WORLD BANK GROUP
Equitable Growth, Finance & Institutions

Trade and COVID-19 Guidance Note

RECOMMENDATIONS TO LEVERAGE E-COMMERCE DURING THE COVID-19 CRISIS

Christoph Ungerer, Alberto Portugal, Martin Molinuevo and Natasha Rovo[1]
May 12, 2020

KEY MESSAGES

- In the fight against COVID-19, economic activities that require close physical contact have been severely restricted. In this context, e-commerce – defined broadly as the sale of goods or services online - is emerging as a major pillar in the COVID-19 crisis. E-commerce can help further reduce the risk of new infections by minimizing face to face interactions. It can help preserve jobs during the crisis. And it can help increase the acceptance of prolonged physical distancing measures among the population.

- Public policy can only play an enabling role, tackling market failures and creating an environment in which digital entrepreneurship can thrive. This guidance note highlights 13 key measures that governments can take in the short term to support e-commerce during the ongoing crisis. The first group of measures aims to help more businesses and households to connect to the digital economy during the crisis. The second group of measures aims to ensure that e-commerce can continue to serve the public in a way that is safe, even during the COVID-19 lockdown. The third group of measures aims to ensure that the government's e-commerce strategy during the crisis is clearly communicated, implemented, and coordinated with other policy measures.

- The crisis may have a permanent impact on the private sector landscape, consumer preferences, and shopping patterns. Many brick-and-mortar shops have been forced to move online. Customers are more willing than ever to adopt online shopping and to experiment with new services. Governments need to play their part and make sure that the e-commerce sector can rise to its full potential in this public health and economic crisis.

THE ROLE OF E-COMMERCE IN DEALING WITH COVID-19

In the fight against COVID-19, economic activities that require close physical contact have been severely restricted. Governments around the world have put in place containment measures to slow down the rate of infection, including lockdowns, border closures, and restrictions on economic activities. Even where strict restrictions are not in place, consumers and businesses are opting for "social-distancing" to avoid physical proximity and potential contagion. Activities deemed as essential, such as grocery shopping and visits to health facilities, have not yet seized up in most countries – but are key remaining hotspots for potential new infections.

In this context, e-commerce – defined broadly as the sale of goods or services online - is emerging as a major pillar in the fight against COVID-19. First, e-commerce can help further reduce the risk of new infections. By offering online grocery delivery, for example, supermarkets can help customers avoid in-store

visits. Online payments can obviate the need for in-person cash transactions. Second, e-commerce can help preserve jobs during the crisis. For instance, while restaurants cannot accommodate in-venue dining, many have resorted to offering online take-out services – maintaining a basic revenue stream that can help keep the business afloat through the crisis. In some cases, e-commerce can even create new jobs during the crisis – as consumers shift towards online offerings (see US). Third, e-commerce can help increase the acceptance of prolonged physical distancing measures among the population. The continued availability of online shopping and online services, including video chats, movie streaming, and online classes, makes it much more bearable to live and work while limiting physical interaction with others.

This briefing note highlights 13 key measures that governments can take in the short term to support e-commerce during the ongoing crisis. A full e-commerce ecosystem takes years to develop, requiring complex investments by the private sector and the implementation of multi-faceted government reforms. This is not the subject of this note.[2] Instead, the focus of this briefing is on practical short-term measures that can be implemented to leverage e-commerce in the current fight against COVID-19. Even as infections and hospitalizations peak in more countries over the coming weeks, and as some of the more extreme lockdown measures are gradually lifted, preventing new infections and limiting in-person interaction are likely to remain key policy priorities for some time to come. E-commerce can contribute to containing the virus. Facilitating the digital economy can be an important pillar of government strategies to deal with the crisis.

This potential can be harnessed by a series of 13 steps government can adopt to foster the use of e-commerce:

The first group of measures aims to help more businesses and households to connect to the digital economy during the crisis. While access to the digital economy is valuable for development even in normal times, the crisis makes e-commerce a particularly useful asset in the fight against the virus.

1. **Develop a dedicated information website to support businesses that want to serve their customers online during the crisis.** The website would serve two purposes. First, the website should inform businesses about how to go online. It should clarify what activities are allowed and what activities are not allowed during the crisis. It should also inform businesses about key steps they need to take (advertise online sales channel, decide how delivery and payment will take place, consider selling through existing large e-commerce platforms, etc.). The website could highlight local businesses that have successfully made the transition online, motivating other entrepreneurs to join.[3] Second, the website should help customers connect with local businesses that offer online services during the crisis. The website would allow local businesses to post their online service offering and would make it easy for local customers to find what is available in their area.[4] Similar websites have already been launched in other countries (see Italy).[5]

2. **Ensure an enabling regulatory framework for e-commerce**. Fostering digital transactions as a tool for implementing social distancing requires a sound regulatory environment. Where regulations on e-commerce, including digital signatures and documents, online consumer protection, and data privacy are already in place, as in most lower-middle income countries, it is important to ensure that they are effectively used by businesses and the public by improving dissemination, offering online tutorials, and

---

[2] A forthcoming policy note on Digital Business will focus on medium-term policy actions to support the digital economy, including, but not limited to, digital business, enabling regulatory framework, supplier protection, consumer protection, quality standards and consumer data privacy.

