Women and E-commerce in Africa

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JUMIA

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About IFC

International Finance Corporation, (IFC)—a member of the World Bank Group—is the largest global development institution focused on the private sector in emerging markets. We work in more than 100 countries, using our capital, expertise, and influence to create markets and opportunities in developing countries. In fiscal year 2020, we invested $22 billion in private companies and financial institutions in developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity.

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Acronyms

B2B	Business-to-Business
B2C	Business-to-Consumer
COD	Cash on Delivery
FSD	Financial Sector Deepening (Kenya)
GSMA	Global System for Mobile Communications Association
GMV	Gross Merchandise Value
ICT	Information Communications Technology
IFC	International Finance Corporation
ILO	International Labour Organization
MO	Men-Owned (business)
MSME	Micro, Small, and Medium-size Enterprises
SME	Small and Medium-size Enterprises
UNCTAD	The United Nations Conference on Trade and Development
UNFPA	United Nations Population Fund
WBG	World Bank Group
WO	Women-Owned (business)

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Acknowledgements

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Foreword

E-commerce in Africa is thriving. The number of online shoppers across the continent has increased by an average of 18 percent every year since 2014, with similar growth anticipated over the next decade. In this research, IFC shows that this growth could be even higher if we invest in women entrepreneurs on e-commerce platforms.

The report Women and E-commerce in Africa was developed in partnership with the European Commission, with funding from the Umbrella Fund for Gender Equality, and with data from one of Africa's largest platforms, Jumia. It is the first in the region to show the extent of women's participation in e-commerce and how online platforms can benefit women business owners. One of its key findings is that if the gap in sales between female and male vendors was closed, over US$14.5 billion could be added to the value of the African e-commerce market between 2025 and 2030 - a gain that would continue to accumulate in future decades. In other words, for every year that gender gaps go unaddressed, just under US$3 billion in market value is lost.

How do we get there? Women entrepreneurs are already active participants in e-commerce. On the Jumia platform, just over a third of businesses in Côte d'Ivoire and over half of businesses in Kenya and Nigeria are owned by women. This itself is noteworthy, indicating that e-commerce is supporting women's entry to and success in the digital economy as well as helping women-owned businesses compete in sectors like electronics, where they are typically underrepresented.

However, widespread differences between men and women in digital and financial inclusion continue to hold back women entrepreneurs. The COVID-19 pandemic has also hit hard. In the first year of the pandemic, women-owned businesses faced a drop of 39 percent in sales, compared to a 28 percent drop for men-owned businesses.

E-commerce firms are well-positioned to reverse this trend and to set women entrepreneurs up for success in an industry that will increasingly define business in the region and around the world. They can do this by targeting women-owned businesses for training, by increasing women's participation in high-value segments such as electronics, and by encouraging better uptake of emerging fintech offerings, which women currently use at a much lower rate than men.

There is little doubt that the ability to compete online will increasingly define whether a company succeeds or fails - a trend which has only been accelerated by the global COVID-19 pandemic. Ensuring that women are well-placed to compete online will not only strengthen businesses but also drive development. I hope this data-driven research inspires e-commerce platforms and companies across the tech sector to invest in women and to grow an inclusive digital economy.

Stephanie von Friedeburg

Senior Vice President, Operations, IFC

Foreword

We started Jumia with the belief that technology has the potential to transform everyday life in Africa. We built an integrated marketplace, logistics, and payment platform to help consumers access millions of goods and services, conveniently and at the best prices, while opening up a new way for thousands of sellers to reach consumers and grow their businesses.

Our belief in the importance of our mission has been strengthened by eight years of operations and the COVID-19 pandemic. The COVID-19 crisis made it clear that e-commerce is not just a convenience, but an essential utility for the new world in which we now live, where health and safety underpin everyday life decisions, including how we acquire goods.

In this new reality, there is a pressing need to ensure that women are not left behind and that they have the resources, access, and tools they need to thrive. This is not only an economic imperative for women but also one that is necessary to ensure a stable and sustainable future for 1.3 billion Africans.

Across the 11 countries where we operate, women sellers have adopted e-commerce and are a strong force to be reckoned with. For example, in Nigeria and Kenya, women sellers make up 50 percent of our seller base. Given this background, we have continued to support women and promote gender equality. Through our partnerships, training, and capacity building programs, we have enabled female entrepreneurs to reach a wider market.

Three years ago, we commenced our partnership with IFC through the Digital2Equal initiative. As a result, we have taken further steps to encourage female participation by: (1) making commitments to promote gender equality on our platforms; (2) participating in learning events with IFC and partners, including the International Labour Organization and the United Nations, to put gender goals into practice; and (3) working together to publish new research on how to close gender gaps.

To date, a great deal has been achieved but there is much more to be done. The research presented in this report clearly points out that closing the gap in participation between men and women entrepreneurs has tremendous benefits for the African economy. Our involvement in this research has helped us to identify opportunities for women to close this gap on our platform. For instance, we now have concrete arrowheads to encourage women to participate in training, compete in high value segments, and embrace fintech offerings.

E-commerce platforms and other players in the digital economy will find these research findings highly compelling. There is also a clear message for policy makers in Africa to recognize e-commerce platforms as critical partners to collaborate in the quest for inclusive growth and achieving gender equality.

Juliet Anammah

Chairwoman, Jumia Nigeria and Head of Institutional Affairs, Jumia Group

If women's sales could reach parity with men by 2025, the e-commerce sector could add nearly $15 billion to the African market by 2030.

Executive Summary

The rapid digital transformation underway in Africa has the potential to have an equally transformative impact on women entrepreneurs. Although Africa boasts a higher incidence of women entrepreneurs compared to men, women-owned (WO) businesses across the continent tend to be smaller, have lower average sales, and have fewer employees (World Bank 2019).

The exponential growth of e-commerce in Africa presents an opportunity to close gender gaps by opening more markets to WO enterprises. Between 2014 and 2020, the number of online shoppers in the region grew annually by an average of 18 percent, compared to the global average of 12 percent (Davarpanah 2020). Similar trends could bring the value of the sector from $20 billion in 2020 to $84 billion by 2030—a milestone which may have already been accelerated by the high demand for online shopping catalyzed by the COVID-19 pandemic (Statista 2020).

Yet, advances in disruptive technologies do not always translate into advances in gender equality, and to date, there is limited research that has investigated women's participation or their success on e-commerce platforms. This report seeks to address this knowledge gap with the first large-scale, sex-disaggregated analysis of e-commerce sellers in Africa and to shed light on the following key questions:

1. How are women entrepreneurs participating and performing in e-commerce?
2. What are the opportunities and challenges for women entrepreneurs selling on e-commerce platforms?
3. Is there a business case for e-commerce platforms to invest in women entrepreneurs?

To answer these questions, the research team conducted in-depth interviews with sellers, as well as global and regional e-commerce experts; undertook surveys of representative samples of men and women sellers in Côte d'Ivoire, Kenya and Nigeria; and conducted an analysis of data from Jumia, one of the region's largest e-commerce platforms.

Findings and Recommendations:

This study found that by closing gender gaps by 2025, the e-commerce sector could add nearly $15 billion to the total value of the sector in Africa by 2030, providing a powerful business case for e-commerce companies. Achieving this growth will require, first, that more women start selling online and, second, that their sales perform as well as men. The points below highlight key findings on how women are currently engaging in digital commerce and how to put women at the center of the e-commerce sector in future.

1. How are women entrepreneurs participating and performing in e-commerce?

1.1. WO and men-owned (MO) businesses report different motivations for turning to e-commerce. While men and women are equally likely to report that Jumia helped them grow their business, more men reported joining an e-commerce platform to start a new business, while more women joined to grow an existing one. Additionally, women were more likely to report "flexibility" and "supplementing existing income" as key benefits of selling online, suggesting that many women are using e-commerce to overcome barriers to labor force participation and earnings equality.

1.2. Women entrepreneurs are actively participating in e-commerce but require support to grow. On the Jumia platform, 35 percent of businesses in Côte d'Ivoire and 51 percent of businesses in Kenya and Nigeria were owned by women. When comparing the presence of formal business ownership between the Jumia platform and national statistics, WO businesses were better represented on the Jumia platform in both Kenya and Nigeria.

There are some similarities that translate from the broader economy into e-commerce. For instance, WO businesses on the platform are more likely to be microenterprises, whereas most large businesses, including Jumia's key accounts, were owned by men. WO businesses also tended to have lower revenues and fewer employees than MO businesses.

1.3. COVID-19 has largely reversed the successes of WO firms. Comparing the second and third quarters of 2019 to the same period in 2020, as COVID-19 spread, WO businesses experienced a 7-percentage point drop in sales, while MO businesses experienced a 7-percentage point rise in sales. Reversing this trend will be key to ensuring women can compete in the digital economy post pandemic.

2. What are the opportunities and challenges for women entrepreneurs selling on e-commerce platforms?

2.1. Women are leveraging e-commerce to enter more profitable sectors where they have been historically underrepresented. Women entrepreneurs currently dominate the fashion category; however, that segment is characterized by high-competition, low-differentiation potential, and lower margins, making this category challenging. However, there is evidence that women also use e-commerce to enter higher-value segments.

The electronics category accounted for the largest share of total sales on Jumia. While men typically sold more in the electronics category, the opposite was true where women outpaced men in this product segment. This trend continued during the pandemic, although women's average sales in the category decreased more than those of men.

The World Bank found that sector switching is one key path for women to close earnings gaps, suggesting that high-earning categories on e-commerce can boost performance for women entrepreneurs in the long-term (Alibhai, Buehren and Papineni 2015).

2.2. Women cite greater access to markets and greater flexibility as key benefits of e-commerce. A large number of men and women agreed that selling on Jumia helped them grow their businesses. Thus, market access is a key benefit of e-commerce for women, who are more likely to face a smaller customer base offline. In addition to the specific business support services offered by Jumia, women were more likely than men to value the intangible benefits of selling online, particularly as this provides greater flexibility and more time with friends and family.

2.3. Women face financing gaps which platforms are well positioned to address through

emerging fintech offerings. WO businesses were more likely to have started with personal savings and were less likely to have received a loan from a financial institution. After start-up, only 7 percent of WO businesses received a loan via the Jumia platform, compared to 11 percent of MO businesses. Women requested smaller average loans and were more likely to have their applications approved. This suggests that targeted financing represents a key opportunity for e-commerce platforms to grow their seller base, while also closing gender gaps.

2.4. **Women are less likely to invest in paid promotion for their products.** Men were 12 percentage points more likely than women to take advantage of paid offerings such as advertising. Additional support in marketing products and tracking the effectiveness of sales strategies could encourage more women to take advantage of such offerings and increase their sales. Platforms can also support women in increasing uptake of product promotional services through time-bound preferential rates or trial periods that could help women compete online.

2.5. **Women entrepreneurs are more likely to value training and business support.** Men and women had similar responses on questions about the ease of using of platform features, as well as success along the seller journey from registration to product delivery or returns. However, when asked about which Jumia services they found most helpful in the last 12 months, 48 percent of women, versus 40 percent of men, cited training. Similarly, 24 percent of WO firms reported that Jumia helped their business to manage profit and loss, compared to 17 percent of MO firms. E-commerce platforms could support women entrepreneurs to increase their profitability by providing additional training through their platforms.

3. What is the business case for supporting women entrepreneurs in e-commerce?

3.1. **Closing gender gaps in sales performance on e-commerce platforms by 2025 could yield nearly $15 billion billion in platform revenues by 2030.** If the status quo continues, the value of the African e-commerce market is expected to reach $84.5 billion in 2030. While women's individual average sales currently lag behind those of men — in part due to the pandemic — if women's gross merchandise value (GMV) reached parity with men by 2025, this study estimates that nearly $15 billion of additional market value would accrue by 2030.

Thus, for every year in this period that gender gaps remain unaddressed, the sector loses about $3 billion of potential value. Women's success in e-commerce prior to the pandemic suggests that reversing COVID-19 related drops in sales and bringing the GMV of WO and MO businesses to parity is an eminently achievable goal.

3.2. **Attracting more women customers is key to e-commerce growth.** While this study focused on e-commerce sellers, emerging evidence shows that targeting women customers is also key to growth. New sex-disaggregated data shows that the pandemic led customers to shop more on e-commerce platforms and that women were more likely than men to have discovered a new online store where they will continue to shop after the pandemic (Kantar 2020).

3.3. **Platforms are well-positioned to support women entrepreneurs.** From digital access to business skills, women entrepreneurs across the region face disproportionate barriers to success. This study highlights concrete opportunities for e-commerce companies to support WO businesses. Selected actions include:

- Collect and tag sex-disaggregated data on sellers to enable ongoing analysis and provide targeted support to WO businesses;
- Ensure that women entrepreneurs are aware of, and can access, emerging fintech offerings such as platform-administered loans, to address existing financing gaps;
- Build on the early training success by adding more content and expanding outreach to WO businesses; and
- Incentivize women sellers to use paid platform features, such as product advertising, and to enter high-value segments, to increase their competitiveness and success rates on the platform.

The Case for Gender Equality in E-commerce

IFC's new research Women and e-commerce in Africa shows that if women's sales reached parity with men's the value of the African e-commerce market could increase by nearly

$15 Billion

between 2025-2030.

In other words, companies lose out on just under **$3 Billion** for each year of delayed action on gender equality.

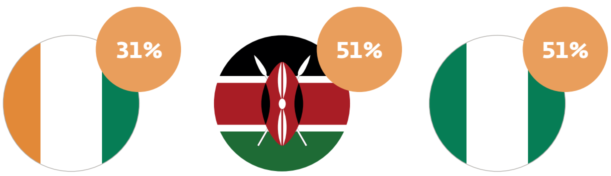
E-commerce is helping women succeed in the digital economy.

Women were more likely than men to

1. Come to e-commerce to grow an existing business;
2. Benefit from platform sponsored financing;
3. Value training and business support; and
4. Value flexibility and additional time with friends and family.

Where are we?

Women are active participants in e-commerce, with the following levels of business ownership on the Jumia platform:



Côte d'Ivoire **Kenya** **Nigeria**

But women are more likely to:

-Own microenterprises

-Have fewer employees

-Have lower individual sales

E-commerce platforms can provide the support needed to help women entrepreneurs grow and thrive.

Covid-19 Disproportionately Impacted Women

↓ 7%

Women vendors experienced a 7% drop while men experienced a 7% rise in average GMV during the pandemic.

Reversing this trend will be key to ensuring women can compete in the digital economy following the pandemic.

How do we get to gender parity in e-commerce?

1. Collect sex-disaggregated data

Targeting women-owned businesses requires understanding which sectors women operate in and the barriers they face. Sex-disaggregated data can help platforms better understand women sellers and inform opportunities to enhance platform features and services that can help them succeed.

2. Leverage platform financing

Women are less likely to apply for financing through e-commerce platforms and other emerging fintech options. Just 7% of women received a loan via Jumia, compared to 11% of men, despite their higher likelihood of being approved.

3. Educate women on paid promotions

Currently, men are 12 percentage points more likely than women to take advantage of paid offerings such as advertisements, which could help boost sales.

4. Boost training offerings

When asked about Jumia services that they found most helpful in the last 12 months, 48% of women, versus 40% of men, not only cited training, but indicated higher demand for future offerings.

5. Encourage entry into high-value sectors

Women performed well in segments like electronics where they are often under-represented in offline stores, suggesting e-commerce can help lower barriers to entry in high-value sectors.

Boosting women's success on e-commerce will require providing additional training, expanded financing options and support their entry into higher value sectors.

