



United Nations Conference on Trade and Development

Distr.: General
26 February 2024

Original: English

Trade and Development Board Intergovernmental Group of Experts on E-commerce and the Digital Economy

Seventh session

Geneva, 6–8 May 2024

Item 3 of the provisional agenda

Building digital readiness: From assessments to implementation

Note by the UNCTAD secretariat

Summary

Building digital readiness in countries is essential in order to bridge current divides and achieve more inclusive outcomes from digitalization. Key challenges faced in developing countries are outlined in this note with regard to engaging in and deriving benefits from electronic commerce (e-commerce) and the digital economy, and the importance is underscored of evidence-based assessments of national and regional e-commerce ecosystems, which provide countries with a solid basis for devising national strategic frameworks that promote the inclusive development of e-commerce. Building on UNCTAD experiences, good practices and tools are discussed and the need to involve various stakeholders is emphasized, including national governmental institutions, development partners, United Nations resident coordinator offices and others, in the implementation of e-commerce reforms. In addition, the role of international cooperation in maximizing the advantages of e-commerce in developing countries is explored, and the importance of collaborative efforts, international partnerships and effective knowledge exchanges is noted.



Introduction

1. Members of the Trade and Development Board decided, through a silence procedure that ended on 16 June 2023, that the focus of the seventh session of the Intergovernmental Group of Experts on E-commerce and the Digital Economy should be on the topic, “Building digital readiness: From assessments to implementation”.¹
2. This topic is timely, as the expansion of e-commerce and the digital economy is unfolding in different ways in countries at varying levels of development and digital readiness. Given the growing reliance on digital options in the economy and society, addressing digital divides is important in order to mitigate the risk that such divides may reinforce existing economic inequalities. In 2021, around \$23 trillion in e-commerce sales was made by businesses in the developed and developing economies representing 70 per cent of global gross domestic product.²
3. E-commerce may be defined as “the sale or purchase of a good or service, conducted over computer networks by methods specifically designed for the purpose of receiving or placing orders”.³ Digital trade may be defined as “all international trade that is digitally ordered and/or digitally delivered”.⁴ Digitally ordered trade consists of international e-commerce. Available evidence suggests that around 20 per cent of all e-commerce sales are international, with considerable variation by country.⁵
4. Developing countries stand to benefit from the growth of e-commerce and the digital economy. Digital options can help spur economic growth, foster productivity and innovation, generate efficiencies at scale and new jobs and reduce geographical and physical barriers to regional and global markets, ultimately supporting inclusive development. However, the rapid speed of digitalization tends to outpace the ability of some countries to adapt to the digital transformation and subsequent social and economic changes. Widening digital divides threaten to leave many developing countries further behind, particularly the least developed countries and other developing countries. For example, the share of the least developed countries in global exports of digitally deliverable services has declined since 2010, as well as the share of total services trade. As customers increasingly expect the digital delivery of such services, the least developed countries need to strengthen ability to address key challenges.⁶
5. The Intergovernmental Group of Experts on E-commerce and the Digital Economy is a unique platform at which member States, experts and other stakeholders can engage in discussions, share knowledge and identify appropriate policy options for harnessing the benefits of e-commerce and the digital economy for all. Since the first session in 2017, the Intergovernmental Group of Experts has contributed to the global debate on addressing new and emerging digital challenges, including on issues related to data governance, value creation in the digital economy and developmental gains from e-commerce in times of crisis. The seventh session, focused on building digital readiness, with a view to sharing national and regional experiences and proposing policy options for fast-tracking digital readiness, is aimed at identifying pathways for moving from diagnostics of e-commerce ecosystems to increased political commitment and the implementation of relevant strategies and policies at the national and regional levels. The recommendations from the session will be considered at intergovernmental forums, including the Trade and Development Board and the sixteenth session of the United Nations Conference on Trade and Development, and

¹ TD/B/70/4.

² UNCTAD, forthcoming, Estimates of business e-commerce sales and the role of online platforms, Technical Notes on ICT for Development.

³ See <https://www.oecd.org/sdd/its/handbook-on-measuring-digital-trade.htm>.

Note: All websites referred to in footnotes were accessed in February 2024.

⁴ *Ibid.*

⁵ See <https://unctad.org/publication/measuring-value-e-commerce>.

⁶ See <https://unctad.org/news/digitally-deliverable-services-boom-risks-leaving-least-developed-countries-behind>.

are of relevance to regional and global debates in the context of the United Nations global digital compact, among others.

6. Against this backdrop, in chapter I of this note, the main challenges in developing countries in building digital readiness are outlined; in chapter II, good practices and tools in undertaking diagnostics of the e-commerce ecosystem, developing strategic frameworks and enhancing implementation are presented; in chapter III, ways in which international cooperation can enable greater benefits from e-commerce and digital trade are highlighted; and in chapter IV the role of partnerships and coordination in accelerating progress on building digital readiness are discussed.

7. This note is based on the following guiding questions, as decided by members of the Trade and Development Board, through a silence procedure that ended on 16 June 2023:

(a) What are the main challenges for developing countries, to engage in and benefit from e-commerce and the digital economy?

(b) What are good practices and tools for the effective implementation of policy measures at the national level, to overcome the main challenges? What is the role of national Governments, agencies, United Nations resident coordinator offices and others in this process?

(c) How can international cooperation help enable greater benefits from e-commerce and digital trade?

(d) How can international partnerships and coordination for digital cooperation help accelerate progress on building readiness for e-commerce and the digital economy?

