



PRACTICES ON E-COMMERCE

TrainForTrade case studies in South-East Asia



**Strengthening knowledge
and skills through innovative approaches
for sustainable economic development**



UNITED NATIONS



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Executive summary

Digital marketplaces could drive sustainable and inclusive growth across South-East Asia, with e-commerce likely to grow to US\$88 billion by 2025. Benefits will include opening of markets to facilitate sales and consumption, upgrading of traditional manufacturing and services, and development of new industries for business opportunities.

While some countries have made significant inroads into e-commerce, the majority of developing countries are still trailing behind due to two categories of challenges. First, developing countries need to tackle obstacles to e-commerce, such as lack of access to information and communications technology (ICT) infrastructure, shortage of skills, and weak legal frameworks. Second, the current market concentration and competition frameworks are skewed against latecomers and smaller players, in particular those from less developed countries.

Against this backdrop, UNCTAD has over the past two decades focused its work on the development implications of e-commerce and digitalization. UNCTAD provides leading-edge research and analysis, technical cooperation, and global platforms for multi-stakeholder policy dialogues in a holistic and integrated approach. It publishes flagship reports on digital economy (the *Digital Economy Report*), coordinates the multi-agency eTrade for all initiative, conducts eTrade readiness assessment, and convenes the influential multi-stakeholder E-commerce Week.

As part of its holistic methodology, UNCTAD underscores the importance of mutual learning between countries and at regional levels in the areas of e-commerce and digital economy. In this context, the UNCTAD TrainForTrade programme launched a project in 2018 on “Leapfrogging skills development in e-commerce in South-East Asia in the Framework of the 2030 Development Agenda” under the United Nations eleventh tranche of the Development Account. Two hundred and sixty candidates from the public and private sectors from South-East Asia have successfully participated in this training project that encompasses six in-depth online training modules on e-commerce and e-business fundamentals, e-government, payment, transportation and logistics, digital marketing, and marketplaces, as well as a face-to-face workshop in the region.

It is hoped that the project’s goal of sharing experiences, knowledge and expertise among participants and delegates has been achieved. This report explores in its first chapter a history of the project. The second chapter gives an overview of the e-commerce situation in the region. The third chapter presents the selection of eight case studies prepared by the project’s participants, covering e-government, e-payment, transportation and logistics, marketplaces and digital marketing. These case studies provide succinct examples of good practices as well as policy recommendations for further development of e-commerce. The fourth chapter concludes the publication with a list of recommendations.

Participants in this project highlighted that the classic policy issues are still to be addressed. The first approach identified to address these issues is to consistently and strategically invest in physical infrastructures, from roads and railways, to waterways and air transportation, in particular in remote and less-developed regions. The second is to increase the ease of doing business by cutting red tape, reducing unnecessary taxes and fees, and providing more support to empower micro, small and medium-sized enterprises (MSMEs). The third is to level the playing field between big and small companies, through more transparent government procurement policies, and more robust antitrust policies to allow more competitors in the markets.

Seven policy recommendations to enhance e-commerce readiness in South-East Asia

The workshop focused on e-commerce readiness and drew on case studies. Participants used these as a basis for the following seven key policy recommendations that can be applied to the South-East Asia region:

1. **Holistic approach:** It is advisable to take a “whole-of-government” approach to harness the digital economy by improving inter-ministerial coordination.
2. **Access:** Efforts should be made to increase access to fast, affordable and reliable Internet services, as well as to last-mile connectivity.
3. **Trade procedures:** Governments need to make more effort to overcome the low efficiency of trade procedures and logistics infrastructure that limit their countries’ ability to take advantage of the digital economy.
4. **Mobile payments:** Governments should consider promoting mobile payments and other cashless solutions, as well as improving financial literacy.
5. **New legal framework:** E-commerce development requires new legal and regulatory frameworks on a variety of issues. Areas of particular relevance include legislation relating to secure e-transactions, consumer protection and dispute settlement, data protection, intellectual property and cybercrime. The adoption of laws and regulations needs to be complemented by effective enforcement, as well as appropriate capacity-building among lawmakers and some members of the judiciary.
6. **Capacity-building:** There is a significant need to build relevant skills and other capabilities to enable active participation in the digital economy.
7. **Innovation:** Innovative solutions are needed to address the bottleneck of access to financing. Established lending practices tend to favour large firms in mature industries rather than MSMEs seeking to explore opportunities in the digital economy.

Participants in this project confirmed that, with smart policies in place, developing countries, including those in South-East Asia, will be able to achieve more progress on the road towards the Sustainable Development Goals (SDGs).

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Abbreviations and acronyms

AI	artificial intelligence
ACE	Action Community for Entrepreneurship
ACHs	automated clearing houses
ASEAN	Association of Southeast Asian Nations
B2B	business to business
B2C	business to customer
DEDC	Digital Economy Development Committee
EIF	enhanced integrated framework
FDI	foreign direct investment
GDP	gross domestic product
ICT	information and communications technology
ICT4D	information and communications technologies for development
IGE	Intergovernmental Group of Experts on E-commerce and the Digital Economy
ITC	International Trade Centre
LDC	least developed country
MSMEs	micro, small and medium-sized enterprises
NDI	national digital identity
NGO	non-governmental organization
OECD	Organization for Economic Co-operation and Development
SDGs	Sustainable Development Goals
SMEs	small and medium-sized enterprises
UNCITRAL	United Nations Commission on International Trade Law
UNCTAD	United Nations Conference on Trade and Development
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UPU	Universal Postal Union
WTO	World Trade Organization

Chapter 1

Brief history of the project



E-commerce and the Sustainable Development Goals

E-commerce can become a powerful driver of economic growth, inclusive trade and job creation across the developing world. However, while some countries have made significant inroads into e-commerce, the majority of developing countries are still trailing behind.

In 2016, the United Nations committed to harnessing the potential of information and communications technologies (ICTs) to advance the 2030 Agenda for Sustainable Development and achieve other internationally agreed development goals (United Nations, 2016).

E-commerce and other economic activities enabled by ICTs have the potential to accelerate progress across all the 17 Sustainable Development Goals (SDGs).

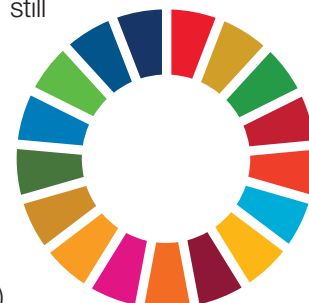
For example, e-commerce can be leveraged to promote the empowerment of women as entrepreneurs and traders (Goal 5, Achieve gender equality and empower all women and girls). This is because digital technologies can allow women not only to directly participate in e-commerce trading but also to work in emerging economic sectors forming part of the e-commerce ecosystem such as logistics, processing, packaging, digital marketing, online advertising and other online services (OECD and WTO, 2017).

E-commerce and digitally-enabled trade can support productive activities, decent job creation, entrepreneurship, creativity and innovation. They can encourage the formalization and growth of micro, small and medium enterprises (MSMEs) in both developing and developed countries, including through access to ICT-enabled financial services such as online and mobile payments (Goal 1, End poverty in all its forms everywhere; Goal 8 target 8.3, promoting productive activities, entrepreneurship, creativity and innovation; Goal 9 target 9.3, integrating enterprises into value chains and markets) (UNCTAD, 2017).

Moreover, cross border e-commerce can help to significantly increase the exports of developing countries (Goal 17 target 17.11), in particular to double the least developed countries' (LDCs') share of global exports by 2020 (ITC, 2018).

Nevertheless, there is an increasing awareness about two categories of challenges that developing countries are facing with regard to e-commerce. The first is their **lack of capability** to fully utilize opportunities brought by e-commerce. This capability constraint of LDCs results from a number of factors such as lack of access to ICT infrastructure, shortage of skills, absence of robust transportation and logistics, lack of fast and secure payment solutions, difficulties in access to finance, weak legal frameworks on data, consumer rights or intellectual property protection, and the like. The UNCTAD *Information Economy Report 2015* was among the first publications to point out these challenges (UNCTAD, 2015).

The second challenge is that to some extent, current **market concentration and regulatory rules** are skewed against latecomers and smaller players, in particular those from less-developed countries. For example, value creation and capture in the digital economy has so far been very much concentrated in a handful of large digital firms that are headquartered in either the United States of America or China. And current competition policies, taxation and trade rules are not sufficiently equipped to address this power imbalance from development and inclusiveness perspectives.





As highlighted in the UNCTAD *Digital Economy Report 2019*, “digital technologies have the potential to greatly affect the achievement of the SDGs, by both enabling and hampering progress”, and appropriate policies should be put in place to maximize positive effects while mitigating and eliminating negative ones (UNCTAD, 2019).

UNCTAD and e-commerce

Numerous development partners, foundations and private-sector actors are working from different angles to unlock the power of e-commerce and, more broadly, Internet-enabled economic development.

UNCTAD is uniquely placed to address the cross-cutting development implications of e-commerce and digitalization. By providing leading-edge research and analysis, technical cooperation, and global platforms for multi-stakeholder policy dialogues in a holistic and integrated approach, it helps to rationalize efforts to ensure that the digital economy brings inclusive and sustainable development.

Research and analysis

Within the United Nations, UNCTAD is the leading entity for monitoring the development implications of e-commerce and the digital economy (see box 1).

Box 1 Impacts of UNCTAD's E-commerce and Digital Economy Programme

UNCTAD's work on e-commerce and the digital economy

With its three pillars of research, consensus-building and technical cooperation, UNCTAD's E-commerce and Digital Economy (ECDE) Programme provides a unique platform for dialogue between developed and developing countries on harnessing the evolving digital economy for trade and sustainable development. Synergies between the three pillars enhance this potential.

