E-commerce at the service of inclusive and sustainable industrial development

By UNIDO for eTrade for all
Q. Would you like to tell us how UNIDO’s work and activities promote and accelerate inclusive and sustainable industrial development (ISID) touch upon E-commerce and the digital economy?

R. UNIDO is an international organization that specializes in inclusive and sustainable industrial development (ISID). “Inclusive” entails that industrial development must include all stakeholders and offer them equal opportunities and equitable distribution of the benefits ascribed to industrialization. “Sustainable” refers to the necessity of industrial development to occur in a “green” manner. UNIDO recognizes the potential E-commerce demonstrates to achieve these objectives.

Global development of E-commerce has been progressing very rapidly with Business-to-Business (B2B) and Business-to-Consumer (B2C) E-commerce facilitating and catalyzing this growth. When B2B and B2C E-commerce are compared, it is evident that the former is a larger contributor to the overall E-commerce expansion. A key stakeholder in the B2B E-commerce sector is the manufacturing industry. Advantages of E-commerce include:

- **Access to new markets, increased sales and customization:** E-commerce enables manufacturers to enter new territories and markets in a simple, digital, and cost-effective way. E-commerce grants manufacturers an increased reach and greater brand awareness, which can yield larger sales opportunities. Through E-commerce, manufacturers can also make available exclusive and customized offerings to their supply and distribution chains, which can be determined based on the wealth of data available through E-commerce.
- **Promoting efficient operations mechanisms:** E-commerce can improve backend efficiencies by seamlessly integrating the manufacturer’s ERP, CRM and PIM to the overall platform architecture.
- **Customer Centric Focus:** E-commerce allows manufacturers to model and determine their activities according to their customers' requirements. The customer service and sales functions can focus on nurturing leads, building relationships and providing true customer services, such as sales and warranty support. Digitization of quotation and shipping processes allows manufacturers to effectively manage their customer orders.
- **Access to new technologies:** E-commerce has permitted manufacturers to integrate new technological advances into their daily operations. An example of such development is the increased use of artificial intelligence and robotics to enhance logistic management and services, enabling industrial firms to handle more goods and provide unique services to their customers – such as door-to-door delivery of products.
UNIDO also recognizes E-commerce’s role to connect customers directly to retailers and manufacturers in the B2C e-commerce sphere.

In the context of the ‘E-trade for all Initiative’, UNIDO’s comparative advantage is its technical expertise in various manufacturing processes as well as the services offered by the Organization to support industrial development within the context of the digital revolution. UNIDO has a strong incentive to promote global E-commerce adoption and development. UNIDO with its highly specialized knowledge in the manufacturing sector and industrial development is of the opinion that it can substantively contribute to E-commerce development (while focusing on B2B E-commerce), through the following activities:

Advise and support all E-commerce stakeholders to integrate established global value chains by supporting all stakeholders in coping with new infrastructural re-engineering requirements as well as in boosting E-commerce related innovations and investments.

Promote knowledge sharing on E-commerce trends through the development of knowledge products such as reports and indicators, which can be disseminated through various channels.

Advocate the importance of quality infrastructure and international standards in E-commerce by assisting institutions in creating and/or adjusting relevant national standards and policies as well as in developing the technical e-commerce capacities of stakeholders.

Promote E-commerce skills development through the organization of E-commerce workshops, which promote novel training tools developed by UNIDO and its partners.

Q. According to UNIDO, what are the main challenges that countries will have to face to further engage in E-commerce and make it more inclusive to foster development?

R. Together with the International Trade Centre (ITC) and the Shanghai Academy of Social Sciences (SASS), UNIDO published a study on E-commerce development in BRICS countries; the report’s findings are largely applicable to other developing countries wishing to also engage in E-commerce activities, and are as follows:

• **Gaps in laws and regulations:** There is currently no standardization of E-commerce laws and regulations which makes it difficult to carry out business activities through E-commerce. Proper formulation and implementation of E-commerce legislature is required to bring clarity and increase efficiency of E-commerce related undertakings.

• **Significant improvement required in IT infrastructure and logistics:** The current mechanisms used for
the establishment of Logistical and IT infrastructure cannot keep pace with the increasing demand and growth rate of E-commerce. These mechanisms will need to be enhanced and implemented effectively to promote E-commerce development.

• **Shortage of skilled labor force:** Developing and emerging economies, which don’t have an established E-commerce sector, are experiencing a skills deficit among their labor sector. Therefore, facilitation of training activities on E-commerce concepts and utilization of various digital platforms will be required, if the nations are to vie with rapid E-commerce developments.

• **Deficiency in Quality Infrastructure (QI) and International Standards:** Existing QI needs to be improved and expanded while International Standards need to be enforced to cope up with the forecasted increase in E-commerce activities. Customers will base their E-commerce experience on the quality of the services they receive. Hence, effective QI and adherence to International standards are mandatory requirements.

• **Access to Finance:** SMEs face difficulties in accessing finances due to their lack of collaterals and stringent documentation requirements. A related financial supervision system as well as administrative regulations for industry and commerce, taxation, customs and inspection needs to be promulgated.

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**Q.** What prompted your Organization to join a multi-stakeholder partnership such as “eTrade for all” and what are your expectations out of it?

**R.** UNIDO firmly believes that the 2030 Agenda for Sustainable Development will only be achieved through collective actions, i.e. through partnerships. This recognition is what prompted UNIDO to join the “eTrade for all” initiative. UNIDO Director General LI Yong expressed his full support for this cooperation and the Organization expects that it would be available to:

• **Raise awareness** of opportunities, challenges and potential solutions, including best practices related to leveraging E-commerce;

• **Mobilize and make more effective use of financial and human resources** to implement E-commerce projects; and

• **Strengthen coherence and synergies among partners’** activities to increase impact and enhancing aid efficiency.

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**Q.** 4. Is there something else you would like to share with the “eTrade for all” family?
UNIDO is preparing a series of activities and tools related to E-commerce, which will also be made available through eTrade; they include:

- “International E-commerce Industry Alliance (IEIA)”
- “Good Governance Guidelines for E-commerce”
- “Annual BRICS+ E-commerce Development Report”
- “E-commerce Capacity Index”
- “Online E-commerce Training Manual”
- “Tools to promote innovation and technology transfer among developing countries”

We extend an invitation to other members to work with us on these endeavors!

LI Yong, Director General
of the United Nations Industrial Development Organization (UNIDO)