I. Engaging in and benefiting from e-commerce and the digital economy: Main challenges in developing countries

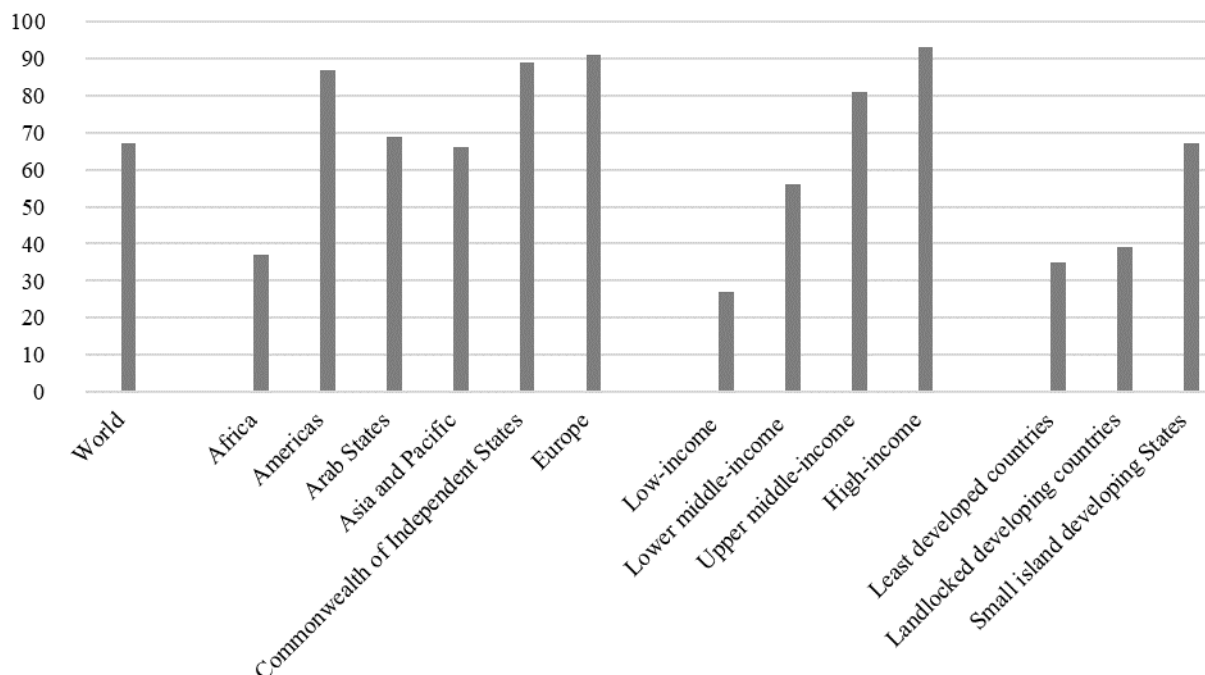
8. It takes more than connectivity to take full advantage of digitalization; building the readiness needed to engage in and benefit from e-commerce and the digital economy is a complex and multifaceted endeavour. The challenge is particularly pronounced in countries at a relatively low level of economic development and involves addressing a number of interrelated factors, as identified by UNCTAD, some of which are detailed in this chapter.⁷

A. Information and communications technology infrastructure and services

9. Frequent power shortages and unstable electric grids, hindering the availability of energy required for digital infrastructure, coupled with inadequate and costly Internet connectivity, particularly in rural areas, limits the potential for the widespread adoption of digital options in the majority of developing countries, particularly in landlocked developing countries and the least developed countries. In 2023, 33 per cent of the global population remained offline (figure 1). In high-income countries, the share was 7 per cent, compared with 73 per cent in low-income countries. Digital devices, such as smartphones and computers, can be expensive for a significant portion of the population, making it difficult for individuals to make effective use of such digital tools and related services.

⁷ UNCTAD, 2015, *Information Economy Report 2015: Unlocking the Potential of E-Commerce for Developing Countries* (United Nations publication, Sales No. E.15.II.D.1, New York and Geneva); UNCTAD, 2019, *Digital Economy Report 2019: Value Creation and Capture – Implications for Developing Countries* (United Nations publication, Sales No. E.19.II.D.17, Geneva); and UNCTAD e-trade readiness assessments, available at [https://unctad.org/publications-search?f\[0\]=product%3A603](https://unctad.org/publications-search?f[0]=product%3A603).

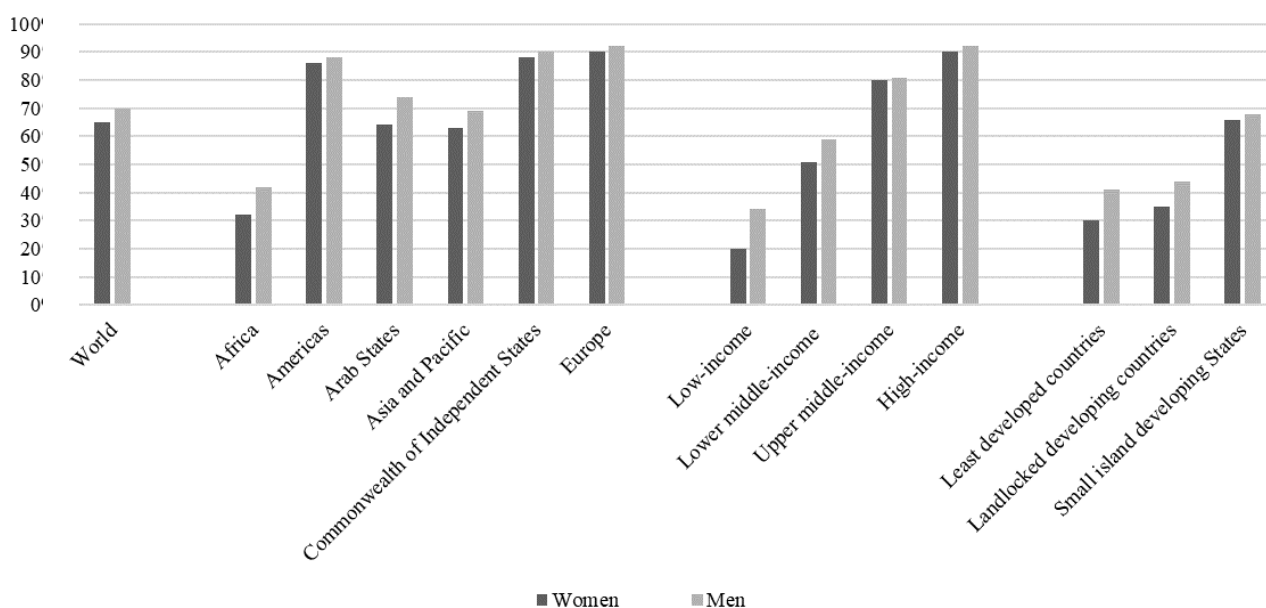
Figure 1
Share of individuals using the Internet, by region and income level, 2023
 (Percentage)



Source: UNCTAD secretariat calculations, based on data from the International Telecommunication Union.

10. The gender-related digital divide is also significant in some regions. In 2023, globally, an estimated 244 million more men than women were using the Internet. In low-income countries, one fifth of all women had access to the Internet, compared with one third of all men (figure 2). Digital disparities also remain significant between urban and rural areas.

Figure 2
Share of population using the Internet, by region and income level, 2023
 (Percentage)



Source: UNCTAD secretariat calculations, based on data from the International Telecommunication Union.