[3] Eventually, the website could also offer a mentor match-making service, connecting businesses that have already gained online experience with those that are at the start of the journey. It could also include a feature that would allow customers to give feedback on the quality of the service provided by each business.

[4] To enhance accessibility, e-businesses should be encouraged to also provide a telephone number, helping customers that may not be comfortable with online purchases to nonetheless complete their orders.

[5] Besides connecting buyers and sellers, the website would also help Government to monitor online sales activities and to take action if there are concerns that customers are at risk.

strengthening government support. Where legal frameworks for electronic transactions are instead weak, and e-transactions are not recognized by law, as in most of the lower-income countries, this moment could represent an opportunity to revise the regulatory framework by prioritizing needed laws and by-laws. As citizens may need to purchase goods and services online in third countries, regulations on cross-border data transfers should not impair such transactions. Yet, addressing more structural obstacles or building a full-fledged regulatory and institutional framework for e-commerce will require a medium-term reform strategy. It may be necessary to adopt or update adequate implementing regulation in the form of decrees or other resolutions, even as temporary emergency rules. For example, a simple emergency regime could allow data collection during the health crisis on the basis of individual consent or "vital interests", while protecting privacy by limiting the use of the data to purposes related to containing the spread of the virus (see France). Finally a website could be set up allowing the public to propose the elimination or temporary suspension of regulations that prevent e-commerce from playing its role in fighting COVID-19 (in a similar spirit, see US).

3. **Clarify (and, where appropriate, relax) the legal framework surrounding online delivery of professional services, particularly medical and other health services.** Not all the countries are equipped with a legal framework surrounding online delivery of professional services, and when existent, it may not be clear enough. Legal frameworks need to be examined profession by profession. For example, at least for the duration of the crisis, doctors should have widest possible latitude in using telemedicine (see US). Telemedicine should be covered by health insurance on an equal basis to in-person visits at the doctor's practice. Equally, call centers should receive clear guidance on the extent that their workers can work from their homes during the crisis, including guidance on how to handle confidentiality of client data and supervision of home-based workers (see UK facing similar challenges). Fitness trainers that deliver classes online need clear guidance on their potential liability in case one of their clients has an accident when executing classes from home.

4. **Work with the private sector to secure access to the digital economy for all, including for disadvantaged population groups.** Internet service providers and mobile network operators could be encouraged to offer special low-cost mobile and fixed line internet packages during the crisis.[6,7] Internet access could be included into the list of essential services (together with other utilities) that cannot be disconnected, if bills are not paid during the crisis, provided that a mechanism to mitigate liquidity problems is in place. Sellers of electronic equipment could offer special deals on PCs, laptops, tablets and cell phones to go online; and universal service funds could be repurposed to provide connectivity to vulnerable groups. Internet content providers could be encouraged to temporarily offer some of their content for free online, including basic online fitness and mental wellness classes, digital newspaper subscriptions and movie streaming archives. For the unemployed, the government could partner with private sector and public sector training providers to offer discounted/free access to high-quality online classes to learn new skills (such as for example programming, website design or online marketing). For population groups at special risk from serious illness due to the crisis (such as the elderly), the government could negotiate discounted/free grocery delivery service to further incentivize the use of e-commerce and to offer additional protection from the virus. Many actors in the private sector may be motivated to join such partnerships by a sense of patriotic duty and solidarity during the crisis, as well as the prospect of reaching potential future new customers. Where necessary, a temporary government

---

[6] These measures to increase internet access should target both (i) new customers as well as (ii) existing customers that may need to upgrade due to higher internet usage by multiple household members during the lockdown. In the case of existing customers, relaxing data caps and increasing speed would increase affordability. For more details, see the Digital Development Joint Action Plan and Call for Action.

[7] These measures to incentivize e-commerce do not necessarily address main binding constraints such as overcoming barriers to technology adoption in the presence of network externalities. For more details, see the forthcoming Digital Business note.

subsidy could be considered. A government website, TV announcements and emails could summarize all special offers available during the crisis, ensuring that the public is aware (see Italy).

The second group of measures aims to ensure that e-commerce can continue to serve the public in a way that is safe, even during the COVID-19 lockdown. In this crisis time, earning the trust of the public is particularly important for the digital economy. Equally, e-commerce, as a strategically important sector in the fight against the virus, needs to be supported, ensuring that it can continue operations during the lockdown.