1. Introduction and Approach

1.1 Background

An increasing body of evidence shows that advances in disruptive technology do not automatically translate into advances in gender equality. Women still face large gaps in access to the internet and mobile phones, which limits their ability to work in tech-enabled jobs or to compete as entrepreneurs. At the same time, when women do leverage technology, these tools can often serve as catalysts to overcoming longstanding gender gaps. Understanding how women are, or are not, currently using disruptive technologies is essential for them to become equal participants in an increasingly digitalized economy.

Photo © UN Women/Daniel Donald

One part of the digital economy which has yet to be sufficiently analyzed is e-commerce — a sector that was globally valued at $26 trillion in 2018 and which is poised for continued growth, particularly in emerging economies (UNCTAD 2018). E-commerce may represent an opportunity for women entrepreneurs to expand access to markets and enter male-dominated sectors; however, it is unclear to what extent women are held back by existing gender gaps in digital and financial inclusion. In Africa, where e-commerce is evolving rapidly but remains nascent compared to other regions, supporting the ability of WO businesses to actively compete in the sector will set the stage for women to realize the full benefits of this burgeoning market opportunity. (Statista 2020).

1.2 Objectives of the Research

While a robust body of evidence demonstrates how supporting gender equality can drive economic development, this study uniquely contributes to the knowledge base of women in e-commerce in Africa. IFC sought a deeper understanding on how to boost opportunities for women in emerging markets and wanted to help close the knowledge gap on women in e-commerce by shedding light on the following key questions:

1. How are women entrepreneurs participating and performing in e-commerce?
2. What are the opportunities and challenges for women entrepreneurs selling on e-commerce platforms?
3. Is there a business case for e-commerce platforms to invest in women entrepreneurs?

This report also provides concrete recommendations to e-commerce companies on how they can reap the benefits of a more inclusive seller base as they scale regionally and globally, as well as to development actors seeking to create a positive impact for women entrepreneurs in Africa and beyond. This study focuses on three African countries: Côte d'Ivoire, Kenya, and Nigeria.

This study was undertaken as part of Digital2Equal, an IFC-led initiative launched in 2018 in partnership with the European Commission that brought together 17 leading technology companies operating across the online marketplace to boost opportunities for women in emerging markets (Box 1.1). Additional funding was provided by the Umbrella Fund for Gender Equality. The research uses data from e-commerce platform and Digital2Equal member, Jumia Group.

1.3 Methodology

This study used a mix of quantitative and qualitative research methodologies to provide insights into how women- and men-owned businesses engage in e-commerce in Côte d'Ivoire, Kenya, and Nigeria. This report leverages data and insights from sellers on Jumia, Africa's largest e-commerce platform. The company has a presence in 11 countries and represents nearly 70 percent of Africa's internet users. Jumia has three major business lines: (1) a marketplace, which connects sellers with consumers, (2) a payment service, which facilitates digital and cash transactions, and (3) a logistics service, which enables the delivery of packages from sellers to consumers.

Key research components include:

- A sex-disaggregated mapping of e-commerce platform sellers;
- A representative survey of WO and MO businesses covering motivations, pathways and barriers to success in e-commerce;
- Jumia platform data covering seller characteristics such as category, sales performance, and use of platform tools and services; and
- In-depth interviews with experts on e-commerce in each country and with the leaders of WO businesses on the Jumia platform.

The data used in this report encompasses seller data prior to and during the global COVID-19 pandemic. Data from the Jumia platform covers the first quarter of 2019 through the third quarter of 2020. The seller surveys were conducted from May to September 2020. Portions of the analysis, particularly seller and platform sales information includes commercially sensitive data that cannot be published in absolute values; therefore, the research presents differences in sales between MO and WO business and similar figures as percentages of total GMV. Together, these methods capture the experiences of female and male e-commerce entrepreneurs and highlight the business case for e-commerce companies to take specific actions to help WO businesses thrive on their platforms. The methodology is described in greater detail in Appendix A.

Box 1.1 Digital2Equal

In partnership with the European Commission, IFC launched the Digital2Equal initiative to use the power of evolving technologies and business to create opportunities for all.

Digital2Equal brings together 17 leading technology companies operating across the online marketplace, each of whom have made time-bound commitments to addressing gender gaps on their platforms.

In addition, IFC collaborated with select members to conduct research, including this report, to better understand the impacts of disruptive technology on women. The Umbrella Fund for Gender Equality (UFGE) also contributed funding to this report.

Box 1.2 Key Definitions

Average order value: The average total of every order placed with a merchant over a defined period of time.

e-commerce: The act of electronically buying or selling products using an online marketplace platform service provider.

Female participation in ownership: The share of female owners of limited liability companies registered in the last four years, as a proportion of the total number of company owners in the economy, in the calendar year.

Financial inclusion: The share of individuals and firms that use financial services.

Fintech: Technology-enabled innovations in financial services that could result in new business models, applications, processes, or products with an associated material effect on the provision of financial services.

Gross merchandise value (GMV): The total monetary value of sales conducted over a marketplace or platform over a specified timeframe.

Microenterprise: A firm with less than ten employees and annual sales of under $100,000.

Micro, small, and medium-size enterprises (MSMEs): A firm with less than ten employees and annual sales of under $100,000 is considered a microenterprise. A firm with between 10 and 49 employees and with sales between $100,000 and $3 million is considered a small business. A firm with between 50 and 300 employees and sales between $3 million and $15 million is considered a medium-sized enterprise (IFC 2011).

Platform: A business that creates value by facilitating exchange between two or more participants. Marketplace platforms typically do not make or own the goods and services being exchanged (Fernandez Vidal 2020).

Product sponsorship: A paid promotional advertising features that highlights products to customers.

Small and medium enterprises (SMEs): See Micro, small and medium size enterprises.

Social commerce: The activity of buying or selling products and services using social media channels such as Facebook or WhatsApp to communicate with customers.

Super performer: A firm whose performance (as measured in sales), far exceeds that of comparable firms.

Woman-operated business: A firm is counted as woman-operated if any of the following conditions apply: one or more women own between 20 and 50 percent of shares in the firm and one or more women participates in business decisions.

Woman-owned business: A firm is counted as woman-owned if any of the following conditions apply:

- one or more women own at least 51 percent of shares in the firm, or at least 20 percent of shares in the firm are owned by a woman or women, and one or more women hold the positions of Chief Executive Officer, Chief Operating Officer, President, or Vice President; or
- at least 20 percent of shares are owned by a woman or women, and at least 30 percent of the board of directors is composed of women, where a board exists.

All entities that do not meet this definition are considered MO businesses.

"Among the many digital technologies with relevance for development, e-commerce stands out because of its potential to overcome market barriers and connect consumers and businesses, even when traditional commercial and market transactions are relatively limited."
(World Bank 2019)

2. The E-commerce Context in Africa

The rapid expansion of e-commerce over the last two decades has made it a defining feature of the modern economy and a powerful engine for economic development. E-commerce growth in Africa has consistently been 50 percent above global averages, and this trend is anticipated to continue over the next decade, despite challenges related to transportation, logistics, e-payments, and connectivity.

Women entrepreneurs need to embrace the e-commerce opportunity to thrive in markets that are increasingly defined by the digital economy; however, WO businesses come to the sector with substantial disadvantages, including gaps in connectivity and a lack of access to finance. These disadvantages have deepened due to the COVID-19 pandemic. This section explores the current state of e-commerce and women's economic participation in the sector in Africa.

Global E-commerce

In 2018, the United Nations Conference on Trade and Development (UNCTAD) valued total global e-commerce at nearly $26 trillion (UNCTAD 2018).[1] Thus, e-commerce is a powerful driver of economic development that can have a catalytic effect well beyond its immediate users.

- For sellers, e-commerce offers access to new markets, particularly for small businesses with a limited geographic footprint, and it encourages business to support the adoption of digital technologies (van Weslum 2016).
- For consumers, e-commerce provides access to a wider marketplace, often marked by greater value, choice, and convenience.
- For markets, e-commerce can drive employment as an indirect result of business growth in sellers and related services, such as logistics.

The World Bank found that, "Among the many digital technologies with relevance for development, e-commerce stands out because of its potential to overcome market barriers and connect consumers and businesses even when traditional commercial and market transactions are relatively limited" (Luo, Wang and Zhang 2019). One striking example of the large-scale potential of e-commerce comes from China, where "Taobao Villages," communities driven by selling on the e-commerce platform of the same name experienced increased employment, lower migration, greater firm productivity, and higher infrastructure development (Luo, Wang and Zhang 2019).

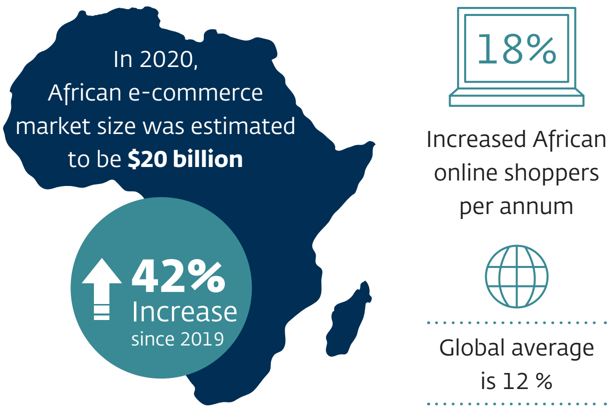
2.2 E-commerce in Sub-Saharan Africa

In recent years, e-commerce in Africa has experienced exceptional growth, driven by platforms such as Jumia, which is the largest, as well as Checkers Sixty60, Kilimall, Konga and Takealot, among others. The number of online shoppers in Africa has increased by 18 percent annually since 2014, compared to the global average of 12 percent (UNCTAD 2018) (Figure 2.1). Early predictions put an estimated 2020 market size of regional e-commerce at approximately $20 billion, a 42 percent increase since 2019 (Statista 2020) though final figures were likely impacted by the COVID-19 pandemic.

Sector estimates anticipate similar growth trajectories. For instance, Statista predicts that between 2020 and 2025, African e-commerce will increase at a compound annual growth rate of 15.5 percent. If growth was to continue at the same rate through 2030, the total market size in Africa will reach $84 billion (Statista 2020).

> *"The African Internet economy is one of the largest overlooked investment opportunities of the past decade with potential for profound impact on development."*
>
> *e-Conomy Africa 2020 (IFC, Google 2020)*

Figure 2.1 Growth Rate of Online Shopping in Africa

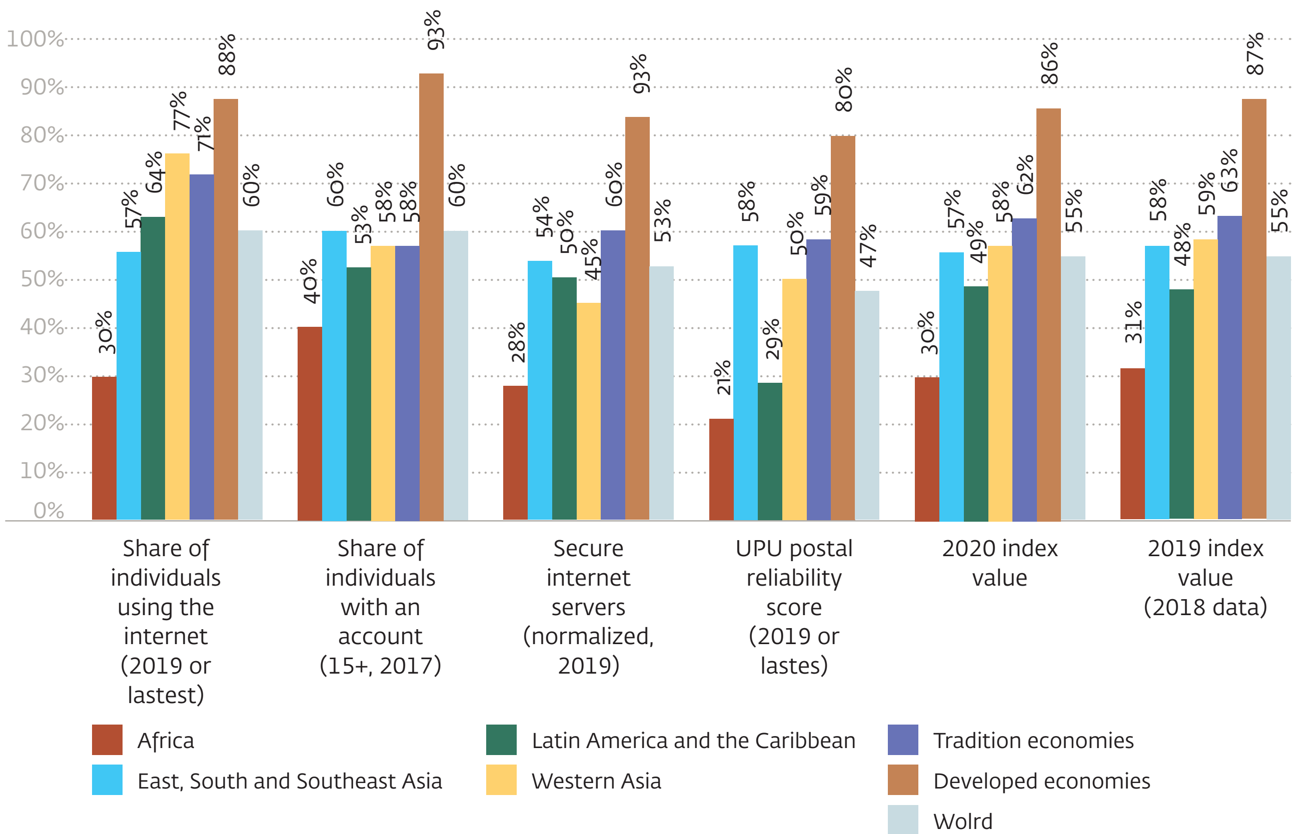


This shift is a part of a broader economic transformation led by the continent's young and rapidly urbanizing and digitalizing population. Further, in a joint study, IFC and Google estimated that the African Internet economy could add $180 billion to African GDP by 2025 (IFC, Google 2020). Overall, "the African Internet economy is one of the largest overlooked investment opportunities of the past decade with potential for profound impact on development…driven by the talent of young digital entrepreneurs" (IFC, Google 2020).

Despite high growth rates, the sector remains nascent in Africa, largely because of substantial market-wide barriers to growth. UNCTAD's Business-to-Consumer (B2C) E-commerce Index ranks Africa the lowest among world regions in terms of e-commerce readiness, with an overall score of 30, compared to other regions which scored index values of between 49 and 58 (UNCTAD 2020) (Table 2.1). While conditions vary substantially between markets,

[1] This figure refers to the value of business-to-business (B2B) and business-to-consumer (B2C) sales on e-commerce.

Table 2.1 Regional Values for the UNCTAD B2C E-commerce Index, 2020



Source: UNCTAD

e-commerce readiness is commonly stymied by several factors, including:

- **Connectivity:** Only 28 percent of Africans used the internet in 2020 (ITU 2020). However, over the next five years, the Global System for Mobile Communications Association (GSMA) estimates that mobile Internet users in Africa will grow by 10 percent annually (GSMA 2020).
- **Transportation and Logistics:** The lack of universal address systems, in addition to poor transportation and communication networks, complicate last-mile delivery in many markets (Wawira 2019). This creates a major barrier to entry for e-commerce players.
- **Payments:** Orders in the region are overwhelmingly settled using cash on delivery (COD). This has implications for payment efficiencies, poses security issues and complicates product returns. The prevalence of COD payments also reflects that 57 percent of the adult population is unbanked or underserved by financial institutions (N. Goldstein 2019). However, increased mobile connectivity and mobile money products are providing users with new opportunities to meet their financial needs by linking them to bank services without the need for physical access to limited branch networks (IFC, Google 2020). This presents a substantial opportunity for the development of safe and convenient digital payment and fintech solutions.
- **Legal Frameworks:** Only six percent of countries in Africa have adequate online consumer protection laws (UNCTAD 2020).