B. Trade facilitation and logistics

11. In many low-income countries, e-commerce is mainly confined to the domestic market since cross-border e-commerce is limited by different trade barriers. The least developed countries, landlocked developing countries and small island developing States range between 53 and 61 per cent in the implementation of digital and sustainable trade facilitation measures, which is lower than the global average implementation rate of 69 per cent.⁸ The least developed countries in particular are the most vulnerable segment of the international community, with poor infrastructure and limited capacities and resources. The lack of direct access to the sea in landlocked developing countries makes trade logistics more complex and expensive. In small island developing States, high communications and logistics costs hinder the ability to participate in international trade. New e-commerce requirements in terms of speed, scale, frequency, reliability, transparency, shipment tracking and information and communications technology (ICT) integration can pose significant challenges to the smooth transportation of goods and cross-border operations. The implementation of trade facilitation directly affects three key determinants of the success of e-commerce as a business model, namely, shipping costs, shipping times and reverse logistics, that is, the ease of exchanges and returns. These factors in turn significantly affect final prices for end users. In addition, inadequate transport networks and addressing systems result in delays and increased costs, affecting the timely delivery of goods. Finally, the volume of small packages, often facilitated by e-commerce platforms, can overwhelm traditional customs processes.

C. Digital payment systems

12. Globally, services such as credit cards, online banking, mobile money and digital wallets are increasingly relied upon, from the smallest purchases to transactions involving greater amounts. A high level of reliance in many low-income countries on cash payments upon delivery and in-person interactions can limit the expansion possibilities of e-commerce and digital trade. Limited interoperability between payment systems within and between countries can add difficulties, particularly in cross-border transactions, hindering regional integration and the growth of a seamless and inclusive digital ecosystem. In developing economies, the share of adults making or receiving digital payments has increased in recent years and, in 2017–2021, rose from 44 to 57 per cent.⁹ Despite this increase, the gender gap in the use of digital payments remains significant in several developing economies.

D. Legal frameworks

13. Many developing countries do not have comprehensive and dedicated e-commerce laws. Key elements to be covered by such frameworks include online contracts, e-signatures, consumer protection, cybersecurity, taxation and data privacy. For example, with regard to data protection and privacy, 37 per cent of small island developing States have adopted legislation and 48 per cent of the least developed countries have done so; and with regard to consumer protection, 37 per cent of small island developing States have adopted legislation and 41 per cent of the least developed countries have done so.¹⁰ In some countries, existing laws are outdated and not tailored to addressing the complexities of online transactions. The absence of comprehensive laws and regulations creates uncertainty for businesses as well as consumers in conducting transactions online and, even where there are laws in place, they are often not well known by users. In addition, enforcement agencies and the judiciary often have a lack of capacity and resources in these areas.

⁸ See <https://www.untfsurvey.org/report>.

⁹ See <https://www.worldbank.org/en/publication/globalindex>.

¹⁰ See <https://unctad.org/page/cyberlaw-tracker-country-detail>.

E. Digital literacy and skills

14. New digital technologies, such as robotics and artificial intelligence, are changing the nature of jobs, and employers therefore seek a labour force that is increasingly digitally skilled. Digital skills comprise various domains, and different levels of proficiency are required for individuals to avail themselves of the opportunities presented by digitalization. However, large segments of the population in developing countries, particularly in the least developed countries, lack the necessary awareness, capabilities and skills in order to take advantage of the digital economy. A lack of awareness can also hinder the adoption of digital options, including by microenterprises and small and medium-sized enterprises, and can hinder consumer trust and readiness to engage in e-commerce. Insufficient access to quality education, particularly in rural areas, further exacerbates the lack of digital literacy skills. The importance of digital skills has been recognized, yet there has been less focus on the scale of demand for such skills and models that can be used in teaching.

F. Access to financing

15. The growth of an e-commerce ecosystem is hindered by challenges related to limited access to financing, particularly through the banking system. This issue remains a significant barrier to be overcome since the scarcity of financing discourages formalization and hinders the growth of microenterprises and small and medium-sized enterprises. This makes it important to foster alternative financing options, ranging from venture capital to crowdfunding, as a way to enable businesses that might otherwise not have the necessary financial means to benefit from the digital economy. Over 40 per cent of formal microenterprises and small and medium-sized enterprises in developing countries have unmet financing needs, representing an estimated financing gap of \$5 trillion.¹¹ Women-owned businesses are particularly affected; they represent over 23 per cent of microenterprises and small and medium-sized enterprises, yet account for over 32 per cent of the financing gap for such enterprises. In addition, women-owned businesses receive only 3 per cent of venture capital funding. Many women entrepreneurs in developing countries are trapped in a “missing-middle”, that is, with financing needs that are either too large for microfinance loans or too small for traditional financing channels, including venture capitals or private equity.¹²

G. Cultural and social factors

16. Cultural factors and resistance to change may hinder the adoption of new technologies. If digital tools and content are not available in local languages, this further limits accessibility among certain segments of the population. Women, youth and disadvantaged groups may face additional difficulties in engaging in digital activities, due to sociocultural norms, limited economic resources, educational disparities and discrimination in the job market.

H. Lack of statistics

17. Many developing countries lack statistics on ICT usage in Governments, businesses and households due to limitations in the availability of financial and skilled human resources at national statistical agencies and insufficient political support for developing such statistics. Addressing such diverse and interconnected challenges requires a holistic strategy that encompasses the relevant government policy areas, dialogue with the private sector and civil society and, in many cases, support from development partners. Collective action is needed to address such challenges in a coordinated and coherent manner, building

¹¹ See <https://www.smefinanceforum.org/data-sites/msme-finance-gap>.

¹² Ibid; and see <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/653831510568517947/msme-finance-gap-assessment-of-the-shortfalls-and-opportunities-in-financing-micro-small-and-medium-enterprises-in-emerging-markets>.

capacities and offering possible policy options with a view to fostering digital readiness in countries that may be lagging behind.