The research provided in the *Digital Economy Report* (formerly the *Information Economy Report*), the B2C E-commerce Index and the Technical Notes on ICT4D is presented at meetings of the Intergovernmental Group of Experts (IGE) on E-commerce and the Digital Economy, as well as other meetings and workshops attended by member States. For example, research work on cross-border e-commerce statistics has been used by member States in Asia. At the same time, the outcomes of the IGE guide the selection of topics for future research in the *Digital Economy Report* and the Technical Notes.

Technical cooperation work can synergize and enhance UNCTAD's research and consensus-building pillars. For example, the eTrade readiness assessments were born out of the eTrade for all initiative, which in turn was the result of a recommendation made in the *Information Economy Report 2015*. The assessments have provided valuable inputs into the *Digital Economy Report 2019* and into the Intergovernmental Group of Experts on E-commerce and the Digital Economy, as well as various UNCTAD E-commerce Weeks.



UNCTAD/DTL/STICT/2018/1



UNCTAD/DTL/STICT/2017/2



UNCTAD/DTL/STICT/2018/3

As a result of the technical cooperation programme provided, Member States are in a better position to participate actively in international dialogues on e-commerce and the digital economy. In Asia, thanks to the eTrade readiness assessments conducted in Cambodia and Myanmar, for example, policymakers are now devising e-commerce strategies. Following Thailand's participation in the E-commerce Week, the Thai Electronic Transaction Development Agency decided to organize an annual Thai E-commerce Week for local entrepreneurs.

Technical assistance

eTrade readiness assessments are conducted by UNCTAD in response to the growing interest from developing countries – especially from least developed countries (LDCs) – to assess their readiness to engage in e-commerce. The assessments serve as a tool to identify opportunities, barriers and recommend conducive and supportive policy measures.

UNCTAD **TrainForTrade** is instrumental in delivering technical assistance by strengthening knowledge and skills through innovative approaches for sustainable economic development. It has three focuses, namely: building sustainable networks of knowledge to promote transparency and good practices; encouraging development-oriented trade policy to reduce poverty; and promoting ICT solutions and innovative thinking to enhance capacities of international trade players.

Another important area of technical assistance is the work of UNCTAD on **ICT Policy Reviews** and **National E-commerce Strategies**, for which it conducts national assessments, develops strategies and provides policy advice to countries requesting assistance in building and maintaining a dynamic and responsive ICT-policy environment.

Since 2000, UNCTAD has offered technical assistance dedicated to **e-commerce and law reform** that has supported developing countries in Africa, Asia and Latin America in their efforts to establish legal regimes that address the issues raised by the electronic nature of ICTs to ensure trust in online transactions, ease the conduct of domestic and international trade online, and offer legal protection for users and providers of e-commerce and e-government services. Key issues addressed are electronic transactions and electronic signatures, data protection and privacy, consumer protection, computer crime, intellectual property, competition, taxation, and information security.

UNCTAD also advises Member States in the area of **measuring e-commerce and the digital economy**. The lack of statistical data constitutes a significant gap in the toolkit governments need to design and implement ICT policies for development. UNCTAD is a member of the Partnership on Measuring ICT for Development and of the Inter-Agency Task Force on International Trade Statistics, and works in collaboration with a broad range of international organizations and experts to define, harmonize and produce internationally comparable ICT indicators, including the G20.

Last but not the least, UNCTAD is helping to empower women entrepreneurs in developing countries through the **eTrade for Women** initiative. This new endeavour undertaken with the support of the Netherlands, and in collaboration with eTrade for all partners, aims at allowing more women digital entrepreneurs to make their voices heard in high-level political decision-making processes and to empower the next generation of female entrepreneurs in developing countries.

Dialogue

Since 2017, UNCTAD convenes the **Intergovernmental Expert Group on E-commerce and the Digital Economy**. This policy-focused meeting aims to strengthen the development dimension of e-commerce and the digital economy and discuss possible opportunities as well as how to deal with associated challenges and risks.

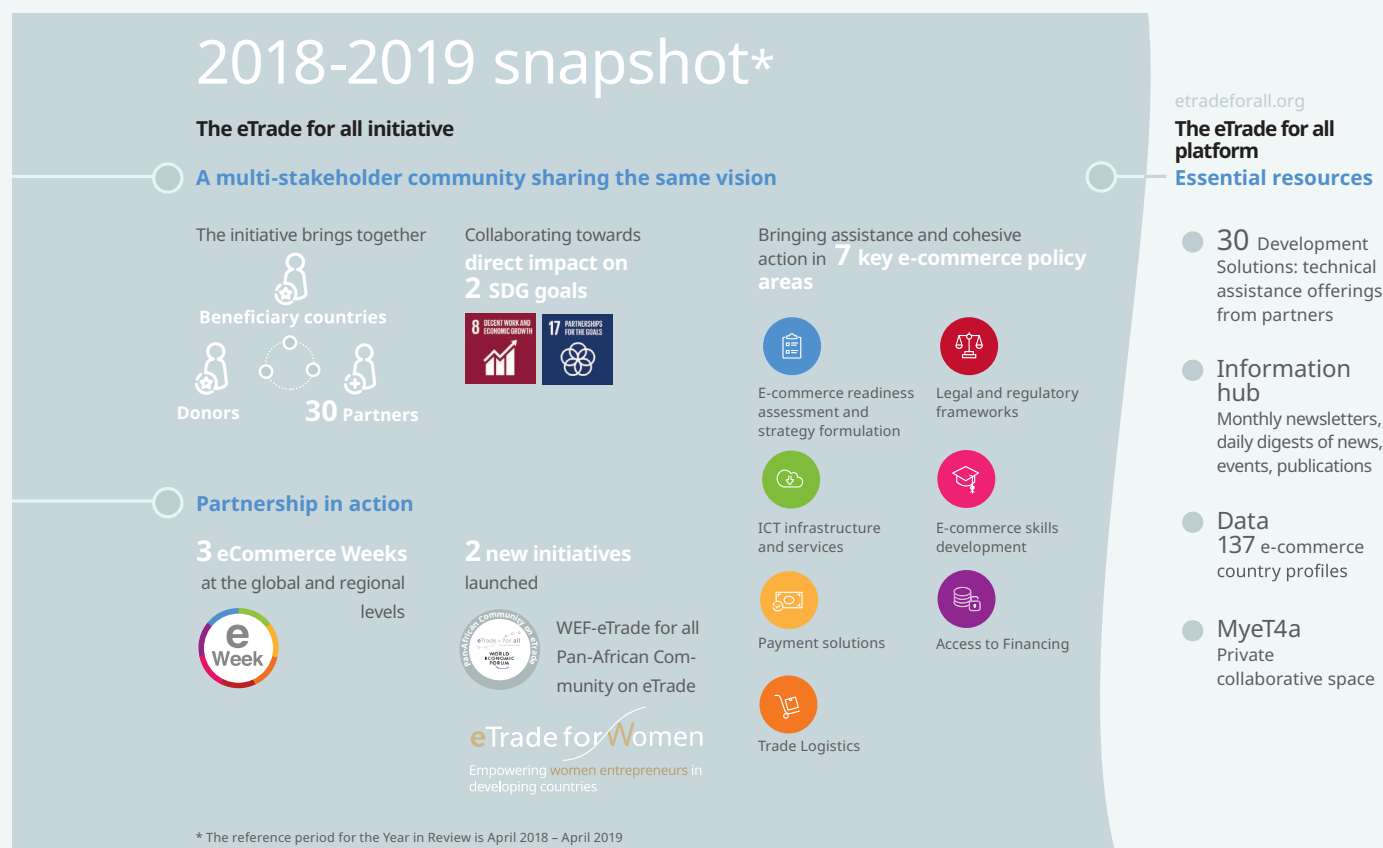
In 2016 UNCTAD launched the **eTrade for all initiative** at its fourteenth Ministerial Conference in Nairobi. The initiative pulls together key public and private stakeholders to contribute more effectively – and on a much greater scale – to the efforts of developing countries to harness e-commerce as a vehicle for the implementation of the United Nations Agenda 2030 on Sustainable Development. Its overall goal is to raise awareness of the unique opportunities, challenges and constraints to e-commerce; to mobilize necessary resources; and to strengthen coherence and synergies among partner activities (see box 2).

The UNCTAD **E-commerce Week** has become a flagship event in the areas of e-commerce and the digital economy. By convening ministers, senior government officials, business representatives, international organizations, development banks, academics and civil society, UNCTAD facilitates and catalyses vibrant discussions about development opportunities and challenges associated with the evolving digital economy.

Box 2 The eTrade for all initiative

eTrade for all is connecting the dots among partners, donors and beneficiaries to scale up cooperation, transparency and aid efficiency in the field of inclusive e-commerce.

All relevant information on this initiative can be found on the online platform: etradeforall.org.



“eTrade for all is a groundbreaking effort built on cross-sectoral synergies to address the challenges faced by many LDCs in their efforts to be fully included in the e-commerce value chain. The platform creates opportunities for the UPU and others working in dynamic partnership to achieve far more than they could on their own...” – Mr. Bishar A. Hussein, Director General, the Universal Postal Union.

UNCTAD e-commerce work in the ASEAN region

UNCTAD has been undertaking several activities jointly with the ASEAN secretariat and ASEAN member countries to assist them in the implementation of the ICT Master Plans 2015 and 2020, as well as the ASEAN Economic Community Blueprint 2025, especially to build a digitally enabled economy recognized as a key priority for ASEAN regional integration.