Collectively, these challenges increase complexity and reduce consumer trust in online commerce which drives up operational costs to build and sustain the e-commerce market.

"The current public health situation has elevated the importance of e-commerce. Entrepreneurs are seeing greater consumer demand for e-commerce, but quite a few challenges remain. One of the biggest barriers is adoption of digital payment mechanisms, which tends to be held back by the regulatory environment, and consumers who are unfamiliar with online payments."

Komal Mohindra
Senior Private Sector Specialist
World Bank

2.3 E-commerce in the COVID-19 Context

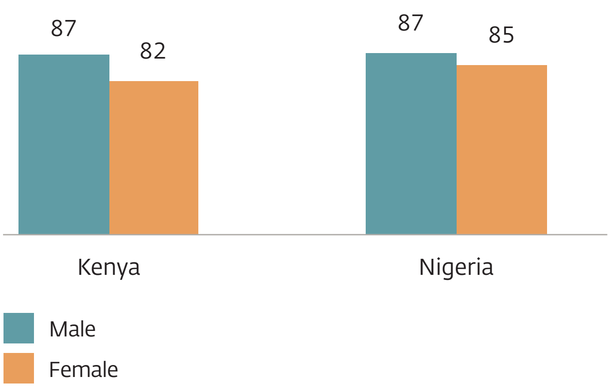
The COVID-19 pandemic is rapidly altering the face of global e-commerce. In the first months of the pandemic, consumer spending dropped in the response to national lockdowns and shifted to more essential categories such as groceries and food delivery. Lockdowns also negatively affected supply and logistics dynamics.

While the pandemic's impacts on overall consumer patterns are still emerging, there is some evidence that it will lead to an increase in the use of e-commerce platforms. In August 2020, the Kantar's COVID Barometer Survey found that over 80 percent of women made an e-commerce purchase since the start of the pandemic, with an intention to continue shopping online.

For brands and retailers, the ongoing pandemic also established e-commerce as an essential route to market, serving as a catalyst for innovation in go-to-market strategies and operating procedures to overcome physical challenges. For example, in Côte d'Ivoire, Jumia partnered with food retailer Carrefour, to allow customers to order food deliveries during the government-mandated lockdown. In Nigeria, Jumia provided identification cards to its sellers to prove their status as essential workers to authorities, allowing for continued delivery of goods to customers during the lockdown.

When it came to navigating the pandemic's supply chain constraints, sellers with strong local connections were able to adapt more easily, compared with sellers that had a high reliance on imported merchandise.

Figure 2.2 Percent of Online Consumers Who Made an E-commerce Purchase Since the Start of the Pandemic



Source: Kantar (2020)

[2] Data was collected from Kantar Public's online consumer panels database, which provide insights on consumers and shoppers across a variety of sectors. The sample size consisted of 500 men and women from Kenya and Nigeria.

Box 2.1 The COVID-19 Pandemic Has Disproportionately Impacted Women MSME's

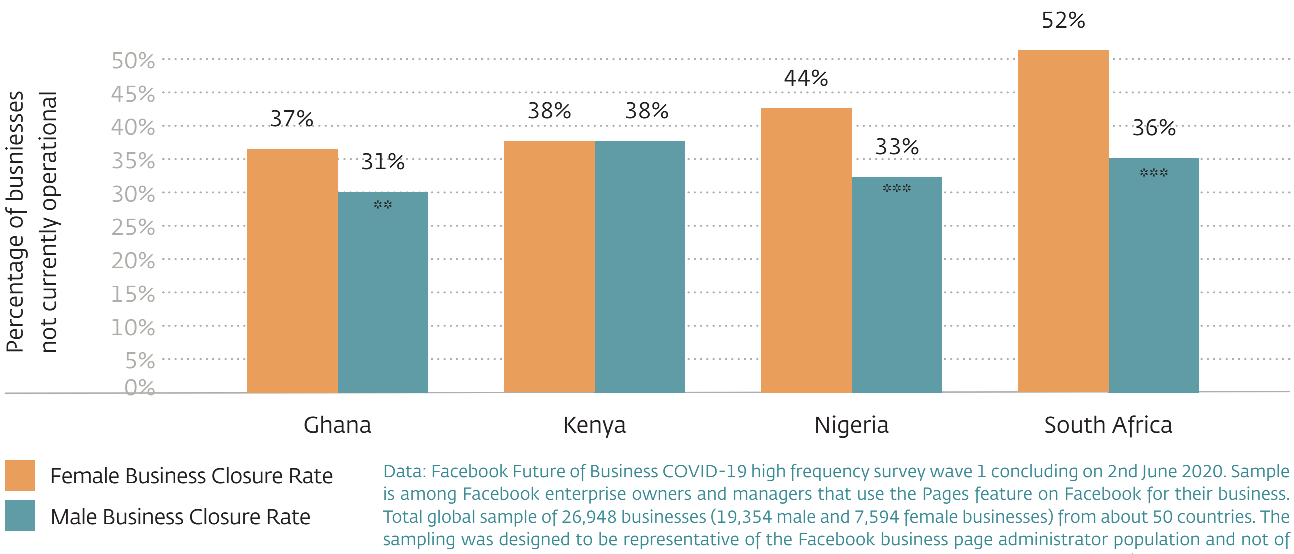
While the e-commerce sector has been somewhat insulated from the devastating impacts of COVID-19, the pandemic's impact on micro, small and medium sized enterprises (MSMEs) has not been uniform (Goldstein, Gonzalez Martinez, et al. 2020). A World Bank / Facebook "Data for Good" survey of global business owners with active Facebook business pages showed disproportionate impacts of the COVID-19 pandemic on female entrepreneurs. In that study, which included samples from four Sub-Saharan African countries, 43 percent of WO firms were temporarily closed at the time of the survey, compared to 34 percent of MO firms (World Bank, Facebook 2020). However, there were substantial variations across countries. In Kenya, there was no gender gap, while in Ghana, Nigeria, and South Africa the gap ranged from 6 to 16 percentage points (Figure 2.3).

An IFC survey echoes these results, also finding that WO MSME's in Sub-Saharan Africa faced operational cost increases and supply chain challenges at greater rates than men-owned MSMEs. They also experienced difficulty securing new orders and inputs, particularly in the trade, hospitality, Information Communication Technology (ICT), and the construction sectors (IFC 2021).

WO firms went into the pandemic less prepared to withstand shocks. Before COVID-19, WO firms in emerging markets already accounted for an outsized share of the finance gap of about $1.48 trillion, which is more than a third of the overall SME finance gap of $4.5 trillion (SME Finance Forum 2018). On average, WO firms operate with smaller and less-diverse networks than men and have less access to information (Kipnis, 2017).

According to interviews conducted by IFC's Banking on Women program during the pandemic, female entrepreneurs have been in financial distress and have not been able to service their bank loans. They have not received proper support from their banks on loan restructuring and as a result, women business owners have had to tap into their networks to borrow from family and friends to pay employee salaries. These factors are exacerbated by factors such as school and care center shut-downs, resulting in greater care responsibilities and less time to devote to their business (World Bank Africa Gender Innovation Lab 2020), (IFC 2020). Additionally, the pandemic has increased women's vulnerability to intimate partner violence and rising levels of ofgender-based violence online (UNFPA, UN Women, ILO, Quilt.AI 2021). As WO and women-led firms tend to employ more women, closures and the resulting job losses could have a ripple effect and exacerbate gender inequality (Kipnis and Rana, 2020). For instance, a global WeConnect survey in the second quarter of 2020 found that 43 percent of entrepreneurs were able to shift to digital models to mitigate the impacts of the pandemic (WEConnect International 2020) (Section 3.7). Efforts to safeguard opportunities for women entrepreneurs in e-commerce will be an important part of the COVID-19 response and recovery.

Figure 2.3 Business Closure Statistics from African Countries in the "COVID-19 Future of Business Survey" Administered on Facebook in Early June 2020



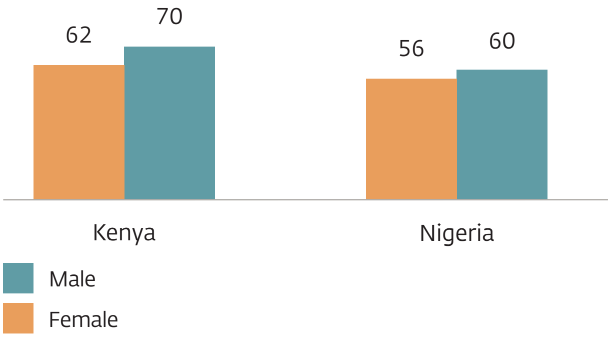
Source: World Bank

Data: Facebook Future of Business COVID-19 high frequency survey wave 1 concluding on 2nd June 2020. Sample is among Facebook enterprise owners and managers that use the Pages feature on Facebook for their business. Total global sample of 26,948 businesses (19,354 male and 7,594 female businesses) from about 50 countries. The sampling was designed to be representative of the Facebook business page administrator population and not of any country's business population. Only African countries with a large sample size are shown (t-test*** significant difference at 1% level; ** significant difference at 5% level).

2.4 Women are More Likely to Continue Shopping Online After the Pandemic

When looking at demand, evidence suggests that the increase in e-commerce activity brought about by the COVID-19 pandemic will continue into the future. Among those people shopping online, most expected to continue to patronize online stores after the pandemic (Yendamuri, Keswakaroon and Lim 2020). While women shopped online during the pandemic at a slightly lower rate than men in both Kenya and Nigeria (Figure 2.2), those women who did shop online were more likely to have discovered a new online store where they expect to continue shopping at after the pandemic (Figure 2.4). This finding suggests that women represent an increasingly important target market and that understanding their needs and preferences will be crucial to growing e-commerce in Africa.

Figure 2.4 Expectations for Online Shopping in the Future



Source: Kantar (2020)

2.5 Barriers for Women in E-commerce

The World Bank found that gender inequality cost the Sub-Saharan Africa region $2.5 trillion of its total human capital wealth in 2014 (Wodon, et al. 2020). In all three countries studied, women were less likely than men to participate in the labor force, or to leverage key assets for participation in the digital economy such as digital finance or internet access (Table 2.2). For instance, about 50 percent of Ivorian and Nigerian women participated in the labor force, whereas 72 percent of Kenyan women participated in the labor force.

In terms of financial inclusion and internet use, 78 percent of Kenyan women owned a bank account and 69 percent used mobile money, but only 20 percent of women used the internet. In Côte d'Ivoire, about one third of

Women buyers represent an increasingly important target market. Understanding their needs and preferences will be crucial to growing e-commerce in Africa.

women owned a bank account, used mobile money, and used the Internet. In Nigeria, only about a quarter of women owned a bank account and used the Internet; however, only 4 percent of women used mobile money. Mobile money usage was low in Nigeria for both men and women at less than 7 percent for both.

2.6 Addressing Barriers to Close the Gender Gap

Women entrepreneurs face a range of barriers which impact their ability to effectively participate in e-commerce. For instance, enabling environment issues such as legal constraints, lack of access to finance, and digital connectivity are hurdles that need to be addressed. Closing these gender gaps will improve women's ability to enter into, compete, and thrive in the sector.

- **Legal Constraints:** The 2021 World Bank Women, Business and the Law Index notes that worldwide, discriminatory laws continue to threaten the economic wellbeing of women entrepreneurs and their ability to compete on an equal basis with men. For instance, women are not protected from discrimination in access to credit in any of the three countries (World Bank 2021). This could impede the ability of women sellers to secure financing necessary to purchase additional inventory to sell online and grow their businesses.

- **Access to Finance:** Globally, WO small businesses lack access to finance. In 2017, an estimated 33 percent of SMEs and 24 percent of microenterprises had unmet financing needs (Bruhn, et al. 2017). These gaps extend to digital finance tools and services, which are often necessary to compete online. Globally, women were less likely than men to have a financial account or to use online banking and instead relied on cash-on-delivery sales, which limits their customer base (World Economic Forum 2019).

Table 2.2 Gender Gaps in Digital Inclusion and Labor Force Participation

	Côte d'Ivoire	Kenya	Nigeria
Key economic indicators	Population: 25.8 million (2019) GDP: $58.58 billion (2019) GDP growth: 7.4% GNI per capita: $1,600 Labor force participation rate: Women: 48.3% Men: 65.4%	Population: 52.5 million (2019) GDP: $95.5 billion (2019) GDP growth: 6.3% GNI per capita: $1,620 Labor force participation rate: Women: 72.3% Men: 77.5%	Population: 206 million (2020) GDP: $448 billion (2019) GDP growth: 1.9% GNI per capita: $1,960 Labor force participation rate: Women: 47.6% Men: 57.8%
Access to finance	Own a bank account (2019) Women: 36% Men: 47%	Own a bank account (2019) Women: 78% Men: 86%	Own a bank account (2019) Women: 27% Men: 51%
Digital finance	Mobile money use (2017) Women: 30% Men: 38% Made or received a digital payment: Women: 30% Men: 40%	Mobile money use (2017) Women: 69% Men: 78% Made or received a digital payment: Women: 73% Men: 80%	Mobile money use (2017) Women: 4% Men: 7% Made or received a digital payment: Women: 17% Men: 31%
Individuals using the Internet	Individuals using the internet (2019) Women: 33% Men 40%	Individuals using the internet (2019) Women: 20% Men 33%	Individuals using the internet (2019) Women: 25% Men 42%

Sources: World Bank databases, International Telecommunications Union, Gallup World Poll indicators

In general, financial intermediation is low in Africa. In Côte d'Ivoire and Nigeria only about a third of women and about half of men had access to bank accounts, but in Kenya about 78 percent of women and 86 percent of men had bank accounts. Even fewer had access to mobile money. Thus, while the COVID-19 pandemic reinforced the need for online sellers to use digital and cashless payments to comply with social-distancing protocols to curb the spread of the virus, there is a need for increased uptake.

- **Digital Connectivity:** Globally, women were 26 percent less likely than men to have a smartphone, which limits their access to the internet and makes them feel uneasy using it (OECD 2018). Across Sub-Saharan Africa, the World Wide Web Foundation estimated that the gender gap in internet usage was 43 percent (Iglesias 2020). While e-commerce may represent an easier avenue for women to enter the labor force, barriers to access such as affordability and comfort levels using digital technologies present a significant obstacle to their inclusion on e-commerce platforms.
- **Logistics:** From sourcing to final sales, logistics constraints pose significant barriers for all entrepreneurs in Africa's retail sector and add an estimated 320 percent to final costs (Dupoux, et al. 2019). While e-commerce platforms across the continent are investing heavily to address logistics bottlenecks, evidence shows that women have been disproportionately affected, especially following the supply chain disruptions created by the COVID-19 pandemic (World Bank and World Trade Organization 2020).
- **Digital Skills:** The tech sector tends to be dominated by male employees. Having more women involved in the sector would contribute to the development of products and services that meet their needs. However, the World Bank found that women were less likely than men to study STEM-related fields, and when they do, the structure of such programs is not designed to accommodate people with childcare and household responsibilities (Cho, et al. 2013). Consequently, women account for only 30 percent of professionals in Africa's tech sector (UNDP 2019) despite an overall labor participation rate of 61 percent (World Bank 2019).

