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ITB10001

Chapter III

Initial E-Commerce Efforts in Nine Least Developed Countries: Review of National Infrastructure, Business Approaches, and Product Selection

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ABSTRACT

While e-commerce would seem to be a unique opportunity for poor countries with limited local markets to sell goods to richer nations, limited research is available on the current status of e-commerce efforts in Least Developed Countries (LDCs). This study reviewed the efforts of the nine countries identified by the UNDP as having the least technological capacity. Statistics provided by the UNDP demonstrate serious national infrastructure problems in each of the countries. Yet a survey of business web sites finds that all but one (Sudan) has some minimal e-commerce efforts underway. A survey sent to companies in three of these countries showed that many companies were being creative in where they were hosting their web sites and were able to keep their web costs low. Yet the vast majority also reported slow sales and a variety of local barriers to success. A review of the products they are offering on their sites found that the product mix might be particularly problematic. The author hopes the results of this study will suggest improved strategies for companies in LDCs seeking to use e-commerce to expand their markets.

This chapter appears in the book, *Advanced Topics in Global Information Management*, Volume 3, edited by Gordon Hunter and Felix B. Tan. Copyright © 2004, Idea Group Inc. Copying or distributing in print or electronic forms without written permission of Idea Group Inc. is prohibited.

INTRODUCTION

For small businesses in developing countries, e-commerce would seem to be a unique opportunity to expand beyond limited local markets. Yet we know from the massive failures of e-commerce companies in the US that B2C is particularly demanding. Beyond the obvious requirements of a web site, companies must have the internal systems to handle orders via the web, the manufacturing capacity to respond to orders, financial systems to take funds online, and the logistics capabilities to ship goods at the speed that e-commerce customers expect. In short, e-commerce requires a level of business acumen and support structures that are as yet rare in the world.

Yet for all the demands of this business method, the opportunities are significant. E-commerce may represent an opportunity for even the Least Developed Countries of the world to export their products and improve their balance of payments. This opportunity has led the United Nations Conference on Trade and Development (UNCTAD) to host a number of conferences on the topic of LDCs and e-commerce (Lake, 2000), and the United Nations Development Programme to focus its 2001 annual report on the topic of Information Technology and development. There is great hope that e-commerce can ease the burdens of the world's poor.

But is that hope realistic? The purpose of this research was to determine, first, if least developed countries (LDCs) were participating in e-commerce efforts. Second, if LDCs are engaged in e-commerce, what strategies are they applying to overcome well-known impediments? Third, what businesses or products are more commonly engaged in successful e-commerce efforts in these countries? It is my hope that by identifying successful technical and business strategies used by companies in these countries, other companies can model their own efforts after their successful peers.

METHODS

To review the current e-commerce efforts of Least Developed Countries, I conducted a detailed analysis of nine countries. The countries are Nicaragua, Pakistan, Senegal, Ghana, Kenya, Nepal, Tanzania, Sudan, and Mozambique. These countries were selected because they were the nine countries identified as “marginal” — the lowest of four levels of technological sophistication — by the United Nations Development Programme in 2001. They would seem to have the least capacity to participate in e-commerce.

My research focused on three questions.

1. What technical resources are available in these countries to support e-commerce?
2. What business model are companies following?
3. For those companies attempting to sell goods over the Internet, what kind of goods are they selling?

I used three primary data sources:

1. Published statistics from the United Nations Development Programme.
2. An inspection of all the e-commerce web sites in all nine countries. Business web sites in these countries were identified by using search engines and business directories. Each site was checked to ensure that the business being presented on the web had a significant export-orientation. Businesses that were mainly local

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