In November 2017, UNCTAD organized a regional workshop on e-commerce in Manila, under the Philippine chairmanship of ASEAN. The workshop successfully assessed ASEAN's efforts at developing e-commerce in the region to promote its growth both domestically and regionally. The workshop also offered an opportunity for member countries from ASEAN to coordinate their efforts and for sharing of best practices among the various stakeholders. It has generated ideas on how to reconcile domestic and regional processes on the development of e-commerce. The workshop also explored how enhanced cooperation among ASEAN Member States, UNCTAD and other international organizations could enable e-commerce to serve as a means of promoting development and thus contribute to the achievement of the SDGs. The recommendations arising from the workshop provided valuable inputs to the ASEAN Work Programme on E-commerce and to the drafting of the ASEAN Agreement on E-commerce.¹

E-commerce in South-East Asia within the Framework of the 2030 Development Agenda

E-commerce is indeed seen as a key component for ASEAN to realize its vision of a regionally integrated economy. However, like many developing countries, countries in this region are to some extent inadequately prepared to capture the many opportunities emerging as a result of e-commerce. Some of the key challenges in promoting e-commerce include concerns on cybersecurity, lack of trust in online transactions, and lack of strong methods of authentication to tackle the fraud and underpin electronic transactions. There is also an increasing demand from the region to identify enabling policies and best practices that will accelerate the development of e-commerce.

Against this backdrop, UNCTAD TrainForTrade launched in 2018 the project of "Leapfrogging skills development in e-commerce in South-East Asia in the framework of the 2030 Development Agenda" under the United Nations eleventh tranche of the Development Account.

The project was designed to address these challenges and demands in e-commerce development. First, the TrainForTrade project has evaluated the demands created by the emergence of e-commerce and the need to increase the knowledge on e-business: electronic government, technology, finance, payments, logistics, and marketing. Second, the project has facilitated mutual learning among countries from the region about e-commerce policies and standards, and about the development of national policies in e-commerce. Third, the expertise of SMEs has been increased in the field of best practices for e-commerce and increased their participation in the digital economy.

To be more specific, this project was conducted in two interlinked stages.

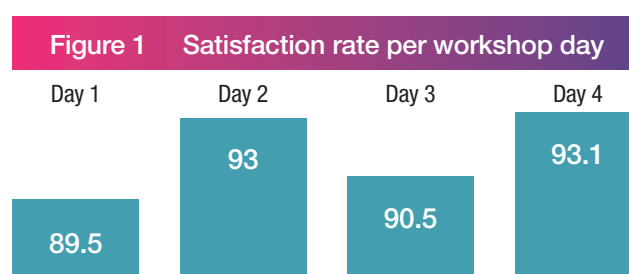
First, an online course was delivered during five weeks (3 April to 5 May 2019). It was composed of six training modules, namely: e-commerce and e-business fundamentals; e-government; payment; transportation and logistics; digital marketing; and marketplaces. Two hundred and sixty candidates from the public and private sectors from the region were proposed and selected by UNCTAD to participate in the training course.

¹ See <https://unctad.org/en/pages/MeetingDetails.aspx?meetingid=1640>.

Participants came from ministries in charge of e-commerce, telecommunication, ICT, and trade; from revenue, tax, and finance authorities; and from the private sector such as businesses involved in e-commerce. Some also worked for NGOs, banks and service providers that wanted to improve or to develop their business in the area of e-commerce. Participants committed to a minimum of four hours per week to actively participate in the training. Out of the 260 registered and accepted candidates, 74 successfully completed it and received an e-certificate.

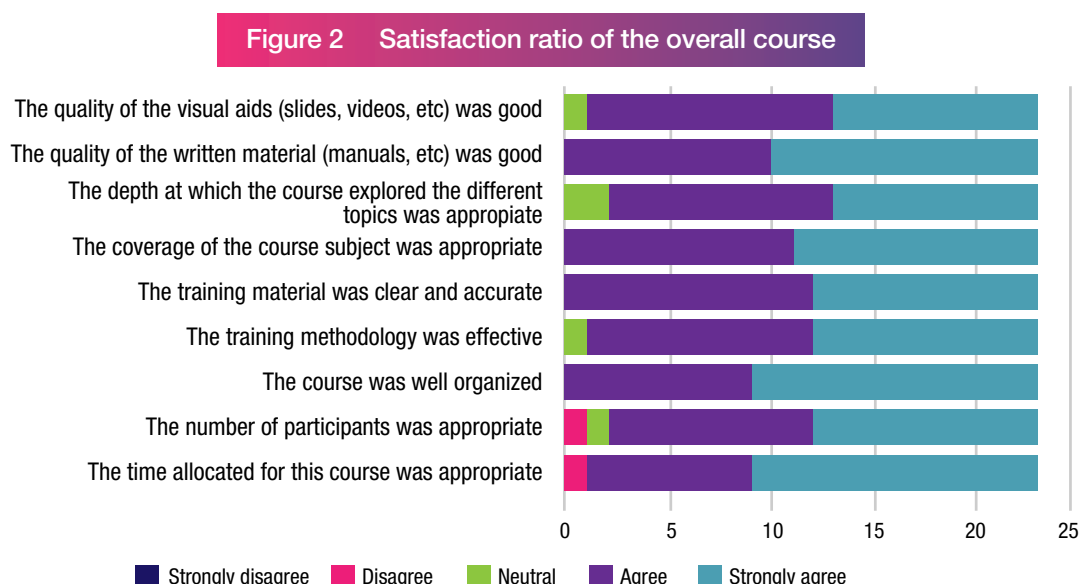
Second, an evaluation and a face-to-face interactive workshop was held in Manila (20–23 May 2019). Thirty-four participants (including 12 women) who had passed the exams were selected from seven countries. Participants had the opportunity to exchange views and learn from each other and with experts, government officials and entrepreneurs. Participants in the workshop also participated in a field visit to three Manila-based firms working on e-commerce – Lazada, Air21 and Zalora Philippines.

The general satisfaction rate per module (see figure 1) shows that day two with the visit in the field was most appreciated by the participants (93 per cent) and the last day with the certificate (93.1 per cent); day one and three also received very good average ratings of, respectively, 89.5 per cent and 90.5 per cent, which were each appreciated by 89 per cent of participants.



The overall opinion questionnaire assessed the course on nine different aspects (see figure 2) and provided space for comments and suggestions.

According to the final evaluation questionnaire, the overall satisfaction rate was 91.5 per cent.



In summary, the participants and beneficiary countries have expressed a high opinion of this capacity-building project for having successfully increased capability of both policymakers and entrepreneurs, particularly in increasing knowledge about best practices on e-commerce and developing evidence-based policies in the field.

This project was delivered by UNCTAD in collaboration with UNESCAP and UNCITRAL, and with the support of the ASEAN Member States.

Chapter 2

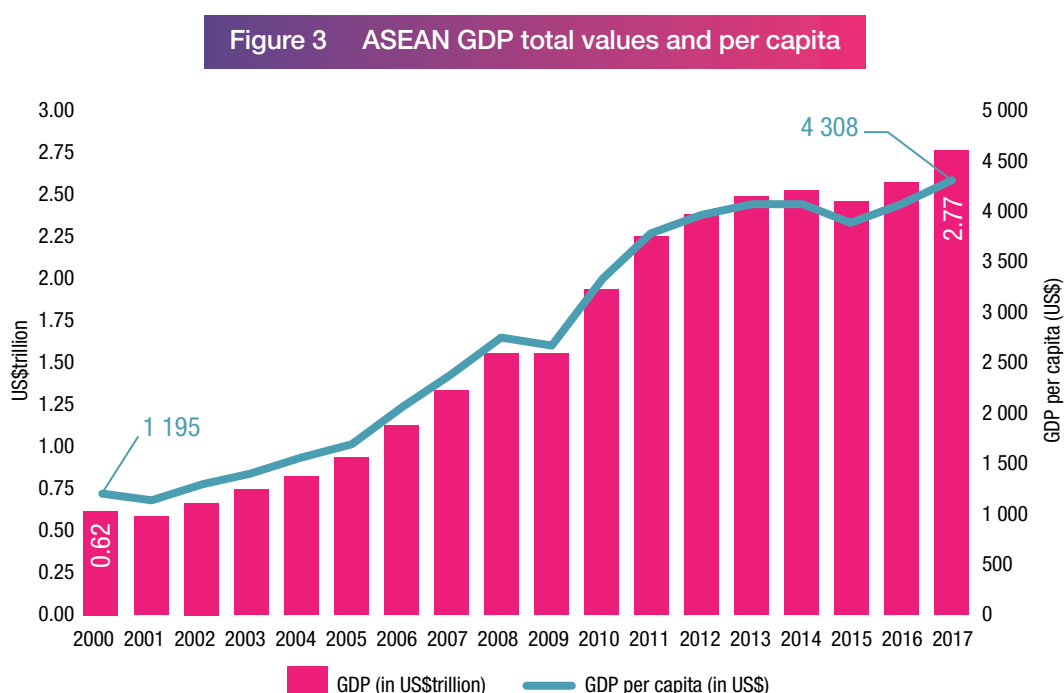
E-commerce strategies in South-East Asia



Introduction

South-East Asia has made tremendous progress in the past few decades. Taken as a single entity, the 10-member Association of Southeast Asian Nations (ASEAN) has dramatically outpaced the rest of the world on growth in GDP per capita since the late 1970s, with average annual real gains of more than 5 per cent (figure 3). With the current combined gross domestic product (GDP) of almost US\$2.8 trillion in 2017, ASEAN is now collectively ranked as the world's fifth and Asian third-largest economy. The proportion of the ASEAN population living with less than \$1.25 PPP per day has consistently declined from 47 per cent in 1990, 22 per cent in 2005, to 14 per cent in 2015, according to an ASEAN statistical report (ASEAN, 2017).

Trade and economic integration within the region as well as into world markets has contributed to the region's remarkable progress. Ninety-nine per cent of the intra-ASEAN trade tariffs have already been eliminated. In the year 2017, values of total merchandise trade reached almost US\$2.6 trillion, trade in services US\$703.2 billion, and FDI US\$135.6 billion.