As a result of these constraints, there are fewer WO or women-led business than MO businesses in Africa. Once these are addressed on a large scale, women will have more opportunities in the sector.

2.7 Opportunities for Women in E-commerce

E-commerce represents an opportunity for women entrepreneurs to increase productivity and enter higher earning sectors, helping them to overcome many of the challenges outlined above. There is still much room for growth, particularly since the sector is nascent relative to other regions and African retail remains largely underdeveloped (Dupoux, et al. 2019). Thus, key opportunities for women include:

- **Low Penetration of African Retail:** The high cost of building shopping centers and the limited purchasing power of buyers has translated into a continent that has few formal retail outlets. For every one million people, there are less than 15 formal brick and mortar stores (Dupoux, et al. 2019). This low penetration rate presents an opportunity for e-commerce to fill critical gaps in consumer access and convenience. Since women frequently have less access to capital than men, e-commerce presents a way to circumvent cost-prohibitive overheads needed to own a physical store. This could facilitate easier entry into high-value sectors that have been traditionally male-dominated.
- **Increased Market Access:** E-commerce platforms are unique in that they provide instant access to a wider universe of potential buyers in a manner that is more efficient. A reliable ecosystem of services that includes integrated marketing tools, payments capabilities, and logistics services allows sellers to scale faster and reap a higher return on the level of effort invested, thereby increasing productivity.

  Many e-commerce platforms provide services that help women overcome gender barriers in fields such as logistics and transportation, that are critical to order fulfillment and last mile delivery. This creates new opportunities for women entrepreneurs who would not otherwise have the financial and physical capacity to ensure that goods reach customers in a short time period. Thus, women stand to benefit the most from e-commerce platforms given a generally lower level of digital skills and a lower likelihood of independently utilizing such skills in business.

- **Higher Levels of Flexibility:** Selling via e-commerce allows women, who often carry a disproportionate level of care responsibilities, the flexibility to set their own work times and activities. E-commerce allows women entrepreneurs the ability to work from home or on the go at any time.

"Over three-quarters of the African population believes that entrepreneurs are admired in their societies."

Global Entrepreneurship Research Association (GERA) (2018).

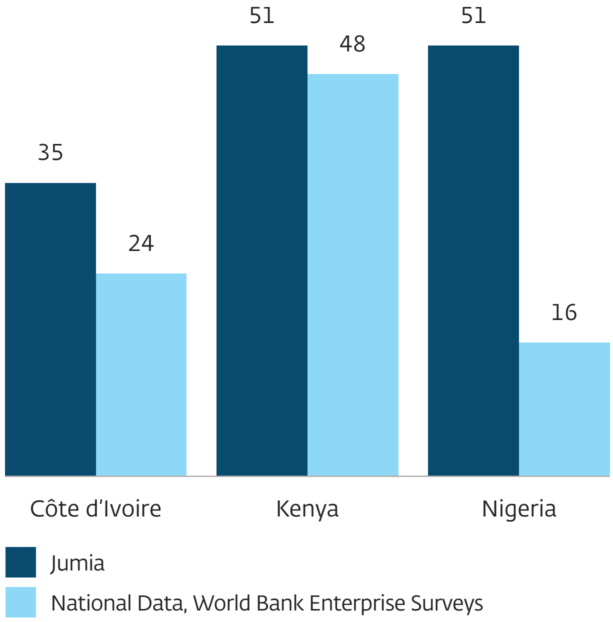
"Most of the sellers on Jumia Kenya are women. I have spoken to a few of them and they tell me they initially lacked the capital for a storefront, so started by selling what they could in small quantities on the platform. With time they started making profit and realised that it was convenient for them. They were working from home and only making deliveries, so they had more time to look after their children. The seemingly elusive work/life balance increasingly seemed to be a reality. I think it's empowering women more."

Christine Sogomo, COO, Jumia Kenya

3. E-commerce Entrepreneurs in Africa

Despite the potential to help women entrepreneurs contribute to African economic growth, women's participation in e-commerce has remained largely unexplored. This section reviews key findings from expert interviews, surveys of representative samples of men and women sellers, and platform data from Jumia in Côte d'Ivoire, Kenya, and Nigeria. Jumia provided data on sales, as measured in GMV, for the first quarter of 2019 through the third quarter of 2020, and thus the analysis covers the period leading up to and including the first few months of the COVID-19 pandemic. This provides both a long-range view of women's engagement in the sector and insights into how women have been uniquely impacted by recent economic pressures.

Figure 3.2 Women-Owned Firms as a Share of All Firms



The survey sent to Jumia sellers included a series of questions used to identify the characteristics of each firm, including its size, number of years in operation, and whether it fit the definition of a WO business. In this chapter the terms "men" and "women" describe the gender of ownership, rather than the gender of the respondent. Survey responses were combined with sex-disaggregated platform data from each respondent.

3.1 About Jumia

Founded in Nigeria in 2012, Jumia has a presence in 11 African nations.[3] By the end of 2020 it was serving 6.8 million active consumers and had over 110,000 annual sellers (Jumia Group 2021).

Jumia is primarily a marketplace model where third-party sellers sell their products to customers by leveraging Jumia's platform. Selling on the Jumia platform gives entrepreneurs access to millions of consumers, tracking for shipping and delivery, online payment transactions, and access to Jumia support services through the Jumia seller center. Sellers also have access to Jumia University, an educational platform which provides free training on how to run a successful online business and how to be an exceptional seller (Jumia University 2021).

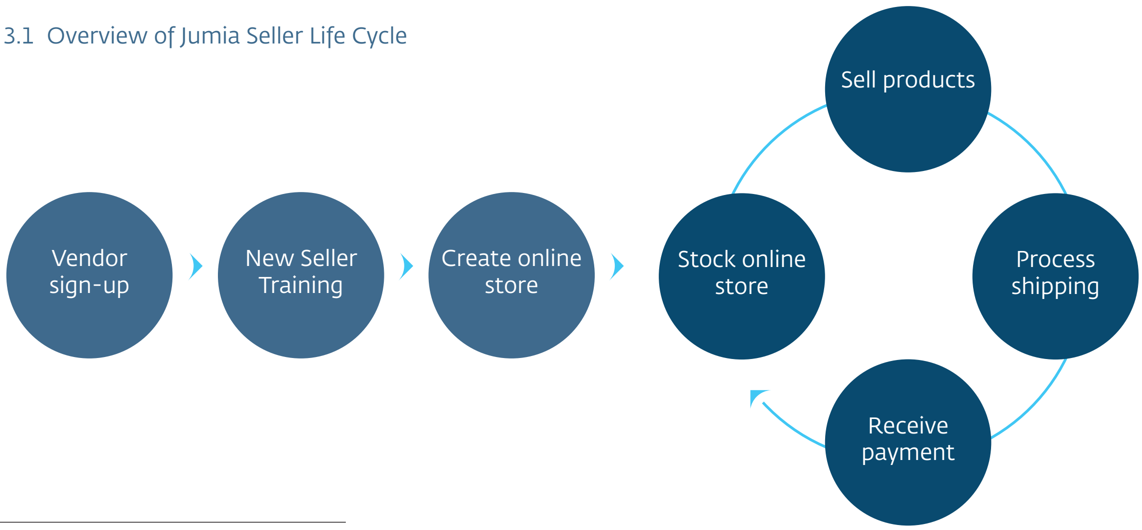
For entrepreneurs, the Jumia seller lifecycle begins when prospective sellers register on the platform via the website or mobile application. Once the account is established, new sellers complete an online training module and activate their seller account. They can then create their online store, sell products, process shipping, and receive payment in their registered bank account. (Figure 3.1)

3.2 Women are Active Participants in E-commerce

The survey administered during the pandemic found that in Nigeria and Kenya, 51 percent of businesses were owned by women, and a total of 62 and 63 percent respectively, were women operated, meaning women had senior management roles or sat on boards of directors (Figure 3.2). In the more recently established market of Côte d'Ivoire, 35 percent of businesses on Jumia were owned by women and 42 percent were women operated (Figure 3.2).

These findings are encouraging because in two of the three countries surveyed, WO businesses were more widely represented on the Jumia platform than in national statistics on formal business ownership[4] (Figure 3.2). This suggests that women are increasingly looking to the

Figure 3.1 Overview of Jumia Seller Life Cycle



[3] Algeria, Côte d'Ivoire, Ghana, Egypt, Kenya, Morocco, Nigeria, Senegal, South Africa, Tunisia, and Uganda.

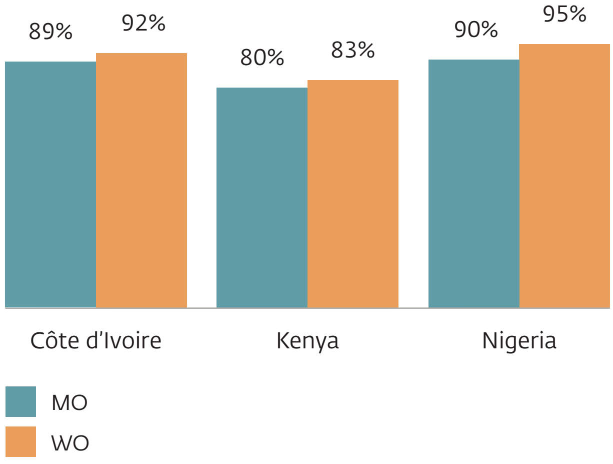
[4] Female participation in ownership was collected from the World Bank Enterprise Surveys for Kenya (2018), Nigeria (2014), and Côte d'Ivoire (2016).

digital economy as a pathway to grow their businesses, especially during the pandemic. A survey by WEConnect International in April 2020 found that 42 percent of women business owners shifted to a digital business model as a way of addressing the impacts of COVID-19 (WEConnect International 2020).

3.3 WO Businesses are Slightly More Likely to Operate Microenterprises

Most WO businesses on Jumia were microenterprises and ranged from 83 percent of WO businesses in Kenya, to 92 percent in Côte d'Ivoire, to 95 percent in Nigeria.[5] This was slightly higher than MO business[6] (Figure 3.3). In all three countries, WO businesses on the Jumia platform tended to be smaller and have fewer employees than those owned by men.[7] For instance, MO businesses averaged 11 full-time employees and 5 part-time employees, while WO businesses had an average of 3 full-time and 2 part-time employees.

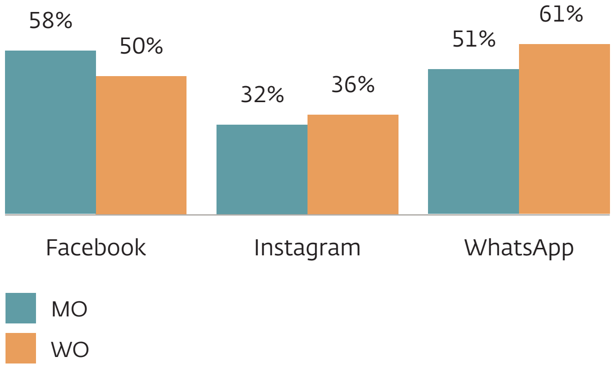
Figure 3.3 Microenterprise Sellers by Country and Gender



3.4 Women are Somewhat More Likely to Leverage Social Commerce

The majority of Jumia sellers combined e-commerce with social commerce, by using social media platforms such as Facebook or WhatsApp, to sell products and communicate with customers. Women were somewhat more likely to report using social commerce and they were also more likely to sell on WhatsApp, whereas men were more likely to sell on Facebook. In all three countries, 61 percent of WO businesses reported selling on WhatsApp, compared to 51 percent of MO businesses, while 50 percent of WO businesses reported selling on Facebook, compared to 58 percent of MO businesses (Figure 3.4). The portion who reported selling on Instagram was comparable for WO and MO businesses, at 36 percent and 32 percent, respectively (Figure 3.4).

Figure 3.4 Sellers Who Use Social Commerce Together with Jumia



The widespread use of social commerce complicates distinctions between e-commerce conducted via marketplace platforms such as Jumia, and "informal e-commerce" via social media platforms that do not typically process payments or handle delivery. A recent study on use of social commerce in Kenya, found that while 27 percent of microenterprises used marketplace platforms like Jumia, over 90 percent of them also relied on more personal social media tools such as Facebook, Instagram and WhatsApp to conduct business (Mastercard Foundation and Caribou Digital 2020). Together, these findings suggest the existence of an ecosystem where entrepreneurship is more tech-enabled than explicitly tech-based, by exploiting multiple channels for reaching customers and necessitating some form of human interaction over the course of the e-commerce customer journey.

[5] Based on platform GMV data between fourth quarter 2019 and third quarter 2020, as well as local MSME definitions for Côte d'Ivoire (annual revenue less than CFA 30 million (about US$54,500), Kenya (annual revenue less than KSH 500,000 (about US$4,700), and Nigeria (annual revenue less than NGN 20 million (about US$52,600)).

[6] For both WO and MO businesses, the extent of this concentration also reflects platform dynamics. Since it is common for sellers to register multiple stores on the platform, often for the purpose of selling in different product categories. To mitigate overcounting of microenterprises the research team aggregated sales data associated with a specific vendor ID into a single unit for analysis but it is possible that the total portion of microenterprises may be overstated.

[7] In Kenya, GMV is higher among WO businesses, which may appear to contradict this finding. However, this difference is driven by sales among a small number of large WO businesses in Kenya.

"Marketplace models have struggled to find success in Africa largely due to lower levels of digital literacy and sellers' ability to promote their products online. But social commerce which uses platforms like Facebook and WhatsApp to sell products is fast becoming a key marketplace model in Africa."

Georges Vivien Houngbonon, Economist, IFC

Since social platforms require less familiarity with tools such as business software, this ease of use may have greater appeal to novice digital entrepreneurs who are just entering the market, hence social commerce may act as a gateway to the formal e-commerce platforms. Further research is needed to understand the extent to which sales via social platforms prepare sellers to subsequently expand their channels to include platforms like Jumia.

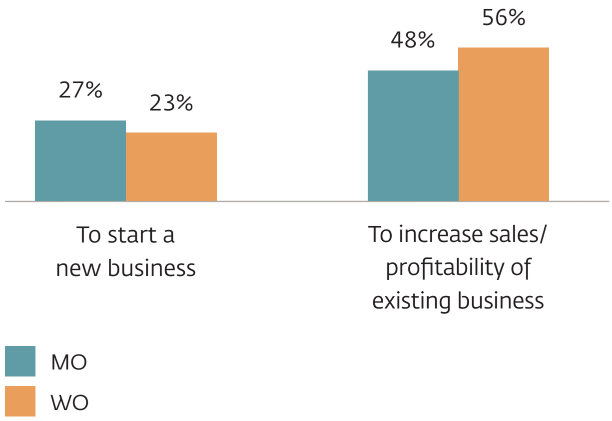
Consistent anecdotal reports confirm this hypothesis. For instance, a woman vendor in Nigeria noted, "I used to sell on WhatsApp, Facebook, Instagram and Jiji. Now, I have up to ten stores on Jumia." Interviews with sector experts also confirmed this theory. Duncan Oyaro, an Innovations and Enterprise Finance Specialist at Financial Sector Deepening (FSD) Kenya explained, "For entrepreneurs, social commerce platforms such as Facebook and Instagram have had a very big impact. Some started selling online as a side hustle and the side hustle grew to be their main source of income. I have come across merchants whose sales have grown significantly, to the extent that they have to expand to physical locations, due to the adoption of such platforms."