II. Good practices and tools for effective policy implementation

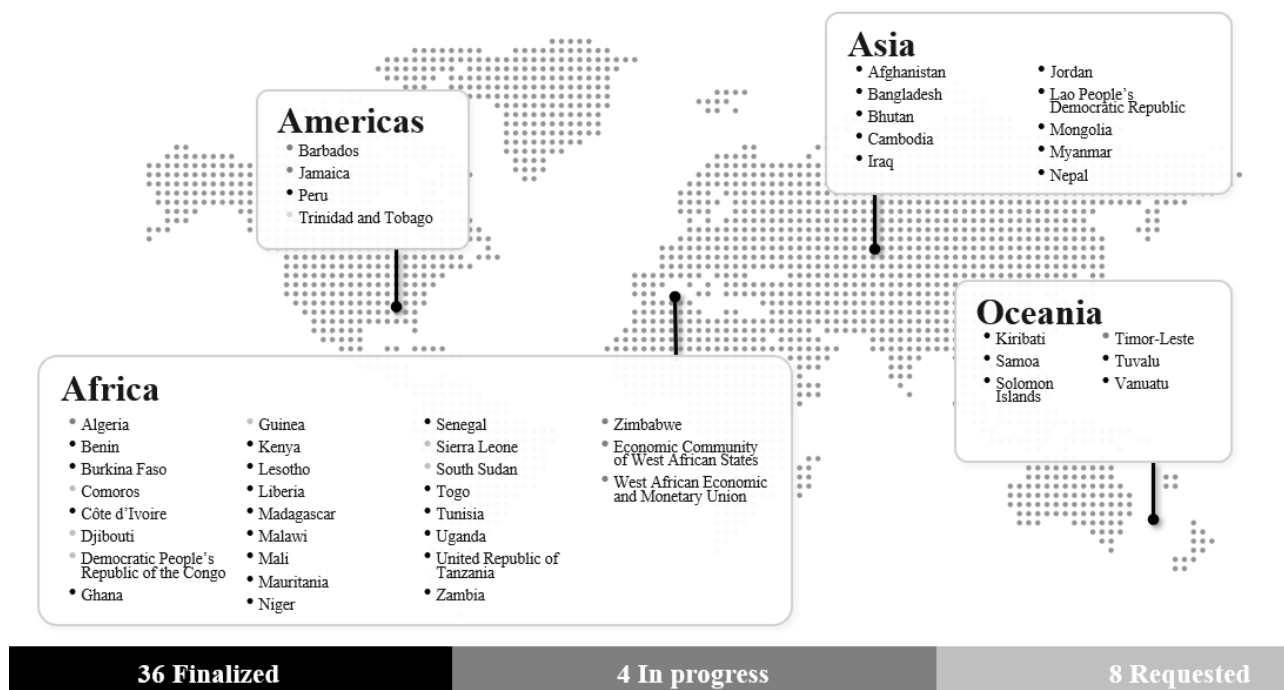
A. The importance of assessing digital readiness

18. Assessments of national and regional e-commerce ecosystems are essential in assisting policymakers in understanding the state of play of e-commerce in key policy areas, alongside assessing the readiness of both private sector entities and consumers. At the regional level, such assessments can serve to identify and analyse common e-commerce challenges and opportunities, thereby facilitating regional economic integration, including by studying cross-border issues such as legal frameworks and online payment systems.

19. UNCTAD has been at the forefront of supporting developing countries in understanding digital readiness challenges, and developed e-trade readiness assessments to help countries gauge opportunities in and challenges to the adoption of e-commerce and to propose appropriate policy recommendations.¹³ The assessments are demand-driven and cover seven key policy areas relevant to e-commerce development, namely, e-commerce strategy formulation; ICT infrastructure; payment solutions; trade facilitation and logistics; legal and regulatory frameworks; skills development; and access to finance. The assessments review challenges related to gender equality, e-commerce measurement and the needs of disadvantaged populations, and involve the following: secondary data collection and analysis; focus group discussions and multi-stakeholder consultations; and online surveys and targeted interviews. As part of the UNCTAD assessment methodology, a committee composed of key government entities is established, to ensure that the assessment accurately reflects relevant challenges and priorities while ensuring coordination. Finally, the assessments provide policy recommendations, to help improve performance in each of the policy areas investigated, and are often the first step for policymakers in devising strategies and policies. Since 2017, UNCTAD has conducted 36 e-trade readiness assessments, including 25 in the least developed countries, four in small island developing States and two regional assessments, for the Economic Community of West African States and the West African Economic and Monetary Union (figure 3). The analysis contained in this section is drawn from experiences in countries and regions in which assessments have been conducted.

¹³ See <https://unctad.org/topic/e-commerce-and-digital-economy/etrade-readiness-assessments>.

Figure 3
UNCTAD e-trade readiness assessments as at January 2024



Source: UNCTAD.

20. Feedback from countries and regions that have undergone assessments suggests that the assessments have been useful for Governments, regional institutions, the private sector and development partners, in navigating digital transformation journeys, having helped to achieve the following:¹⁴

- (a) Increase stakeholder understanding and awareness of issues pertaining to e-commerce and the digital economy;
- (b) Provide insights from public and private sector stakeholders and consumers that allow for evidence-based policymaking and strengthen often much needed public and private sector dialogues;
- (c) Mainstream e-commerce into national and sectoral development plans;
- (d) Foster interministerial coordination and public and private sector dialogues, to ensure the coherence of e-commerce related policies;
- (e) Provide a basis for formulating national e-commerce strategies and policies that outline visions for the development of e-commerce in line with national development agendas;
- (f) Develop a list of priority recommendations through an action matrix that Governments may also use when approaching development partners;
- (g) Develop a better basis for formulating national positions in the context of trade negotiations, notably with regard to digital trade;
- (h) Build synergies with and guide development partners in the design of digital strategies and support programmes.

21. Other international organizations and development partners have developed methodologies for conducting similar diagnostics, such as the Commonwealth, the United Nations Development Programme and the Universal Postal Union, including the following:

¹⁴ See <https://unctad.org/publication/fast-tracking-implementation-etrade-readiness-assessments-third-edition-and-earlier-editions>.

World Bank digital economy for Africa country diagnostics; United Nations Development Programme digital readiness assessments; and United States of America Agency for International Development digital ecosystem country assessments. Other partners have collaborated with UNCTAD or used the UNCTAD methodology to conduct e-commerce assessments, such as the Pacific Islands Forum. There is significant demand for related support from developing countries that have not yet undergone such assessments.

B. Moving from assessments to action plans and strategies, to build digital readiness

22. UNCTAD e-trade readiness assessments and other situational analyses can be seen as the first step towards developing a strategic and holistic road map for e-commerce development. Among the main findings of most of the assessments is the need for an overarching strategic vision for e-commerce development, with buy-in from all relevant ministries. Support provided by UNCTAD to countries in the development of such a vision involves both action plans and comprehensive national e-commerce strategies. Some countries request support from UNCTAD in developing an action plan before developing a strategy. To date, UNCTAD has supported two countries in developing action plans and ten countries in formulating strategies (figure 4).

Figure 4
UNCTAD-supported action plans and e-commerce strategies as at January 2024



11 Finalized

5 In progress

6 Requested

Source: UNCTAD.

23. An action plan is an operational tool with which to assist countries in prioritizing the implementation of recommendations resulting from an e-trade readiness assessment and in formulating projects to be carried out within a 12-month time frame. Action plans are focused on short-term goals, aim to secure partnerships and financial support from various partners and are designed to be flexible and adaptable, enabling rapid adjustments to evolving circumstances and priorities.

