

CONNECTING TO INTERNATIONAL VALUE CHAINS



E-Solutions: Enabling Trade through Digital Channels

IN BRIEF

Trade in goods and services via electronic networks has created huge new business opportunities. But businesses in poorer countries, particularly small and medium-sized enterprises (SMEs), are hampered by a lack of technical and logistical capacity among other obstacles. The ITC E-Solutions Programme will help SMEs overcome these barriers.

THE PROBLEM AND ITC SOLUTION

E-commerce enables sellers to reach a global audience while consumers benefit from more choice and often cheaper prices. The potential opportunities for least developed countries (LDCs) and their SMEs are particularly exciting as they should be able to tap into larger foreign markets, often for the first time.

But SMEs from LDCs and many poorer developing countries often are unable to trade through e-commerce channels as they have limited access to payments, logistics and technical solutions. Those who try to take part in digital trade often make the error of exporting with little regard to the legal or fiscal implications or without considering the cost of returns.

Enterprises in these countries face a number of systemic barriers to developing online trade, which can go beyond a simple lack of information technology (IT)-infrastructure or connectivity. These can be categorized as:

- Lack of awareness and understanding of the opportunities for increased trade online and potential to overcome the barriers to this trade;
- Insufficient access, affordability and skills to use technologies;

- Inadequate availability of international and local payment solutions;
- Lack of access to cost-effective logistics (outbound and in target markets);
- Significant cultural, linguistic and business practices that need adapting to the customer service expectations of international customers;
- Lack of visibility, reputation and trust in the target markets;
- Lack of conformity with legal and fiscal requirements of target markets; and
- Government laws or policies that do not support online trade.

ITC can help enterprises overcome barriers through the provision of appropriate e-solutions. The E-Solutions programme is based on a set of modules that address each of the barriers and, when used together, enable greater access for all participants in a given sector or community. The modules consist of technologies and support (which may be delivered with partners) and include training and assistance by ITC in the implementation and evaluation of results.

IMPACT

SMEs benefit by having access to a complete set of solutions enabling trade via digital channels. This approach has already been tested in Côte d'Ivoire with 15 SME's from the fashion and accessories sector and at a larger scale in Morocco through a platform serving 400 SMEs in fine foods, cosmetics and handicrafts. These pilot deployments have enabled the validation of a set of training and advisory materials, processes for the establishment of legal representation structures in international markets, partnerships for payments and logistics, and technologies for creating and managing online stores.

ITC:

- Ensures that goods and services can be legally sold via digital channels, and that the SMEs are in compliance with international financial reporting requirements;
- Establishes arrangements and technical solutions to receive international payments in a transparent and cost-effective manner;
- Researches and manages the implementation of cost-effective international shipping options and local logistics arrangements in the target country or region, in association with international partners;
- Enables access to and synchronization of catalogues and orders with multiple marketplaces (such as eBay, Amazon, etc.); and
- Supports the creation of processes and the implementation of tools to provide international customer services.

Institutions are reinforced within the countries of origin through:

- Organization of mutually-owned structures (consortia, cooperatives) to share technology platforms, foreign legal and fiscal representation and logistics;
- Partnerships with technology vendors, payment platforms, legal and logistics services providers;
- Guidance to trade and investment support institutions (TISIs) on advocacy for e-commerce; and
- Integration of e-commerce policy into national export strategies.

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