Once sellers migrate to formal marketplace platforms, early evidence suggests that these channels may provide sellers with greater resilience to economic shocks, such as the onset of the pandemic. A recent UNCTAD study of 23 countries in Africa and Asia noted that 58 percent of businesses who conducted sales on a self-managed multichannel basis saw a drop in monthly revenue during the pandemic, whereas third-party marketplaces like Jumia saw a collective 64 percent increase in sales (Vitale and Cyron 2020).

3.5 Women Join Jumia to Grow Existing Businesses; Men Join to Start New Businesses

Respondents from women- and men-owned businesses had different motivations for joining Jumia. While more MO firms reported joining Jumia to start a new business, more WO firms joined to grow an existing business (Figure 3.5). This finding may suggest that the digital economy is attracting more experienced women entrepreneurs who see the benefit of selling online and have already begun to overcome many of the gender gaps in digital and financial literacy previously discussed.

Figure 3.5 Reasons Why Sellers Joined Jumia

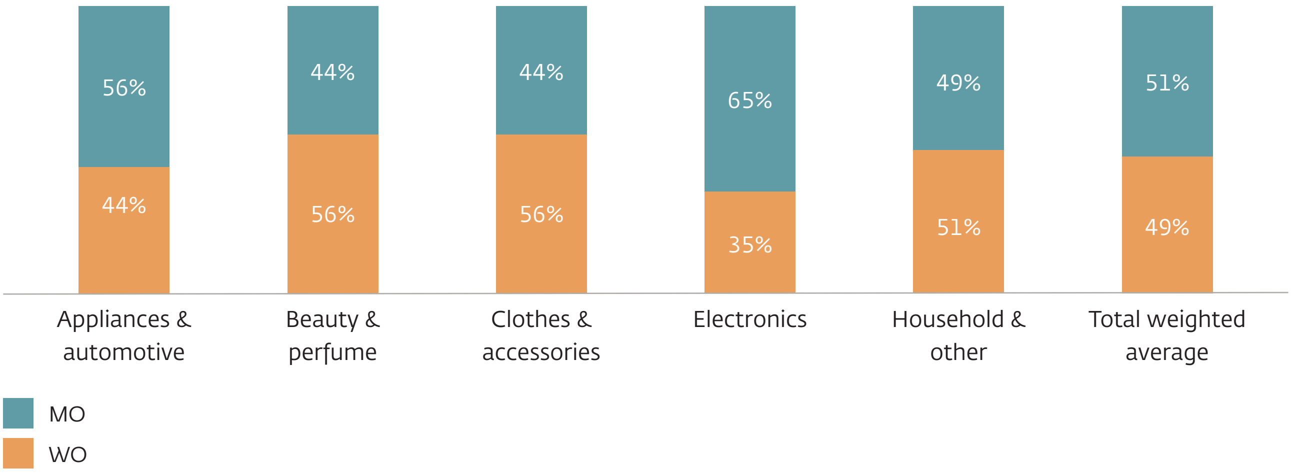


3.6 E-commerce Increases the Performance of WO Businesses in High-Value Sectors

Jumia sellers were found to be active in a range of product categories. When comparing the presence of women sellers in each of the product categories and the value generated, some interesting results were identified.

Looking first at the presence of women by category, it can be seen that women had more than 50 percent market share in clothes and accessories (Figure 3.6). However, when looking at the value of those goods sold, women generated significantly less value with 33 percent of GMV than men (Figure 3.7). Conversely, when looking at electronics, WO business accounted for 35 percent sellers but here they had the strongest performance of any category with 66 percent of GMV. This reflects the presence of a few female "super performers" in the electronics category, particularly in Kenya, and their high sales pushed up average GMV for all women.

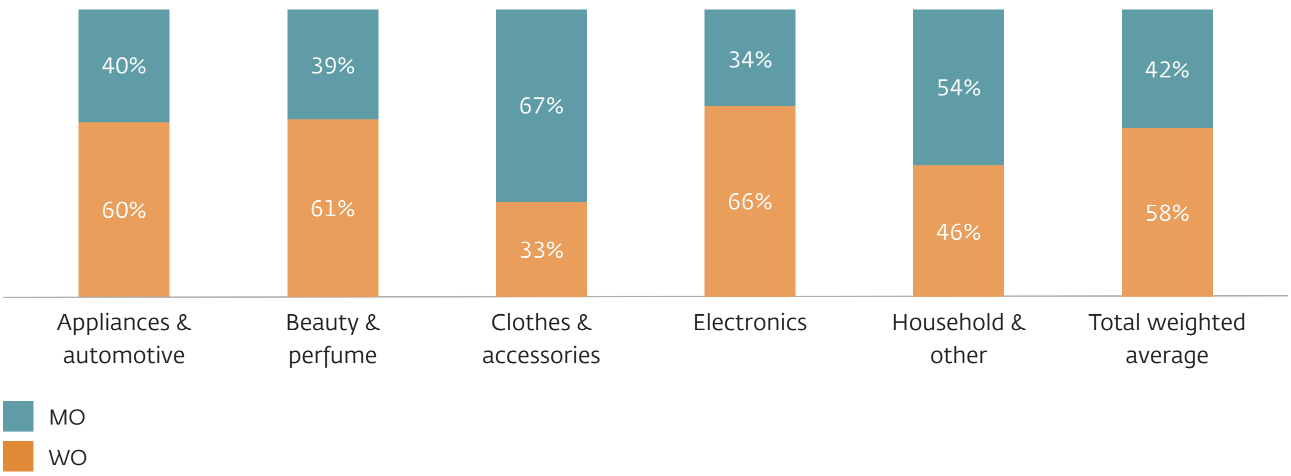
Figure 3.6 Share of Active Sellers in Each Merchandise Category, 1Q2019 – 3Q2020



Examining GMV data by product category and gender shows that in 2019, prior to the COVID-19 pandemic, WO businesses on Jumia had a higher average value of total sales than MO businesses in three of the five categories: appliances and automotive, beauty and perfume, and electronics. Men sold more in clothing and accessories and household and other goods (Figure 3.7).

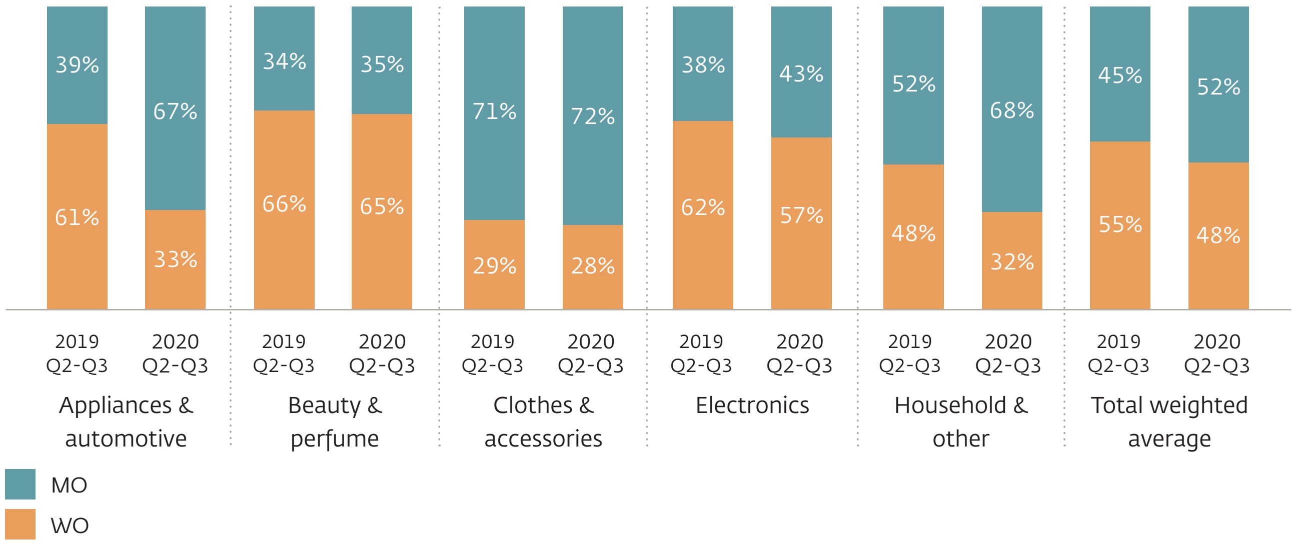
The electronics category is particularly notable as women sold substantially more than men in this category, in the pre-pandemic period. This finding supports the view that women perform at the same level or better in higher value product categories. Together, these findings support the hypothesis that e-commerce could enable movement of women into more male-dominated sectors, and vice-versa, blurring the lines between male- and female-dominated sectors. This early evidence is important because women have traditionally been underrepresented in high-earning sectors, contributing to comparatively low earnings among women entrepreneurs. The World Bank found that women who operate in male-dominated sectors make 66 percent higher profits than women in traditionally female sectors (Goldstein, Martinez and Papineni 2019). Men's presence in fashion also suggests that e-commerce is opening opportunities for men who may see entrepreneurial opportunities in women-dominated spaces.

Figure 3.7 Pre-Pandemic Gender Share of Total GMV by Merchandise Category, 2019[7]



[7] Since there were varying levels of responses to the survey from sellers in the three countries, the total figures presented in the document reflect a weighted average of responses as opposed to a simple average. See 6.3

Figure 3.8 Share of GMV by Merchandise Category Before and During the Pandemic (2Q-3Q 2019 and 2020)

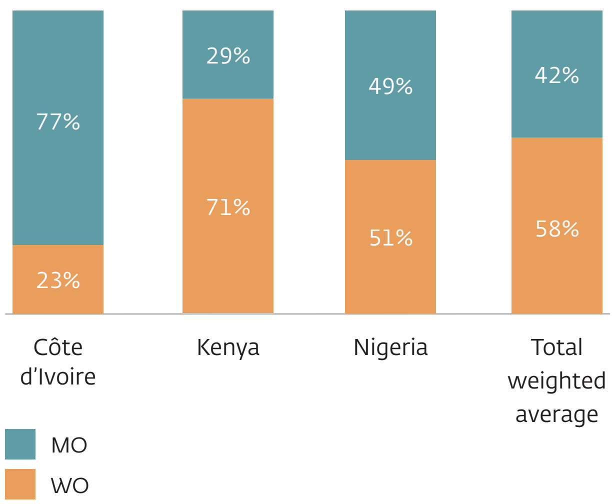


3.7 The COVID-19 Pandemic Has Reversed Women's Early Successes in E-commerce

When comparing women's and men's share of total GMV in each product category during the same period prior to and during the pandemic (second and third quarters 2019 and 2020), Figure 3.8 shows the biggest drop in appliances and automotive, where women accounted for 61 percent of GMV before the pandemic, and only 33 percent during the pandemic. This was followed by a 16 percent decline in household and other categories, and a 5 percent decline in electronics. Women's share of the total weighted average GMV dropped from 55 percent before the pandemic to 48 percent during the pandemic.

When looking at performance at the country level, the study found that pre-pandemic, women were selling more than men in Nigeria and substantially more than men in Kenya.

Figure 3.9 Pre-Pandemic Percentage of Total GMV Sold by Gender and by Country, 2019



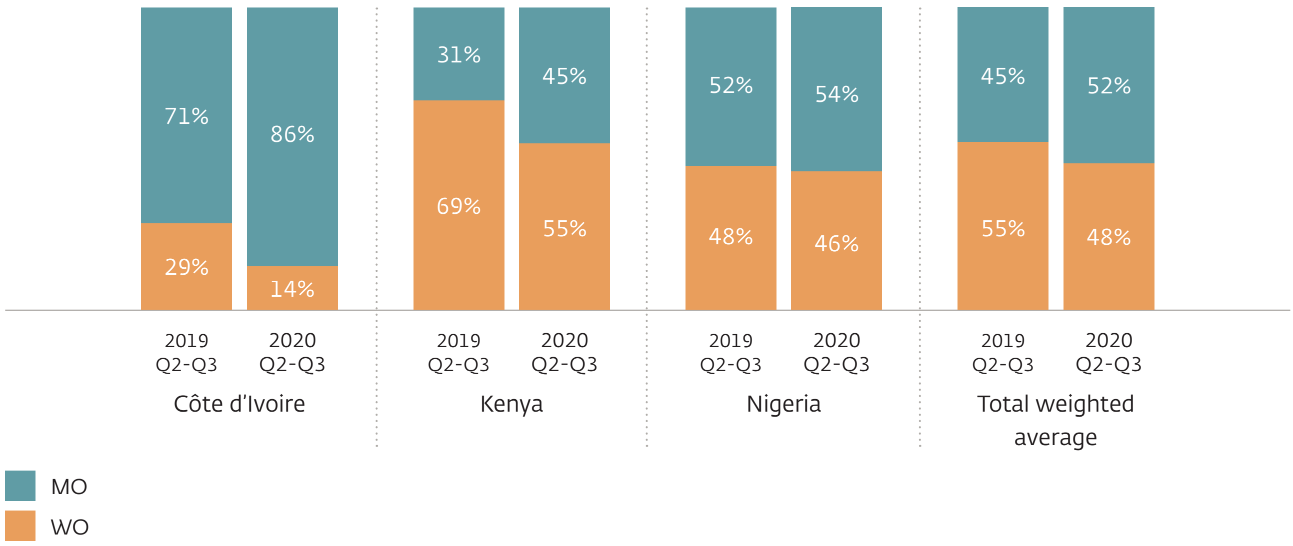
In the newer and comparatively smaller market of Côte d'Ivoire, WO businesses sold just 23 percent of total GMV (Figure 3.10). Kenya was an outlier with 71 percent and had the largest share of women owned GMV of the three markets. (Figure 3.9) This is despite the slightly higher proportion of microenterprises among WO businesses (83 percent) than MO businesses (80 percent). This reflects the influence of the "super performers"— who drove up the average GMV for women even as the majority of WO businesses remained microenterprises. Exploration of the characteristics of WO business who are super performers on e-commerce platforms merits further research.

The global pandemic resulted in setbacks for both MO and WO businesses. Stay-at-home orders imposed to slow the spread of the virus led to widespread loss of income. Additionally, sellers faced related logistical challenges that made maintaining inventory and fulfilling orders a challenge. One woman seller in Nigeria described the situation, "Even once the lockdown was over, people were not buying as much as before. I'm just getting back on my feet. The average Nigerian was thinking of what they could afford to eat rather than what they were going to wear so it affected my sales. My sales have just started picking up again."

Despite the strong performance of WO businesses on Jumia in 2019, MO businesses sold more, on average, during the pandemic and women's sales were disproportionately impacted. Figure 3.11 compares the second and third quarters of 2019, pre-COVID-19, with the same period of

On average, the pandemic resulted in a 7-percentage point drop in sales for women but a 7-percentage point rise in sales for men.

Figure 3.10 Share of Total GMV by Gender and Country, Before and During the Pandemic



2020, during the COVID-19 pandemic. The share of total GMV fell for women and grew for men in all three countries between the two time periods. Though women in Kenya continued to sell more than men during the pandemic, they did so by a notably smaller margin compared with performance in the pre-pandemic period. On average, the pandemic resulted in an average drop in sales of seven percentage points for women but had just the opposite effect on men—resulting in a seven-percentage point increase in sales.

These findings corroborate emerging research that shows the stronger impact of the pandemic on WO businesses - a trend seen across sectors and regions (See Box 2.1). In the case of e-commerce sellers, the COVID-19 impact was likely due to a combination of sector selection, reduced ability to adapt through finance or digital solutions, and the disproportionate effects of increased care needs.