5. **Develop and share with businesses a COVID-19 code of conduct for online sales of goods, ensuring the safety of customers and workers during the crisis.** The code of conduct would establish clear health and safety standards for online sales, in particular for (i) grocery and food take-out businesses and (ii) delivery workers. The code would help businesses establish best practice routines to avoid contamination and confirm what is (and is not) allowed during the crisis. The code would reassure customers that measures are taken to minimize the chance that they will be exposed to the virus during delivery, making it more likely that they will use the service. Minimum standards could be made compulsory requirements for online delivery. Advanced standards could be voluntary – delivery companies would sign up to the standards online, giving them the right to advertise that they meet the advanced standard (potentially, a quality certification logo could be introduced for this).[8]

6. **Strictly monitor and enforce safety and quality standards for e-commerce companies throughout the crisis.** Companies that sell online face an especially important responsibility to maintain safety standards and to avoid acting as super-spreaders of the virus during the crisis. Many customers are disoriented and may be more prone to online scams during the crisis, including the sale of fake virus remedies/tests, price-gouging on protective gear and phishing scams to access personal information. To protect customers and to encourage them to take up buying online during the crisis, the government needs to maintain strict monitoring of the digital economy and enforce regulations throughout the crisis. Consumer protection needs to be paramount.

7. **Educate the public, particularly families and micro-, small-, and medium-sized enterprises (MSMEs) on how to stay safe when shopping online, including basic cybersecurity measures.** By making the public aware of the code of conduct that e-commerce companies and delivery services need to respect during the COVID-19 pandemic, the government can enroll private citizens in helping to ensure that the code of conduct is respected. Equally, education on potential online scams may be the most effective way to protect customers from becoming victims. When customer detect wrongdoing, they should be aware about where to go to report the case and, if necessary, seek redress.

8. **Designate the e-commerce workforce as one of the frontline groups during the COVID-19 crisis.** COVID-19 testing and protective gear remains rationed in many countries. Given the role that e-commerce can play in tackling the crisis and the importance of ensuring that e-commerce does not contribute to further spreading the virus, countries should include e-commerce companies as one of the priority groups for receiving access to such items. Where travel restrictions are in place, a simple and workable mechanism needs to be developed to allow online delivery to continue functioning. The government should work closely with e-commerce companies to ensure that the workforce has access to adequate healthcare in case of sickness. The vital contribution of the e-commerce workforce in tackling the COVID-19 crisis, including the fact that workers put their health at risk every day to serve the public,

---

[8] Minimum standards could include that customers are not required to physically sign on delivery. Instead, the delivery worker signs to confirm delivery or the customer confirms delivery online. Employees should handle goods with gloves at all times and wear face masks. Advanced standards could include that delivery workers are required to twice daily report on their body temperature (as implemented by some companies in China), allowing for early detection of cases in which delivery workers become virus carriers.

should be regularly acknowledged and praised by public officials – helping to maintain worker morale and helping to preserve the functioning of this vital branch of the economy.

9. **Support businesses in adopting electronic payment options during the crisis.** Some businesses moving to online orders during the crisis will resort to cash-on-delivery, either because they do not have the capabilities to accept online payments or because many of their customers cannot make electronic payments.[9] Especially during the COVID-19 crisis, this is a second-best option – full contactless online payment can obviate the need for in-person exchange of cash. Governments should therefore actively engage banks and e-money providers, encouraging them to offer a simplified procedure for businesses and households to gain access to remote electronic payment capabilities during the crisis, including by limiting physical interaction during the onboarding process. Regulators should clarify the latitude that they can give to financial service providers in limiting documentation requirements for new customers so that there is no increase in anti-money laundering/countering the financing of terrorism (AML/CFT) risks. Government should raise awareness about the public health benefits of using electronic payments, creating public pressure on businesses and customers and building trust to foster the adoption of these means of payment.

10. **Maintain the functioning of the logistics system, including the national postal service.** For online shops, the national postal service is often the main (and cheapest) means of delivery to clients. As such, maintaining this vital public infrastructure service throughout the crisis – while adjusting procedures to safeguard public health – is crucial to allow this segment of the economy to continue operating. In fact, the postal service can be reinforced during the crisis to cope with increased e-commerce parcel volumes, for instance by introducing a 7-days-a-week delivery service.

The third group of measures aims to ensure that the government's e-commerce strategy during the crisis is clearly communicated, implemented and coordinated with other policy measures. For e-commerce measures to be effective, the public needs to be aware of them. All measures need to be well embedded in the country's overall strategy to fight the pandemic.

