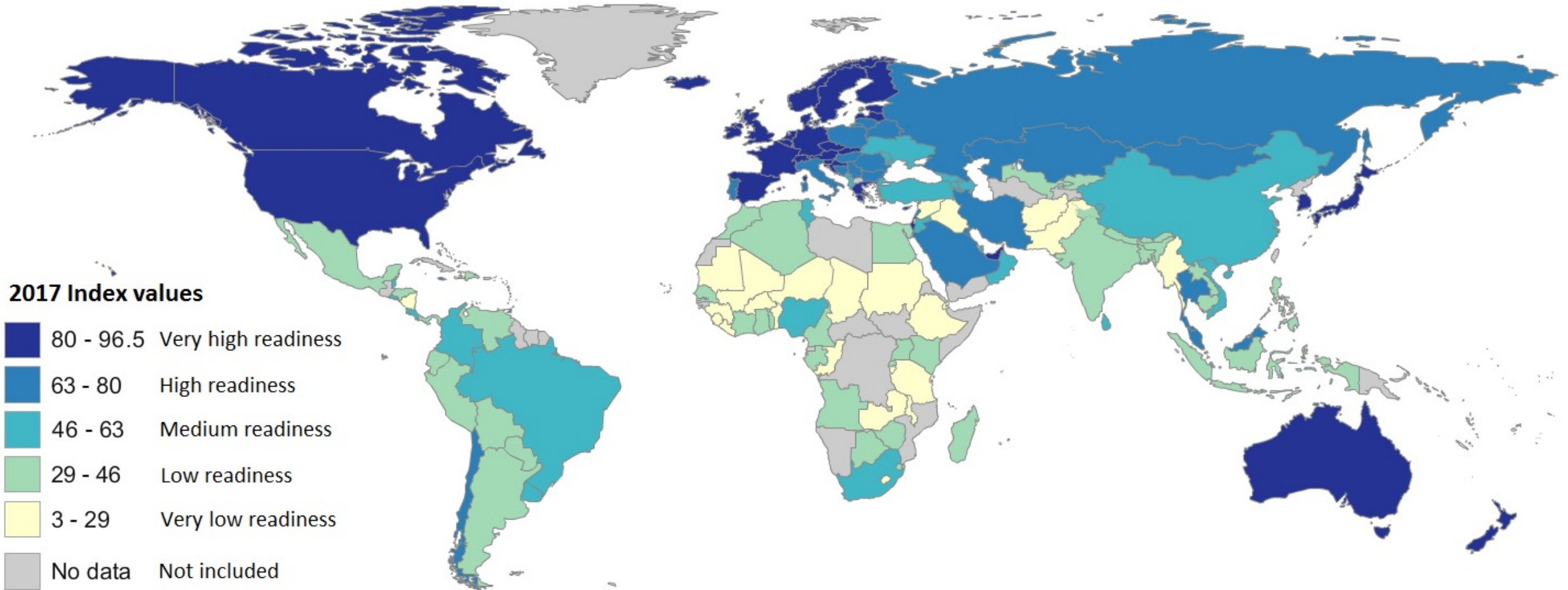
Figure 10: Use of platforms by vendors and merchants



Source: UNCTAD

# E-COMMERCE READINESS

*Based on UNCTAD B2C e-Commerce Index 2017*





# COMMON CHALLENGES IN MANY COUNTRIES



E-commerce assessments

Lack of a shared vision and strategy for e-commerce, no statistics



ICT infrastructure and services

ICT infrastructure is in place in main cities but weaker in rural areas, high costs



Trade logistics

Lack of postal addressing system for last mile delivery



Legal & regulatory frameworks

Legal and regulatory framework for e-commerce needs updating and capacity building