More importantly, the comparatively high revenues of WO businesses in the pre-pandemic period, suggests that the trend is reversable. However, making the reversal will require a concerted effort from public and private sector actors. This is discussed further in the recommendations found in section 5.

3.8 WO Businesses Are More Likely to Be Self-Financed and Less Likely to Leverage Platform Financing

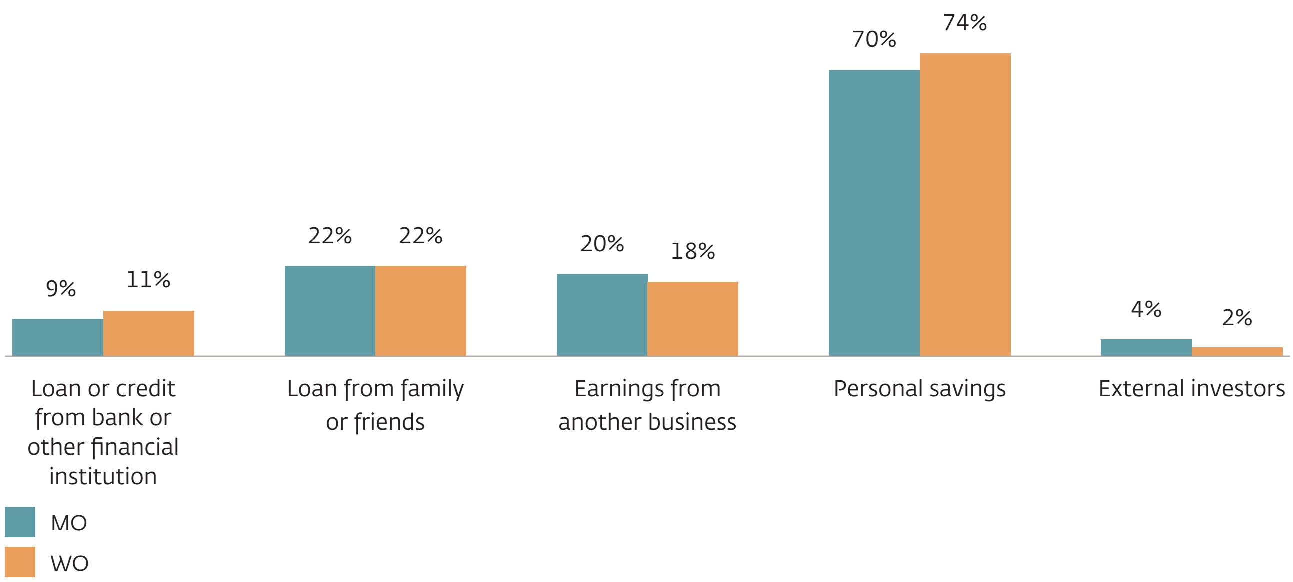
Start-up Capital: The financing challenges that women entrepreneurs face offline carry over into how they finance and grow their businesses online. Prior to the pandemic the global financing gap for WO firms in emerging markets stood at $1.48 trillion (SME Finance Forum 2018). In Africa, the access to finance gap for women entrepreneurs is estimated at $42 billion (GenderSmart 2020).

"Whenever financial institutions want to give you a loan, they will make you believe you are not going to pay that much interest, but in the long run you end up paying so much. So presently, I borrow from friends and family." Woman Vendor, Nigeria

"Usually to get loans you have to approach banks or microfinance institutions. The problem with these financial institutions is that you must give them a guarantee." Woman vendor, Côte d'Ivoire

"In our research with women in Kenya, we came across a Swahili saying that loosely translates to, "Nobody wants to take a loan—you take a loan because you have to take a loan," I think that indicates the level of desire to seek out capital for growth." Rani Deshpande, Financial Inclusion Expert, CGAP

Figure 3.11 Sources of Start-up Finance by Gender



The lack of access to finance is exacerbated by gaps in mobile ownership that leave even more women excluded from digital finance alternatives. Survey data from Jumia indicates differences in sources of start-up finance, ranging from two to four percentage points between MO and WO business. Women were more dependent on personal savings than men, but both reported using loans from family and friends in equal proportions (Figure 3.11). A slightly higher proportion of WO businesses reported using formal loans, which may reflect the tendency for WO businesses to expand existing businesses through e-commerce platforms rather than starting entirely new businesses online. MO businesses were slightly more likely to have received external investment, or to reinvest previous earnings from another business (Figure 3.11).

Across the three markets studied, there were notable differences between sources of start-up finance among WO businesses. Nearly all women sellers from Côte d'Ivoire reported relying on personal savings to start their business, whereas women in Kenya reported greater use of formal financing than those in the other markets, likely a reflection of the higher rate of access to finance in Kenya, where users were more than twice as likely to have a bank account or have used digital finance (Figure 3.12).

Working Capital: A similar pattern is visible for working capital and growth financing across the three markets. After start-up, the most prominent source of operating or growth capital among both women and men was family and friends, with higher use of formal financing among WO businesses in Kenya (Figures 3.13 and 3.14).

Working capital was found to be particularly challenging for sellers operating in markets and selling in categories that are especially impacted by seasonal fluctuations in demand (for instance, where orders peak ahead of the holiday season). As a woman vendor in Nigeria noted, "Financing and cashflow have been a challenge. I'm the only one doing the accounting, the profit and loss and other finance related functions for my business. The cash flow is quite important to me and if I could get a loan to expand my business, I would be very happy."

Gender differences also appear in the use of Jumia loans – a platform-administered lending initiative that provides sellers with short-term working capital. Eleven percent of MO businesses use Jumia loans compared with seven percent of WO businesses (Figure 3.13). An analysis of Jumia loan application data showed that men were more

Figure 3.12 Sources of Start-up Finance by Country

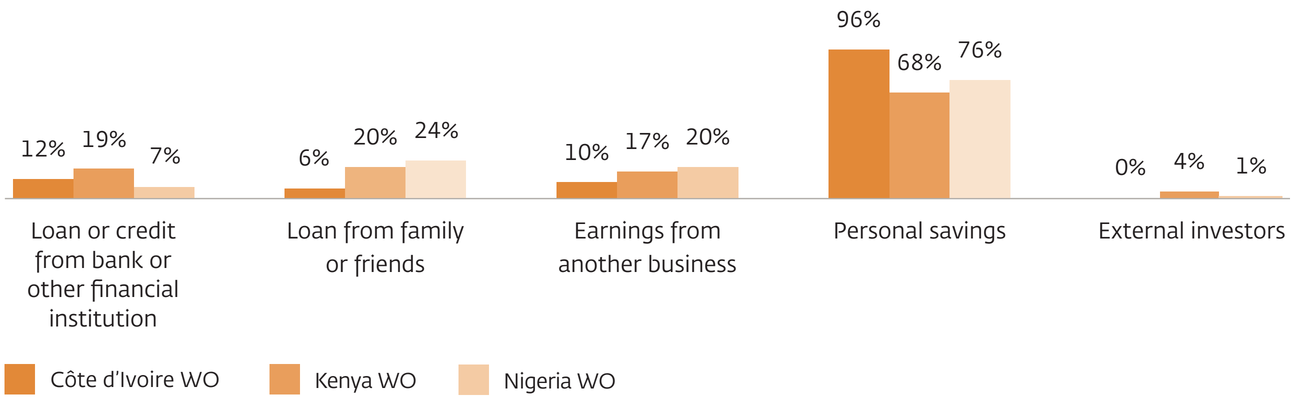


Figure 3.13 Sources of Finance After Start-up by Gender

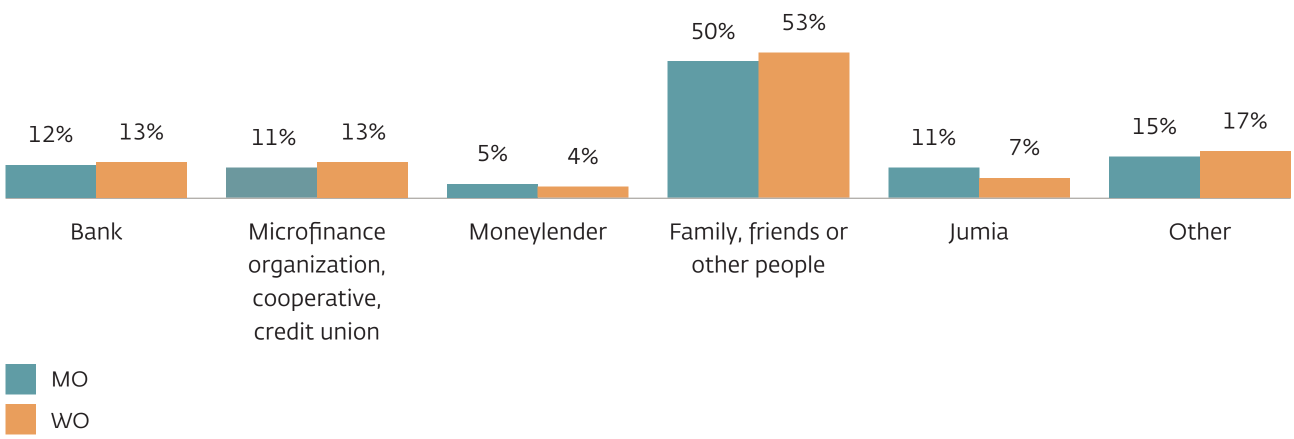
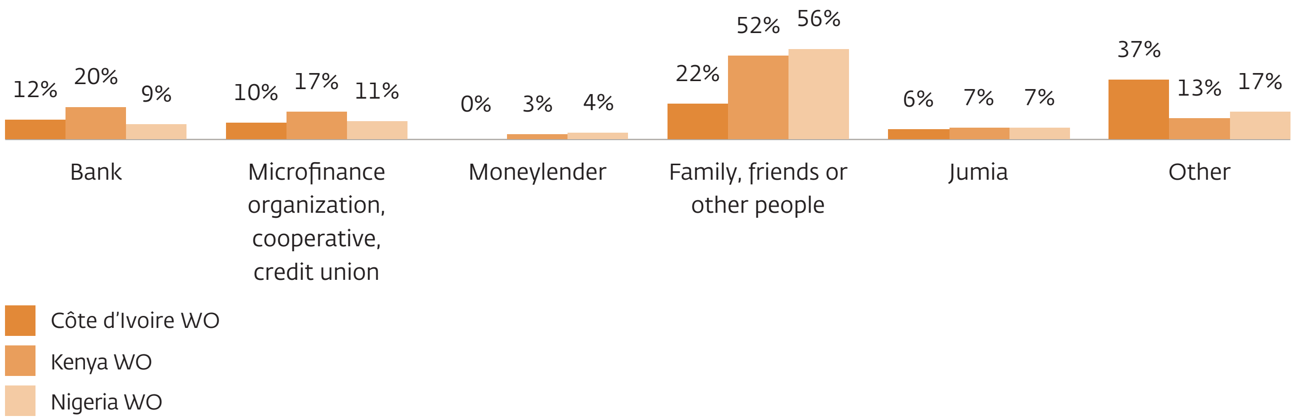


Figure 3.14 Sources of Finance After Start-up by Country



likely to apply for Jumia loans than women and requested larger loan amounts. However, women were more likely to be approved for a loan than men.

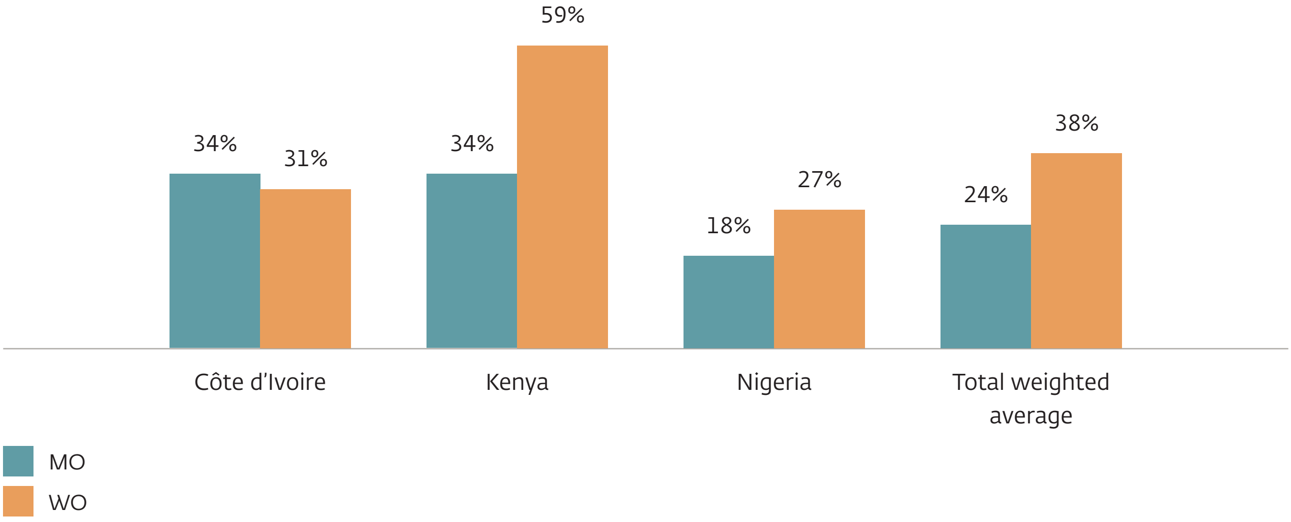
There are a myriad of potential reasons for this discrepancy including: the need for a smartphone in order to access the application to apply for a loan, market-specific regulatory constraints that may pose additional barriers to loan applicants without a formal bank account, interest rates, loan duration and minimum borrowing requirements that may not be conducive to small businesses.

Other evidence suggests that women may actually self-select out of the credit market. Using firm-level data from 47 African countries, the African Development Bank (AfDB) found that, beyond the well-documented barriers to technology, skills and start-up capital, women were less likely to apply for a loan because they held perceptions of lower credit-worthiness of their businesses. This lower confidence in likelihood of approval was found to be more pronounced among businesses that had been operating for longer and in more urban areas with higher levels of competition (Morsy, El-Shal and Woldemichael 2019).

Platforms may present a way to address this perception asymmetry by providing sellers with a more transparent view of their business performance. This access to data may encourage more growth stage WO businesses to apply for loans. For platforms, closing this gender gap in platform financing represents a key opportunity to boost seller success, as well as promote as the growth of nascent fintech offerings.

Eleven percent of MO businesses use Jumia Loans compared with seven percent of WO businesses—suggesting a key area of growth for emerging fintech platforms.

Figure 3.15 Share of Insured by Country



3.9 WO Businesses are More Likely to Carry Insurance

Sellers who protect themselves and their businesses through a range of insurance products may be positioning themselves for a greater likelihood of success on e-commerce platforms. Being insured could also reflect a business's willingness to formalize and protect income streams as they grow and scale, an attribute that is attractive to many financiers.

IFC found a large insurance protection gap between women and men due to factors such as higher life expectancy, lower labor force participation, and lower pension savings. However, it also found that women tend to be more "risk-aware." They are often the main decision-makers when it comes to seeking and purchasing insurance for themselves and their families and are thus a key target market for the insurance sector (IFC and AXA 2015).

In the case of business owners on Jumia, trends differed across markets. Women in both Kenya and Nigeria were more likely than MO businesses to have some type of insurance coverage. However, in the smaller market of Côte d'Ivoire where most businesses on Jumia were owned by men, slightly more MO businesses were insured than WO businesses. Over half of both MO and WO businesses on the platform (61 percent) reported having personal health insurance, a little over a quarter had life insurance, and 10 percent had home insurance. (The survey did not distinguish between public and private insurance schemes) (Figure 3.15). Among WO businesses, 18 percent reported having another type of insurance, compared to 12 percent among MO businesses (Figure 3.16). These higher than average findings for WO businesses may indicate that the women selling on e-commerce platforms are likely to avail of insurance when available, emphasizing strong consumer demand.