24. An e-commerce strategy is a more comprehensive national policy document formally endorsed by the Government that generally includes a vision and mission statement, strategic goals and initiatives outlined in an implementation plan, covering several priority policy areas that support e-commerce development. Strategies typically span a period of up to five years; include governance and monitoring and evaluation

frameworks; and devise a whole-of-government response, which is integrated into the public agenda in line with national development objectives and aimed at promoting an enabling e-commerce environment in the short to medium term.

25. Globally, to date, 35 developing countries have adopted a national e-commerce strategy.¹⁵ Of countries that had undertaken an UNCTAD e-trade readiness assessment by early 2024, at least 17 had one such instrument in place, seven were in the process of preparing such an instrument and four had indicated interest in doing so.¹⁶

26. It is critical that the development of both action plans and e-commerce strategies involve multiple rounds of consultations including relevant ministries; key national stakeholders, representing the private sector and civil society; and development partners. An inclusive approach is needed to adequately consider the diverse range of relevant policy areas. Involving all relevant stakeholders and actors also helps to enable the more effective implementation of various priority projects and reforms.

27. In many developing countries, limited interministerial coordination may lead to unclear responsibilities in driving the e-commerce reform agenda. This often translates into weak institutional governance and coordination mechanisms. Experiences in countries that have benefited from UNCTAD assistance suggests that leadership from the highest levels of government, including the presidency, vice-presidency or prime minister's office, along with the placement of the e-commerce agenda under the auspices of the ministry of trade, are critical in ensuring the success of e-commerce reforms. Other key ministries, agencies and departments should also be involved along the strategy cycle; the most relevant include ministries responsible for the following: ICT or digital transformation; planning and development, including the central statistics office; public administration; finance; national security; labour; small enterprise development; women; legal affairs; and customs.

28. For example, in Cambodia, the Prime Minister chairs the National Digital Economy and Society Council, and the Minister of Commerce leads the commitment to fostering trade and economic growth using e-commerce. The Government of Cambodia prioritized the recommendation to develop a national e-commerce strategy; the strategy, launched in 2020, is championed by the Ministry of Commerce, which encouraged strong involvement from the private sector, and is aimed at building an inclusive and harmonized e-commerce ecosystem in the country. In addition, the Government developed Digital Economy and Society Policy Framework 2021–2035, which sets out a long-term vision to build a digital economy and society.¹⁷

29. Securing adequate human and financial resources to support the digital transformation of the economy, and e-commerce reforms in particular, is another challenge. In most developing countries, the availability of such resources is often insufficient and allocations may be unpredictable due to competing government priorities. Participation by the ministry of planning and/or finance, among the main government agencies, is therefore important in the early stages of the strategy development process, to help ensure that reforms pursued and potential impacts are well understood and integrated into government budgets. Doing so may also facilitate the matching of funding needs that cannot be met by government spending capacity, with available donor financing opportunities.

30. Embracing multi-stakeholder dialogue in the policy development process, to encompass a whole-of-society perspective, is desirable for many reasons. Such an approach is essential in bringing together the views of diverse stakeholders at the stage of identifying policy objectives and priorities. It can promote greater coherence across initiatives led by

¹⁵ The UNCTAD database on dedicated e-commerce policy documents includes such documents whether they are titled strategy, policy or plan, as distinguished from digital economy policy documents that might refer to e-commerce but cover a broader scope.

¹⁶ Other development partners also support countries and regions in developing e-commerce and related strategic frameworks, including the following: Commonwealth Secretariat; Enhanced Integrated Framework; French Development Agency; GIZ [German Development Agency]; International Trade Centre; and Trade Mark East Africa.

¹⁷ See <https://unctad.org/publication/fast-tracking-implementation-etradereadiness-assessments-second-edition> and <https://digitaleconomy.gov.kh/about/debc?lang=en>.

different ministries and concerning various sectors of the economy; coherence is needed between sectoral initiatives relevant to, among others, e-commerce, such as measures to expand the availability of ICT infrastructure or online payment systems. In addition, alignment between measures should be pursued with regard to initiatives that address broader policy areas of which e-commerce is but one component, such as with regard to digital transformation or trade promotion.

31. For example, in Senegal, the UNCTAD e-trade readiness assessment provided a foundation for the development of the National Strategy for E-Commerce Development by the Ministry of Trade, which has contributed to harmonizing efforts undertaken in various policy areas, from building ICT infrastructure and increasing power generation capacity to fostering digital entrepreneurship through the Start-up Act adopted in 2020. In Togo, the Government has capitalized on the framework for public and private sector dialogues on e-commerce, and strengthening the legal framework for data protection and cybersecurity infrastructure is a high priority, leading to the adoption of new laws and the establishment of an agency to manage cyberthreats. In addition, connectivity has benefited from new investments by the private sector, increased competition and better access to electricity; the telecommunications regulator has taken a proactive approach to make Internet use more affordable; and public-private cooperation has helped realize the potential of e-commerce to promote made-in-Togo products through dedicated marketplaces. Finally, in 2021, the Ministry of Trade validated a national e-commerce strategy that is helping to foster a coordinated approach to supporting a fast-growing e-commerce ecosystem in Togo.¹⁸

C. Making implementation work

32. A diagnostic analysis, action plan or strategy can provide valuable insights and direction for e-commerce reforms, yet for their true value to be realized, the effective implementation of the policy measures identified as priorities is needed.

33. One of the main conditions for successfully implementing reforms is sustained commitment at the highest political level. The need for a champion leading the process is key in this context. Ministries of trade are often best placed to take the lead, sometimes in close collaboration with ICT ministries. As noted by most UNCTAD partner countries, a dedicated implementation unit is typically desirable, with adequate human and financial resources, to operationalize the implementation of the many different policy components involved in e-commerce reforms. This is also important in coordinating with various public and private sector institutions, civil society organizations and development partners. Given the cross-cutting nature of e-commerce, ideally, such a unit needs to be established by a decree and located within the mandated ministry, with a dedicated unit serving as its secretariat. An implementation unit can build on the committee created during the assessment or strategy development stage. Such governance structures can contribute to enhanced communications across policy areas, the breaking down of silos and to the greater resilience of initiatives in the event of a reorganization in government structures.