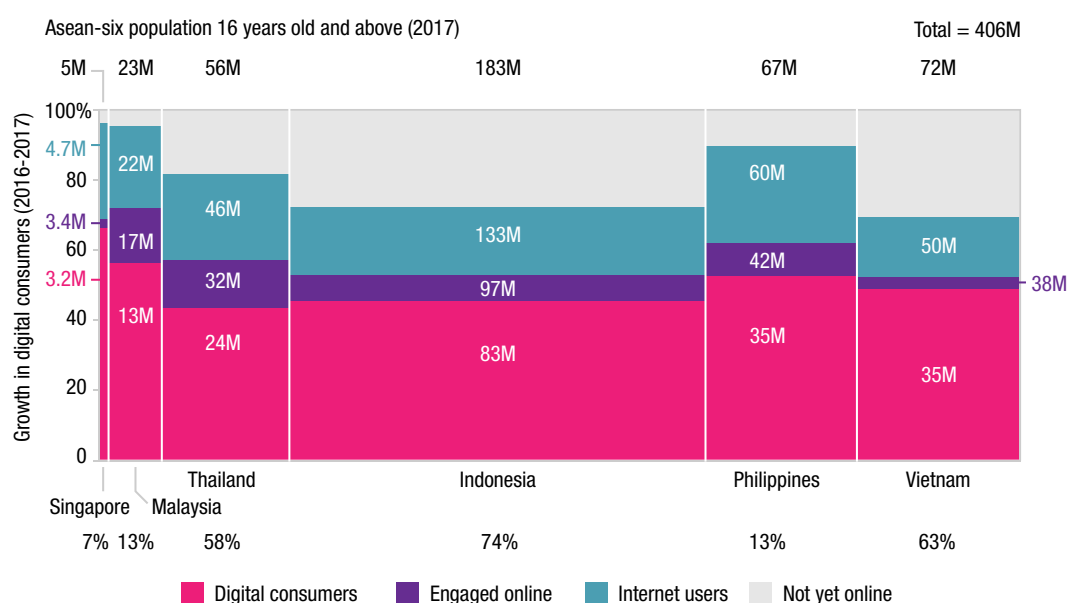


Source: ASEAN secretariat, ASEANstats database.

ASEAN is also the world's fastest-growing Internet market, with 330 million Internet users. By 2025, the ASEAN Internet economy is expected to quadruple to US\$200 billion from US\$50 billion in 2017, with e-commerce expected to grow to US\$88 billion. "In the dynamic world of digital commerce, there's no place as exciting as South-East Asia", commented Bain & Company,² "where the online consumer base grew by 50 per cent last year and now totals 200 million individuals across ASEAN's top six economies" (see figure 4).

Going forward, ASEAN growth is faced with various challenges. Global economic growth has slowed in recent years and this has already affected all markets across the ASEAN region. New automation and AI technologies may threaten employment and disposable incomes in the short term at least. Furthermore, rising protectionism of external partners, risks of financial technology, stagnating productivity growth, an ageing population, risks of natural disasters, and a lack of smart infrastructure are also significant challenges to the future prosperity of ASEAN (PWC, 2018; OECD, 2019).

² See Bain & Company's brief, <https://www.bain.com/insights/so-you-want-to-win-in-southeast-asia-e-commerce/>.

Figure 4 More digital consumers across six ASEAN countries

Source: Bain & Company.

Against this backdrop, ASEAN economies have recognized e-commerce and other related economic sectors driven by digital technologies as an important component for the sustainable and inclusive growth of the region in the context of the SDGs. E-commerce and wider use of SMAC (social, mobile, analytics, and cloud) cannot only facilitate sales and consumption, but also enhance profitability, upgrade traditional manufacturing and services, and develop new industries along with the whole e-commerce system.

Regional strategies

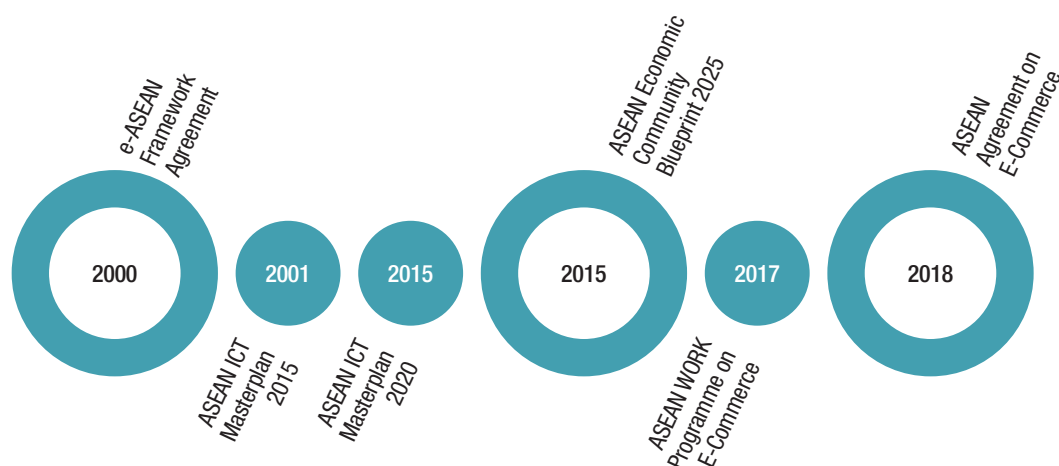
In the past two decades, ASEAN has put in place a series of initiatives aiming at promoting regional e-commerce (see figure 5). E-commerce, e-ASEAN and ICT Master Plans are the three key elements that contribute to the ASEAN vision as “a concert of Southeast Asian nations, outward looking, living in peace, stability and prosperity, bonded together in partnership in dynamic development and in a community of caring societies”.

In 2000, the e-ASEAN Framework Agreement was signed by ASEAN Member States during the fourth ASEAN Informal Summit in Singapore. In its article 5 on the facilitation of the growth of electronic commerce, the Agreement states that ASEAN should promote the development of e-commerce by adopting electronic commerce regulatory and legislative frameworks, which would create trust and confidence of consumers as well as facilitate the transformation of businesses towards the development of e-ASEAN.

In the following year, ASEAN developed its first ICT Master Plan 2015, which included six strategic thrusts: economic transformation, people engagement and empowerment, innovation, infrastructure development, human capital development, and bridging the digital divide. Building an enabling environment for e-commerce, including building the capacities for countries to engage in and benefit from e-commerce, is essential in support of the implementation of the Master Plan.

In 2015, ASEAN issued its updated ICT Master Plan towards the 2020 horizon, which highlighted an objective of building “a digitally enabled economy that is secure, sustainable, and transformative, and to enable an innovative, inclusive and integrated ASEAN Community”. The ICT Master Plan 2020 encompasses eight strategic thrusts, and one of them is dedicated to accelerating the development and growth of ASEAN’s ICT industry and services as well as supporting the growth of priority areas of ASEAN’s digital economy.

Figure 5 ASEAN e-commerce strategies timeline



The latest ICT Master Plan 2020 promotes digital trade in ASEAN, encourages and enhances it through policy, innovation, awareness-raising and enabling electronic and other better modes of transactions and payments, especially for SMEs. Proposed actions include: study and identify enabling policies and best practices that will accelerate the development of e-commerce and digital service delivery in ASEAN; identify best policies, industrial practices and case studies in the region that will benefit ASEAN businesses, especially SMEs; raise awareness of digital trade and use of electronic payment among businesses so that they can better transact with their suppliers and customers, including online consumer protection.

For the first time, the ICT Master Plan 2020 stresses the importance of building a trusted digital network, so that transactions and information exchanges will be safe, secure and trustworthy. Thus, this plan includes actions to address cyber threats and risks – both economic and social – posed by malicious software, hacking, data theft and online fraud.

Maintaining momentum

In 2015 the region issued the ASEAN Economic Community Blueprint 2025 (AEC Blueprint 2015) to maintain the momentum of economic integration and social development. While keeping the continuity with the Blueprint 2015, this latest Blueprint stressed two new areas for the next decade, which are “development and promotion of micro, small and medium enterprises (MSMEs)” and to “embrace the evolving digital technology as leverage to enhance trade and investments, provide an e-based business platform, promote good governance, and facilitate the use of green technology”.

The Blueprint acknowledges that e-commerce plays a key role not only in cross-border trade, but also in facilitating foreign investment through the supply of intermediary services. E-commerce has significantly lowered barriers to entry and operating costs for businesses, and is particularly beneficial for MSMEs. It states that ASEAN shall intensify cooperation on e-commerce building upon article 5 of the e-ASEAN Framework Agreement adopted by ASEAN leaders in November 2000, with a view to developing an ASEAN agreement on e-commerce to facilitate cross-border e-commerce transactions in ASEAN. This could include, but is not limited to, putting in place the following strategic measures:

- (a) Harmonized consumer rights and protection laws;
- (b) Harmonized legal framework for online dispute resolution, taking into account available international standards;
- (c) Interoperable, mutually recognized, secure, reliable and user-friendly e-identification and authorization (electronic signature) schemes;
- (d) Coherent and comprehensive framework for personal data protection.

As part of the implementation of AEC Blueprint 2015, ASEAN adopted its first regional Work Programme on Electrical Commerce (AWPEC) in December 2017, encompassing cooperation in all key areas related to e-commerce development, such as infrastructure, education and technology competency, consumer protection, modernizing the legal framework, security of electronic transactions, payments, trade facilitation, competition, logistics, and e-commerce framework.

Five key initiatives were also highlighted in the AWPEC:

- (a) Development of ASEAN guidelines on accountability and responsibilities of online intermediaries (platform providers);
- (b) Putting in place of voluntary internal and peer reviews of national laws/regulations on e-commerce;
- (c) Provision of comprehensive updated information on domestic e-commerce-related laws and regulations;
- (d) Coordination with relevant ASEAN sectoral bodies and logistics service providers to identify measures to improve ASEAN logistics services' support for e-commerce;
- (e) Review of the elements of the ASEAN e-commerce framework and development of an ASEAN agreement on e-commerce.

The ASEAN Agreement on E-commerce was signed by 10 Member States in November 2018. This is ASEAN's first agreement dedicated to facilitating cross-border e-commerce transactions through advancing trade rules in e-commerce and greater digital connectivity within the region.