3.10 Women and Men Have Similar Experiences in the Seller Journey

Once on the platform, women and men reported similar levels of comfort and ease of use along the seller journey (Figure 3.17). However, disparities in digital and business skills became apparent when considering what forms of support the two groups valued.

Sellers were asked to rate each step of the seller journey on a scale from 1 to 5 with 1 being "very easy" and 5 being "very difficult." Both WO and MO businesses reported a generally high degree of ease throughout the seller journey, generally scoring between 2 and 3, corresponding to "somewhat easy" or "neither easy nor difficult," respectively. This reflects the presence of active sellers, since those who have greater difficulty in the seller journey are more likely to have dropped off the platform. Challenges that impacted both men and women, such as first- and last-mile logistics, reflect ongoing challenges within the local markets, such as trust in online payments or irregular addressing systems.

The findings show that women on the platform do not report any greater difficulty than men at any step of the seller journey. In fact, men reported slightly greater difficulty than women in delivering orders to customers, delivering orders to the Jumia warehouse, and getting paid for orders. This trend is driven by Nigeria, where men reported greater challenges than women (Figure 3.18).

Women's relatively high comfort level on the seller journey suggests that platforms may attract more experienced WO businesses with existing digital and business skills. This is reinforced by the finding that women tend to join e-commerce platforms to grow an existing business, whereas men are more likely to join to start a new business (See Section 3.5). These findings suggest that there is a need for e-commerce platforms to expand online training and support programs, especially those that target micro and newly digitalized businesses.

Figure 3.16 Types of Insurance Coverage Held by Business Owners

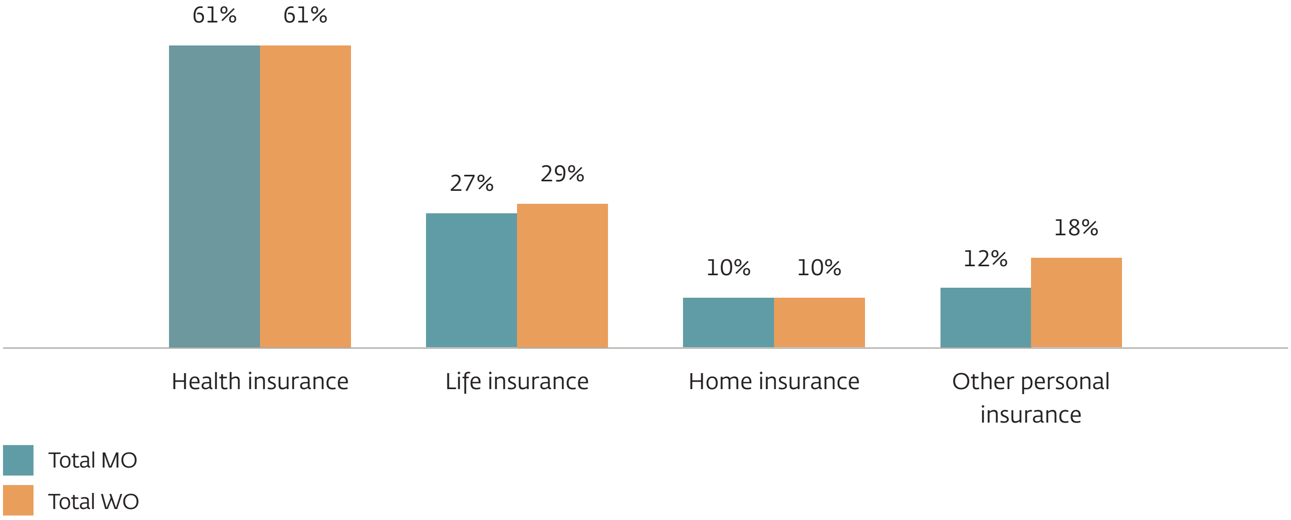


Figure 3.17 Steps in the Seller Journey

Steps in the Seller Journey

1. Initial registration
2. Listing and marketing products
3. Preparing item(s) for shipment
4. Delivering orders to Jumia warehouse
5. Managing seller's online store
6. Answering customer queries
7. Receiving payment
8. Delivering orders to customers
9. Processing returns

3.11 Women Entrepreneurs Are More Likely to Value Training and Business Support

Despite similar scores in terms of ease of use across the platform, women were more likely to value key training and business management tools provided by Jumia.

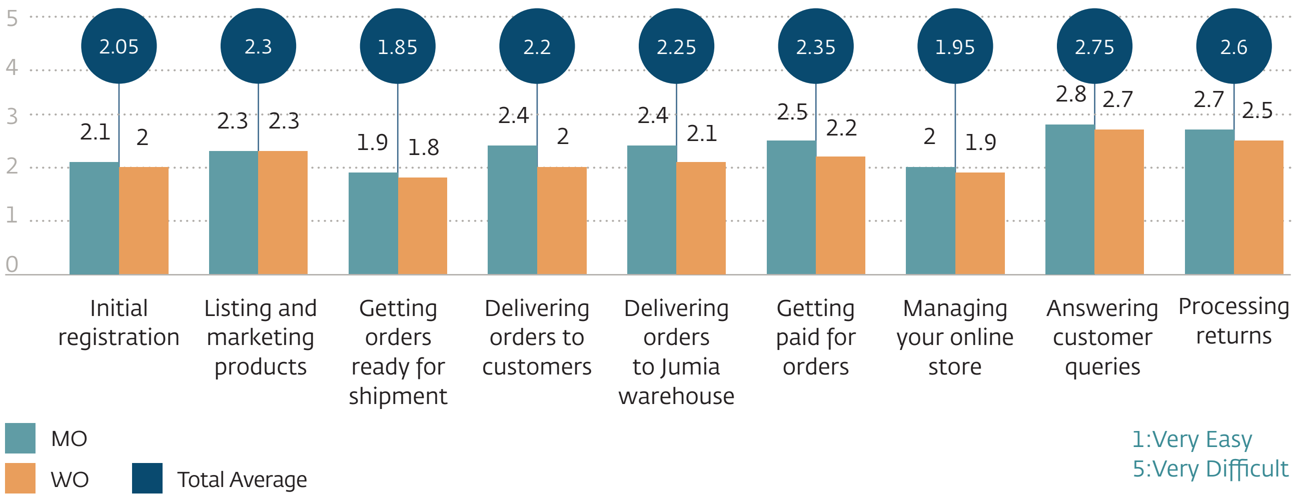
To enhance the sales success of all sellers, Jumia provides a mix of formal training and in-workflow learning cues. The platform also enables more personalized forms of learning through Jumia University and the Jumia Vendor Hub, both of which allow sellers to access and go through digitized learning materials at their own pace. Additionally, platform tools such as "Seller Coach" and "Content Score" utilize artificial intelligence to rapidly assess listings for quality and provide tips on how to improve them.

Training in client management is also important. As Duncan Oyaro explained, "Women on e-commerce have to be skilled communicators. They have to be able to handle customers' complaints because online customers tend to be highly sensitive. The nature of digital platforms is so impersonal that it allows people to say things that they would not naturally say to you in person."

When asked about Jumia services that they found helpful in the last 12 months, more WO businesses mentioned training over other services. Women entrepreneurs also valued networking more than men (Figure 3.19).

> *"The challenges are related to logistics and procurement. We always need delivery people to go and drop off the items, or we have to take the items ourselves. Often it is difficult when you don't have the time and you can't get a delivery person to deliver the products."*
>
> *Woman Vendor, Côte d'Ivoire*

Figure 3.18 Average Difficulty Scores Throughout the Seller Journey by Gender



Making such training available online and on-demand could also be beneficial for time-constrained entrepreneurs and those based outside of core urban markets. As a woman seller in Nigeria shared, "I opted for training online because I was not able to go to their head office in Ikeja for physical training. I attended one of the online training sessions and learnt how to upload product pictures, how to manage my business, and it's been going smoothly."

Similarly, a quarter of WO firms reported that Jumia helped their business account for profit and loss, compared to only 17 percent of MO firms. This finding suggests that the tools for financial management provided by platforms like Jumia are particularly beneficial for women entrepreneurs. Among other benefits, slightly more WO firms reported a lower overall cost of conducting business online (Figure 3.20).

This finding could reflect the gaps in financial and digital inclusion explored above. It may also be explained by women's concentration in highly competitive, yet lower value categories such as fashion, where the need for differentiation necessitates added support in crafting commercialization strategies, including how to appropriately photograph, market and package products.

Promoting existing training and support features to women entrepreneurs, as well as rolling out new non-financial service training, represents a key opportunity for platforms to leverage their reach to support women entrepreneurs in emerging markets.

Figure 3.19 Usefulness of Jumia Services to Sellers in the Last 12 Months

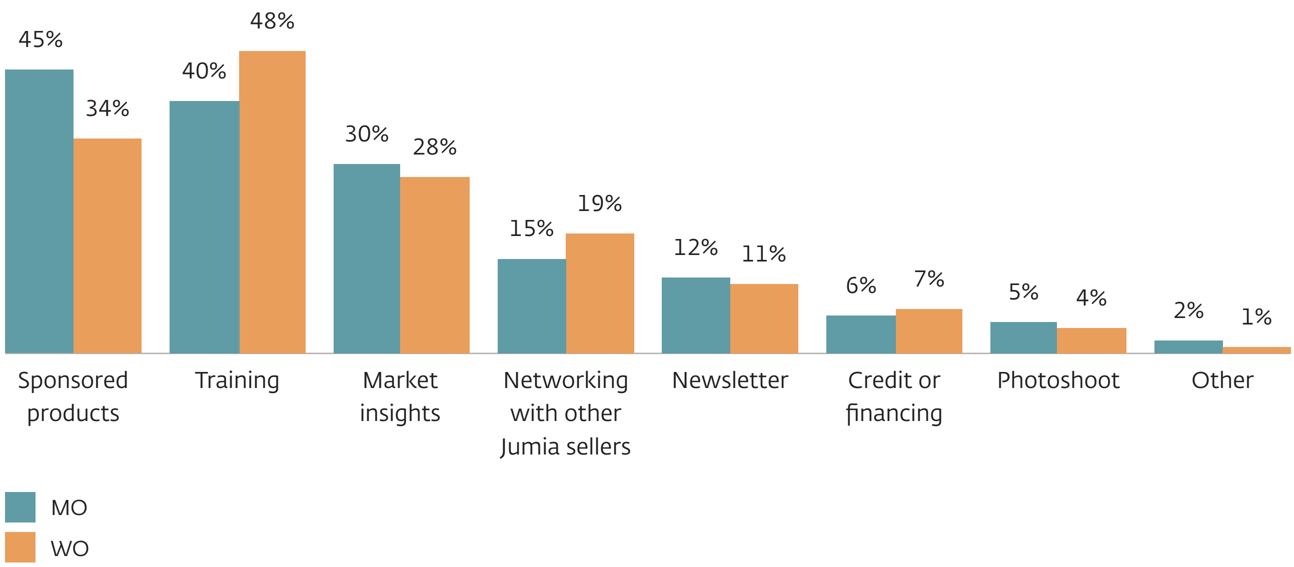


Figure 3.20 Benefits of Doing Business on Jumia

"Jumia markets the products for me. The 'Sponsored Products' feature makes my products visible in the search engine results so I reach more people and attract more business."

Woman vendor, Kenya

3.12 Women Are Less Likely to Use Value-added Services to Promote Their Products

Another concrete way for platforms to close gender gaps in business performance is to encourage greater uptake of value-added services amongst WO businesses. Jumia offers a range of premium services including loans, marketing, and logistics (Figure 3.21).

Currently, men are 12 percentage points more likely than women to take advantage of "Sponsored Products," which is an advertising service that allows Jumia sellers to boost the visibility of their listings (Figure 3.20). A smaller difference exists among services such as inclusion in newsletters, photoshoots, or market insights, but these all contribute to the gap between average performance of MO and WO businesses (Figure 3.19).

It may be deduced that women's lower use of value-added services stems from having to pay a premium for such services on many platforms. Since women have lower revenues, WO businesses are likely to have less disposable income to channel towards additional promotional activities beyond what may already be provided by the platform for free. This is particularly concerning given women's concentration in high competition segments like fashion, where such promotional tools could provide a way to further differentiate their offerings.

Figure 3.21 Jumia's Free and Paid Services

Basic/Free Services	Premium/Paid Services
Jumia pay	Jumia Loans
Online knowledge/training guides	Jumia Express
Seller Coach	Marketing tools • Sponsored products • Market insights • Newsletter
	Jumia Logistics
	Jumia Studio

> *"Being an online seller has enabled me to do things for myself. It has helped me be more self-sufficient."*
>
> *Woman vendor, Nigeria*

3.13 Both Men and Women Reported Improved Access to Markets

Doing business with Jumia enabled sellers to reach a wider audience and gain higher visibility at a lower cost when compared to physical stores. Access to larger markets came out as a particular benefit. A female vendor in Kenya noted, "[On Jumia] you reach a wide crowd of people. Currently, very few people have front shops. You find that front shops are expensive, so you find that we are in a basement, or a higher floor [which has less foot traffic]."

When asked to rate their level of agreement with the statement, "Jumia has helped me grow my business," women and men in Kenya and Nigeria were equally likely to agree with the statement. In Côte d'Ivoire, however, men were more likely to agree with that statement than women. This finding indicates that there is an opportunity to provide additional support to women entrepreneurs in Côte d'Ivoire, a market where Jumia entered relatively recently. This should enable women sellers to succeed at comparable rates to that of the more established markets in Kenya and Nigeria.

3.14 Women Value Greater Flexibility and Ability to Reach their Potential

In addition to tangible benefits such as training or access to markets, women and men viewed the intangible benefits of e-commerce differently. For instance, when asked to select the top three benfits of selling online on their life, women sellers on Jumia were more likely to value flexible work schedules, with 37 percent of women reporting this as a key benefit (Figure 3.20) and 17 percent noting that they had more time with family and friends (Figure 3.23).

A small, but statistically significant percentage of women also reported family permission to sell online as a key benefit (Figure 3.20). These findings suggest that digital business is contributing to women entrepreneurs' ability to manage care responsibilities and mobility restrictions, both of which have been exacerbated as a result of the COVID-19 pandemic.