34. UNCTAD implementation reviews have documented many examples of good practices in developing countries in setting up an implementation unit in the form of a task force, high-level committee or other interministerial body that integrates relevant entities engaged in e-commerce policymaking and the implementation of activities. The type of committee that is most appropriate depends on the national policy-related, legislative and institutional set up. The terms of reference of such an interministerial body should establish clarity regarding composition and size, purpose and working methods, among others. The mandate could be to oversee the effective and timely implementation of initiatives, including those detailed in an action plan or e-commerce strategy; ensure institutional coordination and policy coherence among various initiatives; engage with and involve relevant stakeholders, including the private sector, in the policymaking process; and provide a foundation for long-term, integrated policy implementation by creating a sound

¹⁸ See <https://unctad.org/publication/fast-tracking-implementation-etrade-readiness-assessments-second-edition> and <https://unctad.org/publication/fast-tracking-implementation-etrade-readiness-assessments-third-edition>.

policy and digital environment. Structures that have been initiated in several countries include the following:¹⁹

(a) Bhutan: A dedicated task force established by the Policy and Planning Division of the Ministry of Economic Affairs in 2019 brings together stakeholders from the public, regulatory and private sectors and has been instrumental in strengthening the policy and governance framework of e-commerce and contributed to shaping the national e-commerce policy in 2021;

(b) Botswana: The e-commerce strategy, approved by Parliament in 2022, led to the establishment of the national e-commerce executive committee, responsible for fostering the implementation process and supported in its work by a technical committee;

(c) Tonga: The national e-commerce subcommittee has contributed to increasing transparency and creating a space for public and private sector dialogue;

(d) Tuvalu: The terms of reference of the national e-commerce committee notes that membership should reflect the various government departments and other stakeholders that align their main duties and responsibilities with the objectives and functions of the committee. Non-governmental stakeholders may be called upon or involved through a separate consultative body or expert group.

35. In order to support the proper functioning of an implementation unit, from the time of establishment, efforts should be devoted to ensuring that all participants develop the same level of understanding of the cross-cutting issues affecting e-commerce, including those not directly linked to their fields of expertise. For example, in Kenya, following the launch of the national e-commerce strategy in December 2023 and nomination of the members of the national e-commerce implementation committee, a workshop was organized by UNCTAD to sensitize participants to the importance of the committee, their individual roles in coordinating the implementation process and the tools that could be used for this purpose.

36. Dedicated technical working groups for public and private sector dialogues have been established in some countries, for example in the Niger and Tuvalu. Such groups allow non-government stakeholders, such as consumer groups and microenterprises and small and medium-sized enterprises, to discuss the design and implementation of certain initiatives and regulations; can bring together technical experts and representatives from different ministries and private sector entities' and provide support and expertise that can support the formulation and implementation of the following: e-commerce initiatives, laws and regulations; resource mobilization; awareness-building; and linkages between public and private sector entities.

37. At the regional level, e-commerce strategy development is typically led by the secretariat of a regional economic community and involves relevant regional bodies, and the implementation of reforms may be supported by similar institutional settings. For example, the Pacific Islands Forum Secretariat has undertaken institutional arrangements and initiatives in order to establish a governance framework and promote stakeholder engagement and cooperation among development partners (box 1).

Box 1

Pacific Islands Forum Secretariat: Governance of and cooperation in the implementation of e-commerce

In 2021, trade ministers of the Pacific Islands Forum endorsed the Pacific Regional E-commerce Strategy and Road Map proposing the vision of a transformative Pacific economy in which all businesses and consumers actively engage in domestic and cross-border e-commerce. The ministers instructed the Pacific Islands Forum Secretariat to coordinate the implementation of the Strategy. The Forum has put in place a number of governance mechanisms and processes, to ensure a coordinated implementation approach and increased cooperation among member countries and partners.

¹⁹ Ibid.

The Pacific E-commerce Committee, coordinated by the Pacific Islands Forum, aims to provide support, guidance and strategic oversight of the implementation of the strategy, ensuring the timely and effective delivery of measures and outputs and the achievement of outcomes. A number of implementing regional and international organizations and development partners are observers of the committee.

The Pacific Regional E-commerce Alliance is a regional network that aims to improve the ability of Pacific island countries to use and benefit from e-commerce, by enlisting the support of national, regional and global partners in accordance with the vision in the strategy. Inspired by the UNCTAD-led eTrade for all initiative, the Alliance is aimed at creating synergies and avoiding the duplication of work by participating institutions. It is open to all regional and international agencies implementing or wishing to implement the measures in the strategy.

In December 2022, the Pacific E-commerce Committee decided to set up two additional platforms for engagement, namely, the development partners e-commerce subcommittee and the private sector e-commerce subcommittee. The former provides a platform through which donors and implementing agencies can engage, interact and discuss e-commerce development and offer advisory support to the Pacific E-commerce Committee and the latter brings together members of national chambers of commerce and industry.

The Pacific e-commerce portal was launched in 2022 to serve as a comprehensive repository of information on e-commerce developments in the region. It is the first regional database of e-commerce statistics, to support evidence-based policymaking.

Source: UNCTAD. See: <https://pacificcommerce.org/about/>.

38. The preparation of an implementation plan is an important element, since it should set out the responsibilities of implementing agencies, time frames, baseline indicators and key performance indicators. A major challenge in the establishment of such a plan is often a lack of baseline data and official statistics in many policy areas. If not addressed, the lack of statistics may compromise the impact assessment that should be undertaken at the end of policy implementation.

39. To respond to the need to ensure the effective implementation of reforms, based on successful experiences with the trade facilitation reform tracker, UNCTAD has developed the e-trade reform tracker, a web-based project management and capacity-building tool designed to support national e-commerce committees or equivalent bodies in coordinating the implementation of the recommendations in e-trade readiness assessments or priority measures included in action plans or e-commerce strategies (box 2).

Box 2

UNCTAD e-trade reform tracker

The e-trade reform tracker provides functionalities that enable the assignment of responsibilities, the tracking of task executions and the reporting on progress on time-bound deliverables. The tracker also allows for the recording of information related to the involvement of development partners, thereby facilitating the monitoring of resource mobilization. To enhance knowledge management, the tracker allows for the uploading and storage of documents such as meeting minutes, workplans and reports, promoting more efficient and transparent information-sharing. In addition, the tracker fosters interactive communications among users from various implementation teams.

The e-trade reform tracker was developed in cooperation with focal points from UNCTAD partner countries and will be piloted in 2024. Use of the tracker and accurate data recording is expected to facilitate reporting by providing a real-time view of the results and impact of implementation processes.

Source: UNCTAD.

40. In addition to the UNCTAD e-trade reform tracker, other interactive platforms can be useful tools in sharing information, facilitating communications and collaboration among the various government departments involved, assisting in planning and monitoring tasks, increasing resource management and ensuring an overall integrated approach to policy implementation. For example, the International Trade Centre has developed the web-based Strategy Implementation Management Tool, which allows for the real-time management of trade development strategies and complements other monitoring tools that countries may already have in place for transparency and accountability purposes.²⁰ In Germany, GIZ is planning to develop an online tool to support reporting by East African Community member States in the context of the e-commerce strategy adopted by the Council of Ministers of the East African Community in 2022.²¹

III. Leveraging international cooperation to accelerate progress on building digital readiness

41. In many developing countries that lag behind in terms of digital readiness, harnessing the potential of e-commerce and the digital economy for inclusive and sustainable development requires increased technical and financial support from the international community. There is also a need for these countries to be involved in consensus-building efforts to shape global goals and policy actions for more inclusive outcomes from digitalization.