It has three objectives:

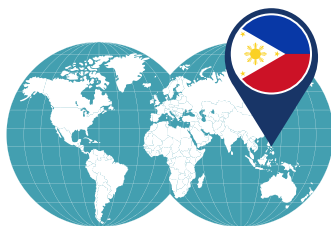
- (a) To facilitate cross-border e-commerce transactions;
- (b) To create an environment of trust and confidence in the use of e-commerce;
- (c) To deepen cooperation among ASEAN Member States to further develop and intensify the use of e-commerce to drive regional economic growth.

It promotes paperless trading and takes active steps to promote better consumer and personal data protection through the use of online dispute resolution mechanisms to facilitate the resolution of e-commerce claims.

The results of eTrade Readiness Assessments conducted in several countries of the region reveal that there is much scope for further improvement in developing a conducive environment for cross-border e-commerce in the region. The readiness of ASEAN countries varies greatly, as also highlighted in the 2019 report on digital and sustainable trade facilitation in ASEAN, where Singapore, Malaysia and Thailand feature among the world leaders with implementation rates of paperless trading measures exceeding 80 per cent, while implementation in some other countries barely reach 50 per cent (UNESCAP, 2019).

National strategies

Along with regional blueprints, master plans, work programme and initiatives, some Governments from the region have also developed national strategies or action plans in the areas of e-commerce.



The Philippines

In January 2016, the Philippines launched an E-commerce Roadmap 2016–2020, as well as the e-commerce.gov.ph website. Fifteen years after the enactment of the Electronic Commerce Act of 2000, the Roadmap aims to renew and reinvigorate collaboration between the Government and the private sector and to fully accelerate the growth of Philippine e-commerce.

The Roadmap addresses a number of issues in the e-commerce ecosystem that requires collective effort of the various stakeholders towards the realization of the goals outlined in the Roadmap. It sets the direction, lays down the strategies and plots the policy and industry support measures for e-commerce to further grow and to contribute 25 per cent to the Philippines' GDP in 2020, from 10 per cent of GDP in 2015. It is also expected that the information technology and business process management (IT-BPM) and global in-house centre (GIC) industry in the Philippines will continue the high growth trend with higher value addition (Philippine Department of Trade and Industry, 2016).

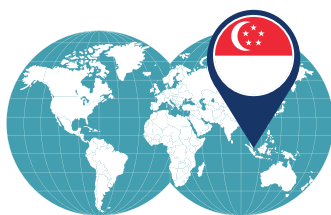
The Roadmap is supported by other major initiatives of the Government such as the formulation of the National Broadband Plan led by the ICT Office under the Department of Science and Technology, and the National Retail Payment System project led by the Bangko Sentral ng Pilipinas. In turn, the Government will support other initiatives such as the implementation of iGovPhilippines, the Philippine Roadmap for Digital Startups, and the APEC Boracay Action Agenda to Globalize MSMEs.



Indonesia

The Government of Indonesia published its E-commerce Roadmap 2017–2019 through presidential regulation No. 74 of 2017. The Roadmap aims to provide direction and strategic guidance to various public agencies to support and accelerate development of e-commerce in the country. It highlights eight key areas, namely education and human resources development, telecommunication infrastructure, logistics, cybersecurity, funding, taxation and customer protection.

Strengthening businesses, in particular SMEs, is one of the focuses of the Indonesian E-commerce Roadmap, together with increasing the digital literacy of policymakers, businesses and society. The Government also intends to create a comprehensive legal framework in relation to e-commerce business that includes classification of e-commerce business, electronic certification procedures, accreditation processes, payment mechanism policies, customer protection policies in e-commerce transactions, online dispute resolution procedures, and information systems for e-commerce entrepreneurs.



Singapore

As Singapore prepares to transform itself into a global e-commerce hub in the face of strong global competition, an array of initiatives and grants have been rolled out by various government agencies in support of e-commerce investment and developments in the country. For example, under the Economic Development Board's (EDB) Industry 21 Blueprint, the Info-communications Media Development Authority (IMDA) and industry have teamed up to define and adopt common IT standards to enhance seamless B2B document exchange among companies for the electronic cluster. Furthermore, Singapore has also set up the Action Community for Entrepreneurship (ACE) to provide a holistic package for start-ups to enter the e-commerce landscape, such as integrated warehouse functions, inventory management solutions and order-fulfilment capabilities, allowing the streamlining of the logistics chain and increasing efficiency by up to 45 per cent.

A National Digital Identity (NDI) system is currently under development and will be operational in 2020. The NDI is one of five strategic national projects of Singapore's Smart Nation plan.³ The objective of a digital identity system is for Singapore residents and businesses to transact digitally with the Government and private sector in a convenient and secure manner.

Other countries

Other countries in the region are in the process of elaborating their national e-commerce strategies. For example, after having completed an eTrade readiness assessment with the support of UNCTAD in 2018, the Government of Myanmar recognized the need for a robust e-commerce strategy to support its strategic goals for private-sector-led growth in line with the Myanmar Sustainable Development Plan (2018–2030). While the Government has been proactive in its focus on e-commerce development, with the adoption of an e-Government Master Plan in 2015 and the establishment of a Digital Economy Development Committee (DEDC) in 2017, without an overall vision the Government's intentions may have led to uncoordinated efforts to promote the sector. The e-commerce strategy will be developed with the financial support of the Enhanced Integrated Framework (EIF) and the technical assistance of UNCTAD building on the findings of the eTrade readiness assessment. It will be accompanied by measures aimed at the creation of business opportunities supported by leading business associations, in line with the DEDC's Strategy Framework on Digital Trade.

There is also scope for streamlining customs procedures, particularly for cross-border shipments of small parcels in Asia and the Pacific (see box 3).

³ See <https://www.smartnation.sg/>.

Box 3 United Nations treaty on cross-border paperless trade facilitation in Asia and the Pacific: A tool for inclusive cross-border e-commerce development

Developed by a diverse group of more than 25 Asian and Pacific countries at very different stages of development over four years, including many ASEAN countries, the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific was adopted and opened to all 53 UNESCAP Member States in 2016. Full implementation of cross-border paperless trade is expected to increase regulatory compliance and cut trade costs by 12 per cent on average in ASEAN countries, enabling the effective handling of small parcels, and in turn facilitating a more direct and effective engagement of small and medium-size enterprise (SMEs) in international trade and cross-border e-commerce.

Building on the lessons learned from implementation of the ASEAN Single Window Agreement, the Framework is designed as an inclusive and enabling platform that will benefit all participating countries regardless of where they stand in terms of trade facilitation and digitalization, supporting the interoperability of trade single windows in the region based on international standards and pilot testing of new solutions. It is fully dedicated to the digitalization of trade processes and enabling the seamless electronic exchange and legal recognition of trade-related data and documents across borders, rather than only between stakeholders located in the same country. It provides clear strategic direction and key principles to accelerate trade digitalization but is technology neutral and does not make electronic data exchange mandatory among all parties.

Cambodia signed the treaty in 2017 and seven other ASEAN countries have participated in the development of the implementation roadmap for the Framework, including legal and readiness assessment check lists. Early accession by several ASEAN countries would enable the group to set regional priorities and ensure single window and paperless trade systems under development bilaterally and/or in other regions are interoperable, making cross-border e-commerce transactions simpler and more predictable.

More information is available at <http://www.unescap.org/resources/framework-agreement-facilitation-cross-border-paperless-trade-asia-and-pacific>.

Summary

As a region, ASEAN has made important achievements in the past five decades and is expected to continue with high growth. It is also faced with various challenges such as rising protectionism, aging populations, automation, and risks of natural disasters.

Against this backdrop, ASEAN has increasingly worked on economic integration and cooperation in the areas of e-commerce and the digital economy. Since the beginning of this millennium, ASEAN has developed a number of visionary agreements and blueprint plans dedicated to concrete strategies and actions on e-commerce, such as the e-ASEAN Agreement adopted in 2000, the ASEAN Economic Community Blueprint 2025 approved in 2015, and the ASEAN Agreement on E-commerce endorsed in 2018.

To implement these regional agreements and policies, the ASEAN member Governments have developed, or plan to develop, national strategies, roadmaps or initiatives on e-commerce.

At both regional and national levels, some needs have been identified as priorities, such as advancing further e-commerce capacity-building in public agencies, enhancing communications and collaborations between Governments and private sectors, and promoting peer learning between countries in the areas of legal frameworks, e-government, payment, transport and logistics, consumer protection, and digital marketing.

Chapter 3

E-commerce case studies

Knowledge-sharing is essential for a company or organization to achieve success, as well as for Governments to facilitate well-informed decision-making. In this project, case studies have proven to be a powerful social learning strategy.



Methodology and scope

As part of the project, all participants were asked to submit case studies. The goal of sharing experience, knowledge and expertise among participants and delegates is felt to have been well achieved. First, the exercise helped to build innovation capabilities through a learning routine within a learning organization. Second, the case studies effectively stimulated intercultural exchanges, and successfully made scarce expertise available to the entire group. As one participant commented on this training approach, experiences are personal – but there is a lot of learning that can be derived from them.

Two options were provided to participants in the preparation for their case studies, namely, (a) using personal experience based on their work, or (b) selecting a topic that inspired them during the project. It was advised to choose topics related to one or two modules of the course. The training course covered six main modules: e-commerce and e-business fundamentals; e-government; payment; transport and logistics; digital marketing; and marketplaces.

Participants were advised to follow a structure that explained key elements as follows:

- **Presentation of the topic selected**
- **Why did you select this topic? Why does this matter to you?**
- **What is the current situation and evolution?**
- **What are the main issues that you are facing?**
- **What support do you need?**
- **Conclusion and perspective/recommendations**

The case studies in this chapter are based on original submissions from selected participants who passed the exams. For the purpose of this publication, some authors were asked to provide further information, ideas and revisions. Because some case studies have a certain level of complementarity, the authors agreed to present their case studies jointly. Due to space limitations, this publication was not able to include all the case studies. Finally, for the purpose of clarity, consistency and mutual learning, the case studies presented have been edited and cover three main aspects, that are, why the topic was chosen, the current situation, and key takeaways and policy recommendations.

