E-COMMERCE OPENS NEW OPPORTUNITIES FOR DEVELOPING COUNTRIES

The mobile revolution, new payment platforms, e-commerce solutions and other information and communications technologies offer developing countries chance to boost productivity and connect with global markets

Geneva, Switzerland, 1 July 2016—With just 2 per cent or less of the population buying things online in countries such as Ghana, Indonesia, Mexico and Thailand, the digital transformation of commerce is set to bring both opportunities and challenges for developing countries. By comparison, more than 70 per cent of people are already shopping online in Luxembourg, the Netherlands, Sweden and the United Kingdom (see figure).

The UNCTAD business-to-consumer e-commerce index for 2016 shows that there are still major gaps in countries’ engagement in and benefits from electronic commerce – e-commerce. Common weaknesses relate to a lack of awareness of the opportunities of e-commerce, low levels of trust in online transactions, limited use of online payment solutions and low Internet user penetration. Overcoming existing barriers is essential to bridge digital as well as e-commerce divides.

According to UNCTAD Secretary-General Mukhisa Kituyi, the international community needs to work together to reduce the e-commerce divide. Given the effects of the speed of digital transformation on global value chains, corporate activities and consumer behaviour, the international community must act quickly. Trade patterns are shifting and the relative strength of both companies and countries is being altered.

Yet one of the challenges is lack of trust. Neither people nor enterprises are keen on using the Internet for commercial transactions if they feel that there is a risk of losing money or being exposed to fraudulent activities. While this underlines the need for adequate legislation and law enforcement to be in place, less than half of all developing countries have relevant legislation in the area of data protection and privacy. And in many countries that have such legislation, it needs to be updated and better enforced.

Indeed, a recent survey by Ipsos and the Centre for International Governance Innovation found that 85 per cent of all respondents in 24 countries – both developed and developing ones – called for new rules to protect their privacy online.

Against that background, UNCTAD is teaming up with partners to launch a new collaborative effort, bringing together key international organizations, leading donors and private sector enterprises active in the e-commerce ecosystem.
The eTrade for All initiative, to be formally unveiled at the fourteenth session of the United Nations Conference on Trade and Development — UNCTAD 14 — taking place in Nairobi on 17–22 July 2016, will allow developing countries to more easily navigate the supply of technical assistance for building capacity in e-commerce readiness and for donors to get a clear picture of programmes they could fund. This will bring more transparency and greater efficiency to the push to exploit e-commerce for development gains.

Participants at UNCTAD 14 will consider how best to help developing countries to engage effectively in the digital economy by overcoming existing barriers in:

- Information and communications technology infrastructure
- Transport and logistics
- Legal frameworks
- Payment systems
- Skills and awareness.

Online commerce allows consumers to access goods and services that were previously only accessible in major cities, and with much more price transparency. Small businesses use e-commerce to reach new clients domestically or abroad. And better use of digital data enables global corporations to become more productive, solve problems and reconfigure their operations.

The eTrade for All initiative is aligned with the 2030 Agenda for Sustainable Development which recognizes that “the spread of information and communications technology and global interconnectedness has great potential to accelerate human progress, to bridge the digital divide and to develop knowledge societies”. The United Nations General Assembly last December emphasized that information and communications technology should serve as a key means of implementation of all Sustainable Development Goals.

Not only do Governments and individual enterprises need to adapt to the digital landscape, development partners must also ensure that the assistance offered is easily accessible, relevant and effective so that the e-commerce divide does not widen. This presents a challenge to the international community to be met at UNCTAD 14.

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**Share of population buying online, 2014, selected countries** (Percentage)

![Share of population buying online, 2014, selected countries](http://unctad.org/en/PublicationsLibrary/tn_unctad_ict4d07_en.pdf)


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