42. Despite positive trends, current financial support from the international community remains insufficient. UNCTAD estimates suggest that ICT-related commitments increased from \$1.5 billion in 2019 to \$2.2 billion in 2021, representing 4.1 per cent of total commitments under the Aid for Trade initiative.²²

43. Many developing countries benefit from international financial and technical support in enabling the implementation of e-commerce reforms, yet resources remain a key constraining factor, accentuated in recent years by shrinking fiscal space and increasing debt burdens in many countries, making the mobilization of domestic resources difficult.

44. The need to boost international cooperation and coordination and to allocate more resources to accelerating progress on ensuring inclusive outcomes from digitalization has been acknowledged in various initiatives. Within the United Nations, the global digital compact proposed in 2022 in *Our Common Agenda*, the report of the Secretary-General, is expected to “outline shared principles for an open, free and secure digital future for all”.²³ Working together, avoiding fragmentation, sharing knowledge and aligning policies to respond collectively to complex digital challenges has become more urgent than ever in order to accelerate the achievement of the Sustainable Development Goals. In September 2023, the Window on Digital Transformation of the Joint Sustainable Development Goals Fund was launched, as part of exploring “new ways to unlock the power of the digital world to accelerate progress towards the Goals”.²⁴ The fund aims to strengthen partnerships, capitalizing on digital initiatives led by United Nations entities, regional commissions and other partners, and to seek catalytic funds, to facilitate impacts at scale, aimed at a faster and more inclusive digital transition.

45. International cooperation also needs to be further strengthened to facilitate in-depth, diverse discussions involving multiple stakeholders on shaping the future of e-commerce and the digital economy. Learning from and sharing experiences in member States represent key objectives, and the Intergovernmental Group of Experts on E-Commerce and the Digital Economy offers a valuable opportunity in this context. UNCTAD e-week also provides a valuable platform for fostering constructive and inclusive dialogue and has become a leading global forum at which ministers, senior government officials, chief

²⁰ See <https://intracen.org/resources/tools/strategies-implementation-management-tool>.

²¹ Inputs provided by GIZ Kenya.

²² See <https://unctad.org/publication/e-commerce-and-digital-economy-programme-year-review-2022>.

²³ See <https://www.un.org/techenvoy/global-digital-compact>.

²⁴ See <https://press.un.org/en/2023/dsgsm1872.doc.htm>.

executive officers and other business representatives, international organizations, academics and civil society can discuss the development dimensions of digitalization.²⁵

46. International cooperation also takes place with regard to research and capacity-building. In the area of statistics, UNCTAD increasingly works with partners such as the regional commissions and the United Nations Statistics Division, as well as the International Monetary Fund, the Organisation for Economic Co-operation and Development and the World Trade Organization, among others, to deliver capacity-building and technical assistance in the form of national and regional training sessions for countries developing statistics on the digital economy, e-commerce and digital trade, in order to address the challenges outlined in this note and help make more informed decisions. The working group on measuring e-commerce and the digital economy of the Intergovernmental Group of Experts meets annually in order to promote cooperation on such issues and enhance the availability, quality, comparability and relevance of statistics on e-commerce and the digital economy in developing countries. At its most recent meeting, held on 30 November and 1 December 2023, among its recommendations to the Intergovernmental Group of Experts, the working group requested the international community to increase support for methodological development, capacity-building, training and technical assistance on the e-commerce and digital economy statistics needed to support policymaking.²⁶

47. The increase in e-commerce and digital trade has led to new regulatory challenges for Governments worldwide. From the perspective of securing inclusive and sustainable development, some challenges require not only national options but international collaboration. Examples of such challenges may be seen with regard to cross-border data flows, competition and the protection of consumers online, as well as electronic payments and taxation. Some are directly related to e-commerce and digital trade, yet others are of relevance as part of the broader implications of digital transformation.

48. With regard to cross-border data flows, a balanced approach to global data governance is needed to ensure data can flow across borders as freely as possible while addressing public policy concerns. In order to achieve inclusive outcomes from regional and global dialogues in this area, developing countries need to have a place at the table, as well as the means required to participate effectively in relevant processes and meetings. All countries need to allocate more domestic resources to the development of capacities to create and capture the value of data domestically, yet financial, technical and other resources may in many countries, particularly the least developed countries, fall short of meeting such needs. International support can help in the formulation of relevant legal and regulatory frameworks and national strategies for dealing with data and data flows in ways that can help ensure benefits from economic development gains, while at the same time respecting human rights and various security concerns.²⁷

49. With regard to competition, the features of digital markets, including network effects and economies of scale and scope, give rise to concerns about market power and anticompetitive behaviours that Governments worldwide seek to effectively regulate. This may be done by adapting legal frameworks and strengthening enforcement against anticompetitive practices. Efforts should continue to encourage exchanges of information and knowledge, collective responses when feasible and innovative approaches and consensus-building, to promote competition in digital markets. In this context, the Intergovernmental Group of Experts on Competition Law and Policy provides a platform in which all countries can participate.

50. With regard to consumer protection online, a lack of appropriate policies and regulations and resources for effective enforcement hinders trust in the digital economy. Enacting adequate legal frameworks, enforcing regulations and addressing cross-border disputes are essential in creating a safer and more inclusive digital environment for

²⁵ See <https://unctad.org/topic/e-commerce-and-digital-economy/unctad-eweek>.

²⁶ TD/B/EDE/7/3.

²⁷ UNCTAD, 2021, *Digital Economy Report 2021: Cross-Border Data Flows and Development – For Whom the Data Flow* (United Nations publication, Sales No. E.21.II.D.18, Geneva).

consumers. Key challenges are related to insufficient information for and the education of online consumers, misleading advertising, unsafe products and payment systems, the unauthorized collection and use of the personal data of customers and inadequate dispute resolution and redress mechanisms. In this context, the Intergovernmental Group of Experts on Consumer Protection Law and Policy provides a platform in which all countries can participate.