Case study 1

E-government services through the marketplace

Author: Fiddo Hafied Rum, Directorate of Informatics Applications Governance, Ministry of Communication and Informatics, Indonesia

Why this topic?

The concept of electronic government (e-government) emerged at the end of the 1990s to refer to the use of new ICTs by public authorities. The objective is to drive national economic and social development by not only making their services available online to their citizens, but also shifting from a vertical and hierarchical relationship between the people who govern and those being governed to a network-shaped participatory model.

However, e-government development is faced with various barriers. One prominent barrier is the lack of resources, for example in the areas of infrastructure, human resources, knowledge, digital skills, and financial means.

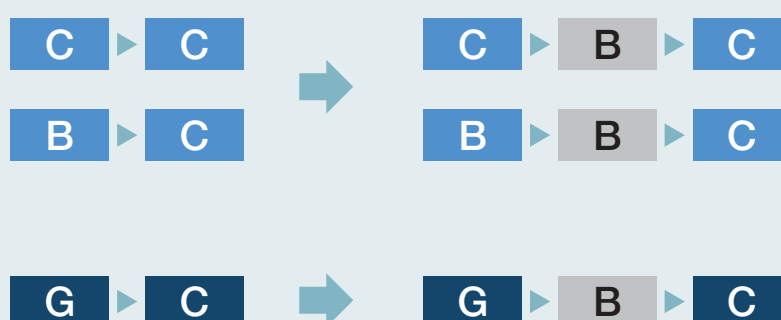
Current situation and evolution

Traditional e-government services are provided directly from Government to citizens (G ► C) and do not have many interactions with emerging e-commerce business platforms and related service providers (figure 6).

Governments have now started to improve e-government by involving and working with business marketplaces to provide more options and higher efficiency, that is, G ► B ► C. There are several advantages of working together with businesses. First, Governments do not have to build their own systems. Second, marketplaces can provide various platforms, on both computers and mobile phones. Third, marketplaces can offer more payment solutions that can, for example, help reach the unbanked population, or reduce the cost of money transfer. Last but not least, logistics services linked to e-commerce marketplaces can save citizens'/consumers' time and traffic on the road.

Key takeaways and recommendations

Figure 6 Case study 1: Key takeaways and recommendations



Governments can benefit from cooperating with marketplace systems. More provinces in Indonesia can apply this approach to advancing e-government by engaging marketplaces in various services such as vehicle and property tax, birth certificates, passport applications, and the like.

While working with marketplaces, Governments need to ensure that citizens' personal and other sensitive data are properly secured and protected.

Case study 2

E-public services in Cambodia – a case study of the Ministry of Commerce

*Keo Buntheng, Deputy Chief of Commercial Law Bureau,
Ministry of Commerce, Cambodia*

Why this topic?

E-public service is a relatively new concept in Cambodia. Since the year 2000, the Government of Cambodia has been developing e-government and e-public service projects.

Current situation and evolution

The Ministry of Commerce has launched three automated systems: an online business registration, an online certificate of origin system, and an online mark filing system.

In December 2015, the Ministry of Commerce launched the online business registration system.⁴ The new system allows users to conduct multiple actions, such as: to reserve a company's name and register the company; to update and change information of shareholders, address, business objectives, and other related aspects; to print a certificate of incorporation and business extract; and to use the online payment to pay for the fees. This automated system has increased the efficiency and transparency of public services by reducing the number of steps and unnecessary forms, and facilitating signatories needed in business registration and permit applications.

In the same month, the Ministry of Commerce's Online Certificate of Origin Application took effect.⁵ This e-public service is dedicated to offering exporters and manufacturers an online tool to create, submit and electronically pay for certificates of origin. Thanks to this new system, exporters and manufacturers have saved their time and money through more streamlined and efficient procedures to obtain certificates of origin.

In May 2017, the Ministry of Commerce also launched an online trademark registration gateway, called Online Mark Filing System.⁶ Through this system, trademark applicants can upload the required documents and information on Internet. While the traditional manual registration system remains in place, this new online service provides an option for businesses to file trademarks.

Key takeaways and recommendations

The Ministry of Commerce is moving towards the new generation of systems providing public services to business owners and investors through the Internet. Although these systems are relatively new, they have shown positive outcomes by helping businesses to reduce their costs and increase the efficiency of export procedures.

To fully utilize online systems to deliver e-public services, some challenging issues remain to be addressed, such as limited Internet penetration in the country, poor knowledge about ICTs, lack of supporting infrastructure and e-payment systems, and the traditional mindset of the citizens.

4 See <https://www.businessregistration.moc.gov.kh/>.

5 See <https://www.moc.gov.kh/en-us/certificate-of-origin>.

6 See <https://efiling.cambodiaip.gov.kh/efiling/>.

Case study 3

Loadr – aiming for smarter logistic tools for e-commerce

Genesis Bautista, Marketing Manager, In1Go Technologies Inc., the Philippines

Why this topic?

Over 70 per cent of the population of the Philippines is already online. With increased focus and investments from regional unicorns and local start-ups, the Philippines could ignite high growth of the Internet-based economy with a compound annual growth rate (CAGR) beyond 30 per cent, according to a report released by Google and Temasek in late 2018, which focused on the Internet economy in South-East Asia (Google and Temasek, 2018).

However, the cost of logistics remains one of the biggest challenges for businesses. A policy brief conducted by the Trade Ministry in partnership with the World Bank showed logistics costs in the Philippines took up 27.16 per cent of the total sales of companies, making the country the most expensive compared to regional peers Indonesia (21.4 per cent), Viet Nam (16.3 per cent) and Thailand (11.11 per cent) (World Bank, 2002).

Thus, it is critical to seek solutions to enable smarter, more efficient logistics.

Current situation and evolution

The emergence of Loadr⁷ is an example of smarter and more efficient solutions. This fleet management system has three built-in key features. First, it automates various logistics and supply chain practices; second, it applies best practices in the field based on the experience of operations with multinational clients; third, it sets up the highest standard end-to-end system in terms of its framework and capability.

Shippers who need to have their goods delivered can log into Loadr, post their shipment requirements and gain access to a community of trucks that can make deliveries. They are able to view and select the vehicle type according to their availability and to schedule their deliveries. Shippers can monitor the status of their deliveries throughout the entire logistics process by using the built-in tracking and visibility system.

Haulers who provide transportation services are able to use the Loadr system to check trucks' condition, availability and location, keep records and information about staff, and find marketplaces where they "grab" loads and shipments for delivery.

As more haulers and shippers become engaged in the Loadr platform, more opportunities for trade and businesses will be created.

Key takeaways and recommendations

Logistic services empowered by new technologies can not only be smarter but can also be more supportive of inclusiveness. By enabling haulers and shippers to engage and facilitate business transactions through delivery activities, firms like Loadr can help create new businesses in the whole economy, in particular MSMEs and women entrepreneurs.

Therefore, Governments would do well to increase their efforts to address two issues. First, they should improve telecommunication infrastructure and services so as to cover the existing dead spots. Second, they should further advance efficient, secure and cheaper payment facilities, such as Paymaya.⁸

⁷ See Loadr at <http://loadr.me/>.

⁸ See Paymaya at <https://www.paymaya.com/>.

Case study 4

Role of Government in addressing logistic challenges in the e-commerce boom

Yoga Sangkan Prasetya, Centre for International Affairs, Ministry of Communications and Informatics, Indonesia

Why this topic?

The international parcel market is experiencing rapid growth. According to the Universal Postal Union, the expansion of the international parcels market will continue due to three factors: the development of e-commerce, the increase of demand for foreign products, and the globalization of business and manufacturing.

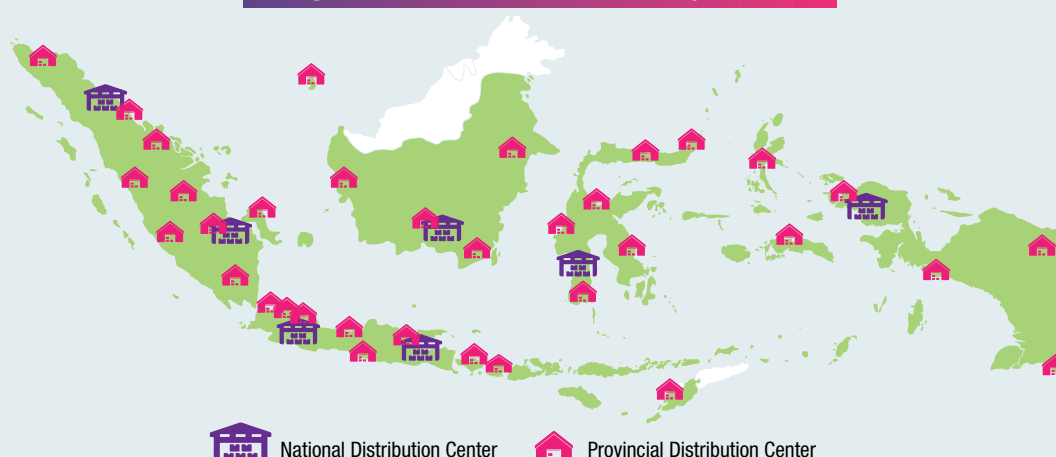
This case study aims to examine the situation of Indonesia with regard to international parcel logistics and to develop policy recommendations.