Payments

Cash on delivery most common payment solution



Skills development

ICT and other digital skills often not well captured in education curriculum



Financing for e-commerce

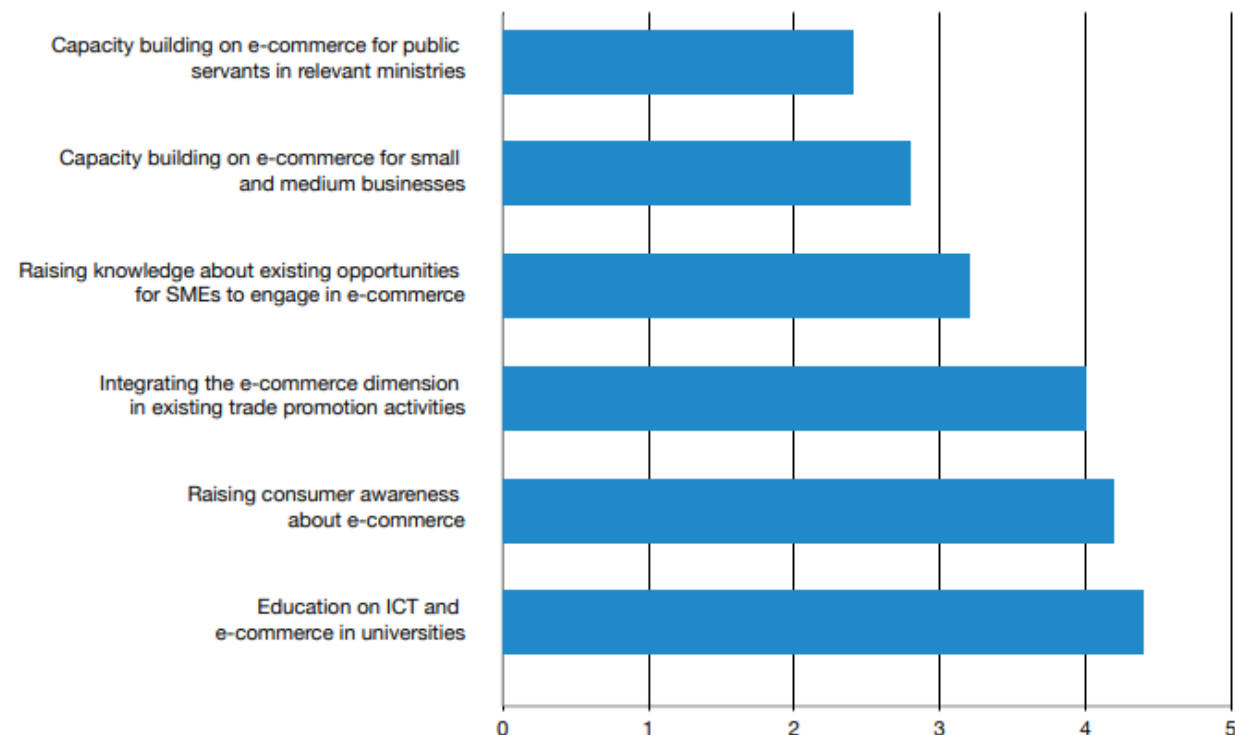
Financing for e-commerce startups perceived as risky by banks and accelerators

## LIBERIA — EXPORTING MSMES FACE HIGH COSTS AND CUMBERSOME BORDER CLEARANCE.

Indicator	Liberia	Sub-Saharan Africa	OECD High Income
<b>Border compliance</b>			
Time to export (hours)	193	100	13
Cost to export (US\$)	1113	592	150
Time to import (hours)	217	136.4	103
Cost to import (US\$)	1013	687	300.1
<b>Documentary compliance</b>			
Time to export (hours)	144	88	2.4
Cost to export (US\$)	155	215	35.4
Time to import (hours)	144	103	3.5
Cost to import (US\$)	230	300	25.6

## LAO PDR — WORKFORCE IS NOT EQUIPPED WITH E-COMMERCE KNOWLEDGE AND SKILLS

Figure 9: Most important awareness/capacity-building needs (private sector respondents)



Source: UNCTAD

# INNOVATIVE LOCAL E-COMMERCE SOLUTIONS FOR MSMEs

based on 15 Rapid eTrade Readiness Assessments — Bhutan, Burkina Faso, Cambodia, Myanmar, Lao PDR, Liberia, Madagascar, Nepal, Samoa, Senegal, Solomon Islands, Togo, Uganda, Vanuatu, Zambia



E-commerce assessments

Inter-ministerial Committees and dialogue with the private sector, local-language apps



ICT infrastructure and services

Affordable and inclusive Internet: greater competition, USAFs, solar energy



Trade logistics

Water meters, what3words, drones, motorcycle/bicycle, etc



Legal & regulatory frameworks

Law convergence: Privacy, cybercrime, consumer protection



Payments

Greater interoperability of modes of payment, role of Central Banks; mobile wallets



Skills development

Laptop/tablet in school; private universities; internships in enterprises; women



Financing for e-commerce

Public and Private Partnerships; Business Plans; business accelerator, venture capital

# THE POLICY CHALLENGE IS MULTIFACETED

## Coordination

Effective cross-sectoral collaboration needed within the government and with other stakeholders.

## A better measurement

Need to build the capacity of developing countries, and especially LDC, to collect more and better data on relevant aspects of the digital economy.





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E-commerce assessments



ICT infrastructure and services



Payments



Trade logistics



Legal & regulatory frameworks



Skills development



Financing for e-commerce

Discover eTrade for all

# Let's make e-commerce inclusive and drive development

Welcome to the platform that helps developing countries unlock the potential of e-commerce

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# 29 partners sharing the same vision







# AFRICA

## E-COMMERCE WEEK

Regional Dialogue 10 to 14 December 2018

Empowering African  
Economies in the Digital Era



Thank you!