51. International cooperation is also needed to improve the efficiency of cross-border regulatory frameworks for electronic payments that enhance digital trade. Payment system interoperability is crucial in enabling faster cross-border transfers and increasing consumer confidence. Aligning domestic security standards in payment transactions with international standards can further contribute to making cross-border electronic payments more efficient.²⁸

52. Taxation is another area in which greater cooperation is needed. The growth of e-commerce and digital trade and evolving business models have introduced new challenges in administering and enforcing traditional tax systems. This is in part due to the multi-jurisdictional nature of transactions and the potential anonymity of parties. Domestic taxes, particularly value added tax and goods and services tax, have become more important as a way to raise government revenue.²⁹ There are challenges in value added tax administration and compliance, particularly among low-income economies addressing non-resident sellers, and include a lack of provisions in traditional value added tax rules to effectively tax supplies without the physical presence of a supplier in the customer's jurisdiction, leading to disproportionately low tax amounts. Value added tax reform in response to the growth of e-commerce and digital trade has not yet achieved its potential.³⁰ The need to address this disparity and enhance revenue mobilization requires substantial investment and technical assistance to modernize tax systems, particularly in adapting to online sales of services and digital products. International and regional organizations offer guidance and technical support in developing countries, such as the African Tax Administration Forum, the Inter-American Centre of Tax Administrations and the World Bank, as well as the Organisation for Economic Co-operation and Development through value added tax digital toolkits for Africa, Asia and the Pacific and Latin America and the Caribbean.

IV. The role of partnerships and coordination in accelerating progress on building digital readiness

53. Harnessing international partnerships and coordination is essential in accelerating progress on building readiness for e-commerce and the digital economy. Doing so can facilitate resource mobilization, including capacity-building support and coordination mechanisms, to help countries in digital transformation. In light of limited donor resources and ongoing demand for development finance in the area of e-commerce and the digital economy, effective donor coordination is critical. Positive examples of efforts to facilitate coordination include the following: the digital donors exchange of the Digital Impact Alliance; the digital for development hub of the European Union; and the core donor advisory board of the UNCTAD E-Commerce and Digital Economy Programme, created in 2021, membership of which has been growing and now includes Australia, Germany, the Kingdom of the Netherlands, Sweden and Switzerland.³¹

54. A suboptimal level of coordination and cooperation with and among development partners can lead to fragmented interventions. A lack of international coordination can

²⁸ See <https://unctad.org/publication/digital-trade-development>.

²⁹ UNCTAD forthcoming publication on indirect taxation of e-commerce and digital trade and implications for developing countries.

³⁰ See <https://www.imf.org/en/Publications/IMF-Notes/Issues/2023/09/07/Fiscal-Revenue-Mobilization-and-Digitally-Traded-Products-Taxing-at-the-Border-or-Behind-It-538487>.

³¹ Other donors contributing to UNCTAD work on the implementation of e-commerce reforms include Australia, China, GIZ, the Republic of Korea, the European Commission and the African Export–Import Bank.

result in a country having to address multiple development partners offering similar kinds of technical assistance. Enhancing scope for synergies through partnerships among organizations that can offer complementary expertise and support is essential in building an inclusive and integrated digital environment and for maximizing impacts on the ground.

55. At the national level, efforts to improve digital coordination among United Nations entities and development partners are undertaken under the guidance of regional coordinators, who have a key role in ensuring that United Nations-wide initiatives, along with development partner interventions, are in synergy with broader national development agendas. The United Nations Sustainable Development Cooperation Framework also serves to prompt collaboration between the United Nations development system and Governments and to identify areas in which support is most needed.

56. The eTrade for all initiative is relevant in the context of promoting cooperation and dialogue. The initiative was set up in 2016 with a view to facilitating synergies among members and making it easier for Governments to identify the support available for different kinds of priority actions. The initiative currently has 35 partners, sharing the vision of ensuring development gains from digitalization, each bringing expertise, skills and resources in relevant policy areas, to achieve common goals and greater impacts. Through an information hub, which channels news, events, courses and publications released by partners, and its coordinating role, the initiative aims to enhance international cooperation and break down silos. Its partners are instrumental in many of the technical assistance and capacity-building activities carried out by UNCTAD, including the e-trade readiness assessments, the eTrade for women initiative and e-week.

57. To facilitate the effective implementation of e-commerce reforms in countries, UNCTAD has set up an e-trade implementation support mechanism (box 3). Senior officials in trade ministries or other entities with a recognized leadership role in the area of e-commerce constitute the core of the e-trade community of practitioners, a key contributor to the e-trade implementation support mechanism. This community contributes to and benefits from regular implementation reviews that are conducted to provide evidence of progress made in countries and build institutional capacities for effective implementation, based on the principles of national ownership, inclusivity and results-based management. The sharing of experiences and good practices in the community of practice in building digital readiness is encouraged and regular meetings are organized. The mechanism also assists countries with mobilization among partners, to accelerate the implementation of e-commerce priority actions, and provides a tool to track progress, useful for both Governments and development partners.

Box 3

UNCTAD e-trade implementation support mechanism and experience-sharing among practitioners

With a view to supporting experience-sharing and capacity-building, UNCTAD has, since 2020, organized workshops with government focal points in countries that have undergone e-trade readiness assessments and developed e-commerce action plans and strategies. The workshops allow for focal points and partners to create synergies and for collaboration among national stakeholders, to discuss how to foster national implementation and advocate for e-commerce policy actions. In addition, the workshops enable countries to compare experiences and identify good practices, and serve to generate ideas on how to improve the assistance provided by UNCTAD and other development partners, such as members of the eTrade for all initiative, donors and United Nations regional coordinator offices. The next workshop is scheduled to be held in May 2024, with an interactive training session on how to use the e-trade reform tracker.

The implementation support mechanism taps into relevant UNCTAD technical support programmes, to assist countries in advancing reforms in several areas, including capacity-building programmes related to e-commerce legislation, competition and consumer protection and trade facilitation, such as through the Automated System for Customs Data programme and the business facilitation programme. In addition, UNCTAD provides advisory services on e-commerce and trade negotiations, as well as analytical

work on subjects ranging from taxation policies to measuring the value of e-commerce, which are fundamental components of scaling up digital readiness.

Source: UNCTAD. See <https://unctad.org/publication/fast-tracking-etrade-readiness-assessment-implementation-snapshot-unctads-support>.

58. Drawing on UNCTAD expertise, good practices and tools are proposed in this note, underscoring the critical involvement of various stakeholders, including national governmental institutions, development partners, United Nations regional coordinator offices and others, in the implementation of e-commerce reforms. The role of international cooperation is stressed in maximizing the advantages of e-commerce in developing countries, along with emphasizing collaborative efforts, international partnerships, knowledge exchanges and resource mobilization. Through collaborative efforts, countries can more effectively enhance digital readiness and harness the transformative potential of e-commerce and digital trade for sustainable and inclusive development.