Current situation and evolution

With the world's fourth-largest population and excellent potential for growth, the courier, express, and parcel (CEP) market in Indonesia has grown rapidly in line with the e-commerce sector of the country. Businesses are continually seeking logistics and courier services that can provide better access to local and international markets. According to the forecast made by Mordor Intelligence, the logistics business in Indonesia is expected to reach US\$9.76 billion by 2024, with a compound annual growth rate (CAGR) of 12.28 per cent from 2018 to 2024.⁹

The high logistics cost remains one of the challenges for the logistics sector. The fact that Indonesia is the biggest archipelagic country makes it difficult for companies to deliver packages throughout its whole range. The majority of delivery services are still concentrated in the western part of Indonesia – Java and Sumatra Islands – and the cover is far less in the eastern part of Indonesia, such as Maluku and Papua (see figure 7).

Figure 7 Indonesia main delivery blocks



Source: Logistic Blueprint: Distribution Network.¹⁰

⁹ See <https://www.mordorintelligence.com/industry-reports/indonesia-courier-express-and-parcel-cep-market>.

¹⁰ See "Indonesian Experience in Developing the National Logistics Blueprint (SIStem LOGistik NASional/SISLOGNAS)", presented by the Coordinating Ministry for Economic Affairs, Republic of Indonesia, in "Building the ASEAN Economic Community: Better Logistics for Improved Connectivity", an UNESCAP event, Colombo, 5-7 June 2013, <https://www.unescap.org/sites/default/files/5.1.SISLOGNAS.pdf>.

Key takeaways and recommendations

Lack of proper infrastructure makes it difficult to deliver parcels, especially to remote areas in the eastern part of Indonesia (figure 7). There might be a need to explore policy options to support transportation and logistics in these eastern parts, for example by creating public-private partnership arrangements, or by the simplification of business licensing and development such as under presidential decree number 26 of 2012 concerning the National Logistic System Development Blueprint and presidential decree number 74 of 2017 concerning the Roadmap E-commerce. Capacity-building may also be needed to enhance public and private cooperation in solving logistic bottlenecks through multi-stakeholder dialogues to contribute to new regulations and policies.

Case study 5

Role of the central bank in developing the e-payment system

Mary Rose A. Contreras, Deputy Director, Payment System Oversight Department, Bangko Sentral ng Pilipinas

Why this topic?

The republic act no. 11127 or the National Payment Systems Act of the Philippines, signed into law in October 2018, provided that the Bangko Sentral ng Pilipinas (BSP) has the authority “to oversee payment systems in the Philippines and exercise supervisory and regulatory powers for the purpose of ensuring the stability and effectiveness of the monetary and financial system”.

Nonetheless, even prior to the enactment of this law, BSP recognized the extent of its role in ensuring the safety and efficiency of payment systems. Other than as operator and overseer, BSP in recent years has discharged its role as a catalyst for change by promoting growth, particularly in retail electronic payments. The present case study will review the challenges being addressed by BSP and its ongoing initiatives as regards retail payments.

Current situation and evolution

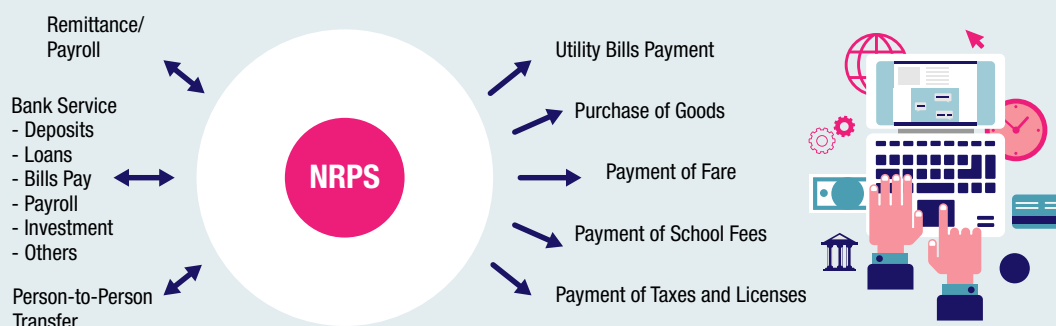
The Better than Cash Alliance (BTCA) study in 2015 noted that only 1 per cent of total retail payments were done electronically in the Philippines. There were a number of factors that contributed to such a low volume of e-payments, such as limited awareness of consumers and limited access of Filipino adults to a formal account, limited availability of interbank fund transfer (IBFT) facilities and acceptance by merchants, and high IBFT fees charged by BSP-supervised financial institutions (BSFIs).

In December 2015, the BSP adopted the National Retail Payment System (NRPS) framework, which is a regulatory framework aimed at establishing a safe, efficient and reliable retail payment system in the country (see figure 8).

Since the adoption of the NRPS, the BSP in collaboration with industry stakeholders has established and recognized a self-governing industry body, namely the Philippine Payments Management Inc., and two of its priority Automated Clearing Houses (ACHs), namely PESONet, a batch IBFT facility, and InstaPay, a real-time low-value IBFT facility. The creation of the governance structure and the priority ACHs have been aligned with the objectives of the NRPS in addressing the challenges on multi-stakeholder participation, interoperability and efficiency in the retail payment system in the Philippines.

As of 30 September 2019, there were 53 participating BSFIs in PESONet and 44 participating BSFIs¹¹ in InstaPay. Participants were a mix of universal and commercial banks, thrift banks, rural banks and electronic money issuers. PESONet had more than 1 million monthly transactions as of the end of September 2019, or three times the volume from its launch in November 2017. InstaPay reached 3.5 million monthly transactions as of the end of September 2019.

Figure 8 NRPS framework



NRPS is a policy and regulatory framework that aims to establish a safe, efficient, and reliable retail payment system in the Philippines

Constant monitoring of advancements in payment systems is undertaken to ensure that the regulatory framework remains relevant and flexible enough to accommodate developments and trends. To ensure security and efficiency in the Philippine retail payment system, the BSP continues to be at the forefront of various initiatives, such as the promotion of e-payments to the Government and the crafting of the policy for the National (Quick Response) QR Code Standard.

Key takeaways and recommendations

As we continue to embark on these changes to support further economic growth, the BSP is mindful that there is a need for collaboration with other stakeholders to achieve the objectives of having a safe, efficient and reliable payment system in the country. Given the authority and mandate to oversee the payment system, the BSP assumes multiple roles within it – user, operator, overseer and catalyst of change. In the discharge of these roles, the BSP utilizes various tools available to a central bank to achieve the intended objectives in support of monetary and financial stability.

¹¹ Fifteen BSFIs are limited to receiving funds.

Case study 6

How the Thai Government facilitates the National e-Payment scheme

Songphon Munkongsujarit, National Science and Technology Development Agency, Thailand

Why this topic?

The payment landscape of ASEAN is leapfrogging from being one of the worlds' most cash and paper-based to the most advanced, with instant payments based on an e-payment system called "Any ID". This system is already being rolled out in several economies in the region, including Thailand where the National e-Payment Master Plan was launched in 2017.¹²

This case study examines the current situation and discusses possible policy recommendations.

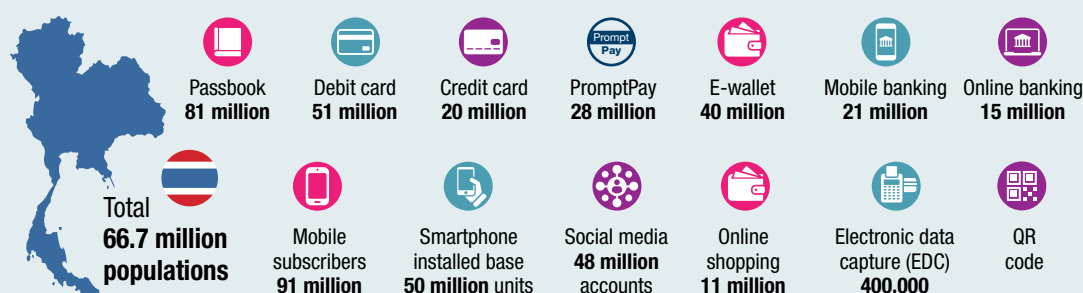
Current situation and evolution

The Master Plan encourages the use of e-payments, including PromptPay, the Electronic Data Capture (EDC) machine and Quick Response (QR Code). Governments upgrade government financial transactions from traditional cash to electronic forms, including the e-tax and e-payment systems, to distribute social welfare. The Thai Government gives incentives for e-payment, such as no fee for fund transfer via PromptPay and a national lucky draw for using a registered debit card.

Large banks are updating their mobile applications to enable e-payments, and non-banks are also heavily promoting their services to draw in more e-Wallet users, especially telecom operators who can communicate directly and easily with their customers using their own wallet via their own telephone network.

After two years' implementation, the usage of e-payment has gained momentum but is still behind traditional forms of payment. There is a potential for growth for e-payment in Thailand with mobile and Internet infrastructure ready to support it (see figure 9).

Figure 9 Digital readiness in Thailand – the number of users



Key takeaways and recommendations

The case of the Thailand National e-Payment Master Plan shows that intervention by Governments to accelerate the usage of new technologies can be effective and, in this case, has benefited the nation by reducing the cost of cash transactions and applying more effective ways of monitoring financial activities. More questions may deserve further discussions. For example: are there other ways to accelerate the cashless society, for example by creating a supportive ecosystem to use e-payment? Should the Government just wait for the natural market demand and supply to play out or should it accelerate the process by enforcing new laws and regulations?

¹² See <http://www.epayment.go.th/home/app/>.

Case study 7

Finding the right marketplace

Ida Shafira Anwar Ibrahim, Business Owner, Malaysia

Why this topic?

Digital business owners continuously seek digital marketplaces to tap the potential of the ever-growing economy. An online business has many advantages, such as operating round the clock, recovering abandoned orders, selling at dynamic pricing, and offering reduced marketing costs, embedded analytics, customers' reviews, and easy checkout and delivery. But it is also challenging for a start-up because there are so many platforms and even many more vendors on these markets. This case study presents the personal experience of a business owner in Malaysia trying to find the right marketplace.