11. **Design COVID-19 fiscal policy measures that support the development of online sales channels.** Support measures should not disincentivize businesses from developing online sales channels. For instance, a restaurant should not receive less fiscal support, just because it is able to successfully build an online take-out business on the side. Tax frameworks should account for the existence of different actors in the digital economy, including marketplaces that offer intermediation services and sellers of goods and services with an online presence, offering a transparent and administratively simple approach for the e-commerce sector to comply with tax obligations.

12. **Establish an e-commerce working group.** E-commerce falls at the intersection of many government ministries. Governments should therefore consider establishing a multi-sector working group, consisting of government and private sector representatives. The working group should regularly meet to review progress with implementation of an e-commerce action plan, review other developments in the e-commerce space and, when necessary, amend the action plan. To avoid excessive dilution of responsibility, the working group should at all times be led by a chairperson. The chairperson should regularly report recommendations of the working group to the prime minister.

13. **Raise public awareness about the importance of e-commerce to fight COVID-19, including the measures taken by the government to support the sector, and build trust in the digital economy.** Key channels could be TV and print interviews, social media and government websites.

---

[9] Another factor driving the reliance of cash upon delivery is lack of consumers' trust. Consumers want to inspect the product before agreeing to payment. Cash payments avoid the need to share confidential financial data (such as credit card details).

Ultimately, e-commerce lives on the dynamism and initiative of the private sector. Public policy can only play an enabling role, tackling market failures and creating an environment in which digital entrepreneurship can thrive. Already, the crisis has changed the e-commerce landscape. Many brick-and-mortar shops have been forced to move online. Customers are more willing than ever to adopt online shopping and to experiment with new services. Governments need to play their part and make sure that the e-commerce sector can rise to its full potential in this public health and economic crisis.

SUMMARY MATRIX OF POLICY RECOMMENDATIONS

The actions discussed above are summarized in this table:

Policy Action	Responsible Agency
Helping more businesses and households to connect to the digital economy during the crisis	
Develop a dedicated information website to support businesses that want to serve their customers online during the crisis	Prime Minister's Office/ Ministry of Finance and Economy / Local Governments
Ensure an enabling regulatory framework for e-commerce	Prime Minister's Office/ Ministry of Justice / Ministry of Finance and Economy/ Ministry of Telecommunications
Clarify (and, where appropriate, relax) the legal framework surrounding online delivery of professional services, particularly medical and other health services	Prime Minister's Office/ Ministry of Finance and Economy/ Ministry of Justice
Work with the private sector to secure access to the digital economy for all, including for disadvantaged population groups	Prime Minister's Office/ Ministry of Finance and Economy / Ministry of Telecommunications
Ensuring that e-commerce can continue to serve the public in a way that is safe, even during the COVID-19 lockdown	
Develop and share with businesses a COVID-19 code of conduct for online sales of goods, ensuring the safety of customers and workers during the crisis	Prime Minister's Office/ Ministry of Finance and Economy/ Ministry of Justice
Strictly monitor and enforce safety and quality standards for e-commerce companies throughout the crisis	Prime Minister's Office/ Ministry of Finance and Economy/ Ministry of Health/ Ministry of Justice
Educate the public on how to stay safe when shopping online, including basic cybersecurity measures	Prime Minister's Office/ Ministry of Finance and Economy
Designate the e-commerce workforce as one of the frontline groups during the COVID-19 crisis	Prime Minister's Office/ Ministry of Finance and Economy
Support businesses in adopting electronic payment options during the crisis	Prime Minister's Office/ Ministry of Finance and Economy/ Central Bank
Maintain the functioning of the logistics system, including the national postal service	Prime Minister's Office/ Ministry of Finance and Economy/ Ministry of Trade / Ministry of Transport
Ensuring that the Government's e-commerce strategy during the crisis is clearly communicated, implemented and coordinated with other policy measures.	
Design COVID-19 fiscal policy measures that support the development of online sales channels	Prime Minister's Office/ Ministry of Finance and Economy
Establish an e-commerce working group	Prime Minister's Office/ Ministry of Finance and Economy/ Ministry of Health

Raise public awareness about the importance of e-commerce to fight COVID-19, including the measures taken by the Government to support the sector, and build trust in the digital economy	Prime Minister's Office/ Ministry of Finance and Economy

ADDITIONAL RESOURCES

Guidance Notes
Trade and Covid-19 Brief Page
Managing Risk and Facilitating Trade in the COVID-19 Pandemic
Do's and Don'ts of Trade Policy in the Response to COVID-19
Trade in Critical COVID-19 Products
Trade Responses to the COVID-19 Crisis in Africa

Data & Research
Database on Coronavirus (COVID-19) Trade Flows and Policies
COVID-19 Trade Watch: April 2020
Working Paper: The Potential Impact of COVID-19 on GDP and Trade