Current situation and evolution

The main products of the company are party printables, such as party invitations, thank-you cards, water bottle labels, and party tags. It also offers services of both template design and customization. The team has tried at least six marketplaces, such as eBay, Shopify, Etsy, Fiverr, ArtFire and CraftsArt. Each of them has its merits. It is always good to use multiple platforms in order to reach the huge market on the Internet and to keep on evolving.

The main learnings about digital marketing from this experience are fourfold:

- (a) **Customer services:** To ensure replies within 24 hours is crucial so that the store appears reliable and active in service;
- (b) **Agility:** Offer on speed of service is always welcomed and customers are usually offered to pay for quick service turnaround;
- (c) **Online tools:** App plug-ins in marketplaces is an important element to explore, such as email marketing and abandoned checkout recovery email to bring customers back;
- (d) **Free marketing:** Social discovery channels such as Pinterest have shown tremendous referral traffic as compared to Facebook (social media) and Google (search engine).

Key takeaways and recommendations

The experience of this company shows that getting on board multi marketplaces is much better than just sticking to one! Growing a digital business is best done across channels and platforms. Product placement should embrace as many marketplaces as possible that are relevant to one's service in order to be efficient and effective. Besides that, customers are global in nature. Certain social channels or marketplaces could be more popular in certain countries. It is best to be aware of all the updates in various marketplaces that are being introduced to the digital space in order to identify and optimize the best marketplace for a particular business.

Case study 8

Joining big campaigns in marketplaces

Christian Conde, E-commerce Creative Specialist, Cloud Logic Limited, the Philippines

Why this topic?

Digital marketing is constantly evolving. That makes it more difficult for marketers to determine how best to distinguish themselves when planning their digital marketing campaigns. This case study presents an e-commerce creative specialist's lessons learned from his recent digital marketing campaigns.

Current situation and evolution

Many marketplaces such as Lazada and Shopee offer special campaigns that offer up to 90 per cent big discounts to buyers. The sale numbers at the platforms are attractive to vendors. On Lazada's "Birthday Sale" on 27 March 2019 alone they had 318 million online visitors and sold 15 times more than a regular day.

Cloud Logic Limited is dedicated to helping brands to succeed in e-commerce by strategizing the look of the store, adding user experience goals for the store designs and creating retargeting ads. It currently takes care of over 70 local and international brands.

Online campaigns have stretched Cloud Logic Limited's limits. When Lazada's Birthday Sale took place, just in the first hour, the logistic team processed over 10,000 orders. In the first few minutes of the campaign the design team had to revise the clients' shop designs because most of the products chosen were sold out. A similar situation occurred for the accounting teams of its clients – they kept track of sales minute by minute just to review what to change in their stores and how shop designs needed to be adapted.

Are you planning to join a marketing campaign? From their experience, here is a list of things to consider before doing so that they would like to share. First, you need to prepare your stocks by using the most robust warehouse management system to ensure you can fulfil the orders within 24 hours. Second, you will keep updating designs of your products and stores by creating a list of products that are to be highlighted in your store and those for sales. You can also track your advertisements by using UTM builders. Third, the store needs to monitor orders and deliveries carefully to avoid cancellation or returns. Fourth, you need to make sure that the marketplace will give you support and whom you have a contact in the platform that you can call in case the pickup does not arrive. Fifth, ideally you should already have a good seller rating before entering the campaign and be able to offer appealing deals based on a good review record.

Key takeaways and recommendations

From what they have learned in these training modules offered by UNCTAD, logistics and customer satisfaction are the two most important things to consider in digital marketplaces. If an online shop cannot fulfil these two, it will hurt the brand more than you know. Joining a marketing campaign can be a great opportunity, but a vendor needs to be well prepared for fundamental elements such as warehouse management, attractive shop design and sales, and good customer services.

Chapter 4

Policy recommendations



Policy recommendations

Achieving the Sustainable Development Goals (SDGs) requires smart policies and scalable solutions. This capacity-building project has allowed participants from Governments, private sector and academia to engage in discussion about best practices available in South-East Asia. It has also enabled them to prepare evidence-based policy recommendations to support national and regional priorities and deliver tangible results for the inclusive and sustainable development of e-commerce.

The use of ICTs and their applications create radically new social and economic opportunities for individuals, firms and Governments. Individuals can have faster access to information, resources and opportunities, and can as well as offer their skills and services in global markets. Firms may take advantage of e-commerce and other digital platforms to reach new clients, improve their productivity and develop new business models. For the whole society, the successful leveraging of the digital economy may generate growth, employment and revenues for reinvesting in infrastructure and public services.

But the potential benefits from e-commerce are far from automatic. There are major challenges, costs and risks involved. First, leapfrogging into a digital-economy future is desirable, but the springboard for developing countries is weak and shaky. Most developing countries still lag behind in fundamental elements that shape the success of traditional economies, such as physical infrastructures, easiness of doing business, production capacity and efficient and transparent government. Second, countries are at different stages of development and their capability to engage in and benefit from e-commerce varies. Challenges include, for example, shortage of electricity, lack of access to Internet, and shortage of digitally skilled developers and workers. Third, national, regional or international policies will need to be revisited to ensure the impact of e-commerce is inclusive and sustainable. These include policies related to data flow and protection, competition laws and policies, taxation, the labour market, intellectual property, and trade, as well as development cooperation.

Three approaches to address current policy issues

Participants in this project highlighted the following policy issues that remain to be addressed and improved.

1

The first approach identified to address these issues is to consistently and strategically invest in hard infrastructures from roads and railways, to waterways and air transportation, in particular in remote and less developed regions. Participants believe that the current low interest rate environment can be a good opportunity to increase such kind of public investment.

2

The second is to increase the easiness of doing business by cutting red tapes, reducing unnecessary taxes and fees, and providing more support to empower MSMEs. In this regard, the emphasis has been made to empower youth and women in participating in all economic sectors. The implementation of trade facilitation and moving towards paperless trade were also highlighted.

3

The third is to level the playing field between big and small companies, through more transparent government procurement policies, and more robust antitrust policies to allow more competitors in the markets. In some countries, playing fields need to be levelled between foreign-invested and domestic firms, or between State-owned enterprises and private firms, so that competition and market forces can play a crucial role and increase the efficiency and quality of the whole economy.

Seven points to enhance the e-commerce readiness in South-East Asia

Participants found UNCTAD's rapid eTrade readiness assessments in LDCs¹³ very helpful and many of the proposed recommendations can be applied to the region of South-East Asia. Drawing lessons from the training and eTrade readiness assessments, participants made some recommendations for e-commerce development for their countries and the region as a whole.

1

First, it is advisable to take a “whole-of-government” approach to harness the digital economy. It can be useful to have a national e-commerce strategy or roadmap, by improving inter-ministerial coordination with the appointment of a lead ministry. Moreover, efforts to raise awareness among key stakeholders about the implications of e-commerce and other digital developments are important, as is the establishment of mechanisms for effective public-private dialogue.

2

Second, efforts should be made to increase access to fast, affordable and reliable Internet services, as well as to last-mile connectivity. To have affordable connectivity, Governments need to strengthen national backbone infrastructure and improve access to international bandwidth. Clear targets for quality of telecom services should be set and enforced, and network performance obligations specified.

3

Third, Governments need to make more effort to overcome low efficiency of trade procedures and logistics infrastructure that limit their countries' ability to take advantage of the digital economy. There is generally a huge need for improving physical infrastructures and for modernizing the transport and logistics sector. There is also scope for streamlining customs procedures, particularly for cross-border shipments of small parcels. To facilitate domestic deliveries, physical addresses and postal code systems often have to be developed, including by leveraging innovative geospatial applications. Governments should also consider encouraging the use of new logistical solutions through partnerships with private courier companies, logistics providers and national postal services.

4

Fourth, Governments can consider promoting mobile payments and other cashless solutions, as well as digital financial literacy among MSMEs. They could also encourage the development of e-banking innovations, online inter-bank money transfers and online payments. The interoperability of different mobile money and e-payment platforms could be improved with a view to reducing friction in online transactions, increasing their ease-of-use for consumers, and reducing costs for merchants and platform operators. This often requires appropriate regulations to support more competition in the marketplace and foster innovation.

5

Fifth, e-commerce development requires new legal and regulatory frameworks on a variety of issues. Areas of particular relevance include legislation relating to secure e-transactions, consumer protection and dispute settlement, data protection, intellectual property and cybercrime. The adoption of laws and regulations needs to be complemented by effective enforcement, as well as appropriate capacity-building among lawmakers and some members of the judiciary.

6

Sixth, participants in the project believe that there is a significant need to build relevant skills and other capabilities to enable active participation in the digital economy. It is recommended to set up courses or degree programmes in tertiary education and vocational training dedicated to e-commerce. Special attention should be given to women and girls to redress the current dominance of men in the ICT sector workforce and in ICT occupations.

¹³ See https://unctad.org/en/Pages/DTL/STI_and_ICTs/ICT4D-eTrade-Readiness-Assessments.aspx and <https://unctad.org/en/Pages/Publications/E-Trade-Readiness-Assessment.aspx>.



Seventh, innovative solutions are needed to address the bottleneck of access to financing. Established lending practices tend to favour large firms in mature industries rather than MSMEs seeking to explore opportunities in the digital economy. Key recommendations include encouraging commercial banks to develop tailored lending practices and products better adapted to the needs of digital entrepreneurs. Special efforts may also be needed to train MSMEs in developing bankable business plans that meet the requirements of commercial banks. In the meantime, entrepreneurs and MSMEs could be encouraged to look beyond traditional financial institutions and explore alternative funding models, such as innovation grants, loan guarantees, incubators and venture capital.

E-commerce is a powerful means to connect the unconnected to global trade. That is why UNCTAD has and will continue its efforts to encourage mutual learning between countries and within their regions in the areas of e-commerce and digital economy. With smart policies in place, developing countries including those in South-East Asia can achieve more progress on the road towards the SDGs.

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