> *"With e-commerce, women don't need to travel as much to earn money. Women can cook their food on the fire and work freely at the same time as long as they have an internet connection."*
>
> *Woman vendor, Côte d'Ivoire*

Figure 3.22 Agreement with the Statement "Jumia has Helped Me Grow My Business'

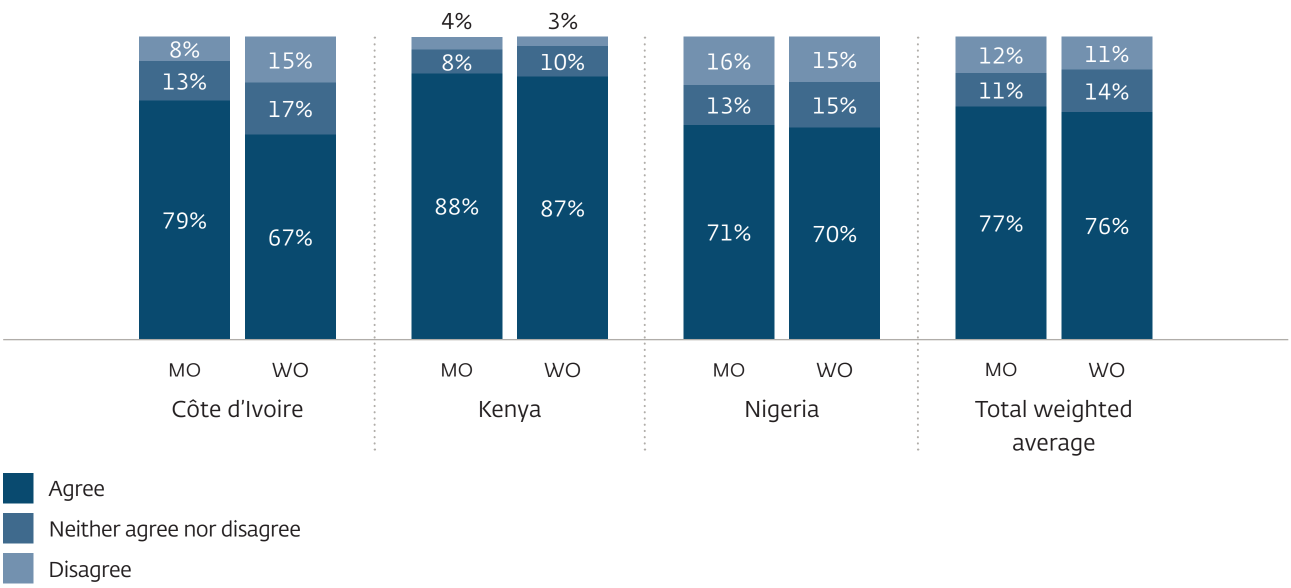
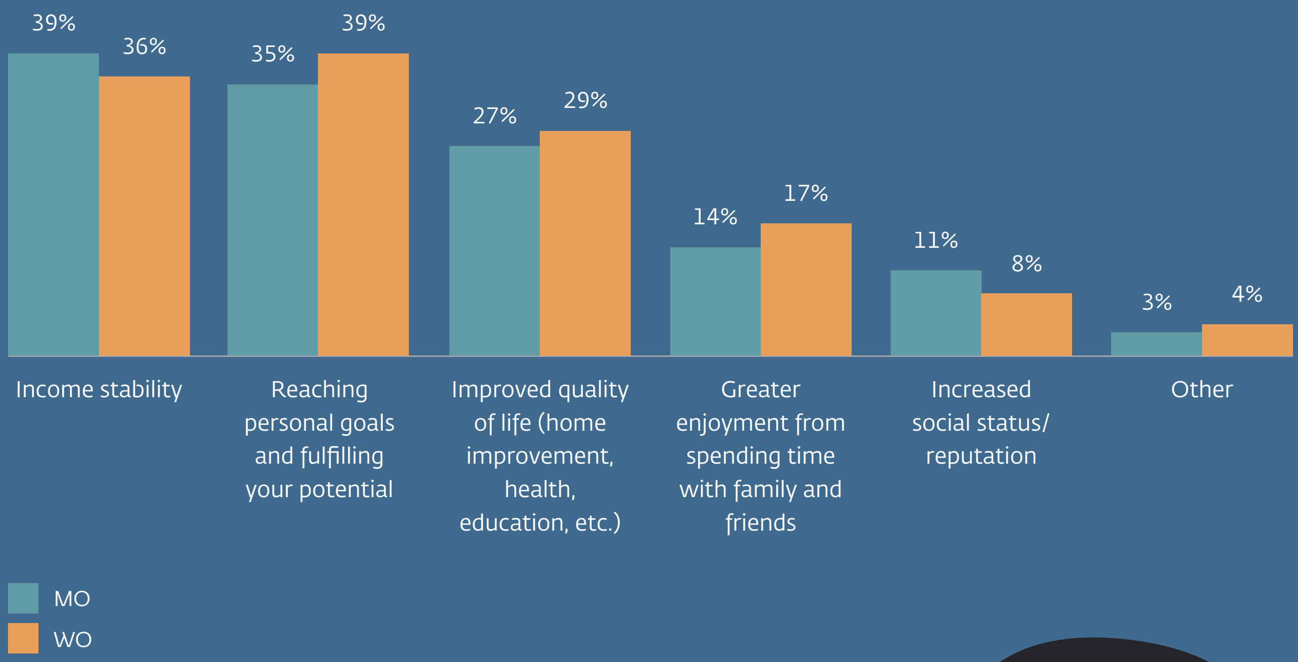


Figure 3.23 Perceived Impact of Selling Online on Seller's Life



"When women sellers gain visibility, it increases their self-esteem. All the benefits that come with doing business come with being on an e-commerce platform. If you have stability, you can grow, you can make more money, and you become more visible. Business on e-commerce opens doors of opportunity for women."

- Dr. Babatunde Oghenobruche Obrimah,
Chief Operating Officer,
Fintech Association of Nigeria

"There is an attractiveness in being able to reach larger markets without necessarily putting yourself out there and that seems to draw women to e-commerce. Whether from a mobility or interaction point of view, e-commerce could potentially offer a high return on the level of effort for women entrepreneurs with competing responsibilities."

Komal Mohindra, Senior Private Sector Specialist, World Bank

Box 3.1 JForce: Local Jumia Agents Help Place Orders on Behalf of Buyers

In addition to its marketplace model, Jumia recruits independent sales agents called JForce agents. JForce agents act as intermediaries between customers and the Jumia platform, purchasing items for customers who may not be connected to the internet or lack the requisite digital skills. JForce agents earn a commission based on each sale. Individuals who are interested in becoming JForce agents can sign up on the platform for free, participate in online training, and begin placing orders for customers without any personal financial investment or obligation. JForce agents earn bronze, silver, gold, and captain status as they sell more on the platform and recruit other agents to work under their supervision.

Given the low internet penetration and limited digital skills in many markets in which Jumia operates, JForce has been an important way for the company to acquire new customers and bridge online sales to offline customers. Over time, Jumia hopes to use the JForce to build greater consumer trust in digital commerce.

This study found that while most JForce agents were men, 15 percent of JForce agents who responded to the survey in Kenya were women. In-depth interviews with women agents revealed that JForce was often a side business that they pursued in addition to their main business or full-time job. An advantage for some of these agents was the minimal time commitment required to maintain commissions once they built a network of customers. Increasing the number of women JForce agents could be one way to reach more women customers.

In the long-term, several women agents saw their work as a steppingstone to starting a business of their own, either as a vendor on Jumia or another retail business, online or offline. Working in JForce was important for learning how to run a business in an environment with low financial risk, affording them opportunities to learn new skills on the job, while also building a network of potential customers and other contacts. One Nigerian JForce agent, "I want to be an entrepreneur; I want to start importing and exporting goods. I want to learn mini importation – how to import goods from China and sell. I don't like working under people. I want to be my own boss."

Several agents mentioned being able to contribute to household expenses with relative ease due to the supplementary income from JForce. This is especially beneficial for agents who are single mothers, such as one in Côte d'Ivoire who said, "What I earned through Jforce allowed me to buy food and meet small needs for the children. I manage to do my job and have time for my household."

Other JForce agents use Jumia as a supplier for their offline businesses. Jumia identifies customers who order items frequently, or on a large scale, and reaches out to them personally with the offer to become an agent. Some women agents feel they face gender stereotypes from customers. One Nigerian agent said, "I think the major challenge with electronic items is that people tend to buy electronics from men. They believe men know more about electronics. I don't know if they are right." Conversely, she felt that women agents tend to be preferred for categories such as fashion and beauty.

Such gender stereotypes that hold women back offline do not carry over to the e-commerce sales of WO businesses, which had higher total sales in the electronics category than MO businesses on Jumia (Figure 3.7). Because they still operate offline, women JForce agents may not be afforded some of the same advantages as women e-commerce sellers, whose relationships with customers are intermediated by the Jumia platform such that the gender of the seller is not known to the customer.

4. The Business Case for Closing Gender Gaps in E-commerce

Despite women's success in e-commerce in recent years, gaps still exist in GMV between men and women sellers. In Kenya and Nigeria, though not in Côte d'Ivoire, women slightly outnumber men on the platform. However, taken as individual businesses, women's average GMV lags behind that of men's, a gap which has increased during the pandemic.

By the second and third quarter of 2020, women's businesses accounted for a weighted average of 48 percent of the total GMV earned by marketplace sellers on Jumia in the three countries while men's businesses accounted for 52 percent. This gender gap would be significantly wider if not for the strong performance of WO businesses in Kenya, particularly the super performers in the electronics sector.

To estimate the total impact of closing gender gaps in Africa, the research team applied the gender gap in average GMV to the growth forecast for the regional e-commerce sector and calculated two possible scenarios. The first scenario maintains the status quo, with no action taken to close gender gaps and the second scenario calculates the impact of closing gender gaps in GMV by 2025.

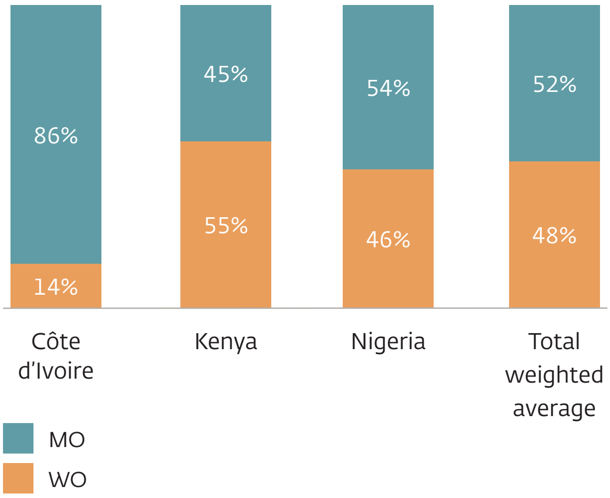
In the status quo scenario, with no action taken on gender gaps, the regional e-commerce market is estimated to develop at a compound annual growth rate of 15.5 percent. Given a current market size of $20 billion in 2020, this would mean that the value of e-commerce in Africa could reach $84.5 billion by 2030.[8] In this case, women's contribution to the total projected value of the e-commerce market in 2030 would be 48 percent of $84.5 billion, or $40.56 billion, and $43.94 billion for men.

However, addressing gender gaps and achieving parity in earnings on e-commerce platforms could enhance the sector's value even further. In the second scenario, if women's GMV were to reach parity with men in 2025, then additional gains of $14.57 billion would accrue from 2025 to 2030. The gains were calculated by taking the current anticipated growth rate for regional e-commerce and considering how future growth would be impacted if women's GMV were to reach parity with that of men. As the size of the e-commerce market grows over time, the value of closing the gender gap increases proportionately. Table 4.1 breaks down yearly calculations in more detail.

These calculations serve to illustrate the scope of the potential gain for investing in women in e-commerce. In this instance, nearly $15 billion equates to just under $3 billion dollars a year that are lost to inaction on gender equality. However, this could be captured through investing in women entrepreneurs. Taking action sooner would increase the potential gains, and delays would reduce them.

Finally, these figures are both simplified, and are to a certain extent conservative, as they do not consider nuances such as the increasing rates of digitalization linked to the pandemic or the increased entrance of women customers into the e-commerce market. Closing the gender gap in GMV earned by women and men by 2030 would mean not only greater opportunities for women's entrepreneurship and income generation, but also growth in the overall market size for Jumia and other e-commerce platforms.

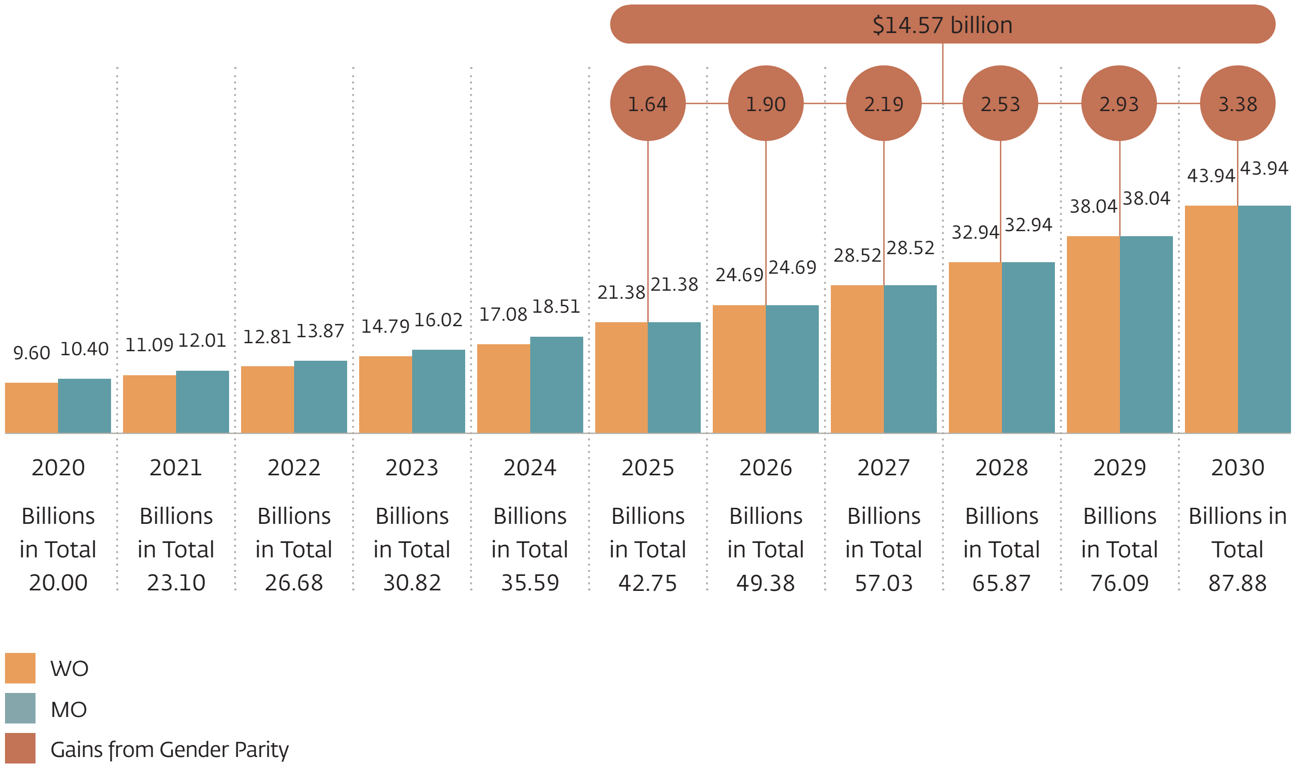
Figure 4.1 Share of Total GMV Sold by Country, Q2 and Q3 2020



The country columns are based on total country GMV. The total column is based on the total weighted average GMV for the three countries combined.

[8] 84=20*(1+0.155)^10

Table 4.1 Gains in Total GMV From Achieving Gender Parity



5. Recommendations for Growing Women's Participation as E-commerce Sellers

Achieving gender parity in the representation of e-commerce sellers—and the resulting benefits for the overall market size for e-commerce—will require a concerted effort among an ecosystem of players. Below are recommendations for e-commerce platforms, investors, and policymakers.

5.1 Conclusion

This study found that by addressing gender gaps, the e-commerce sector could add over nearly $15 billion to the total value of the sector in Africa by 2030. Thus, e-commerce companies have a vested interest in ensuring that women entrepreneurs join platforms and thrive on them.

The findings indicate that women and men come to e-commerce with different motivations. Further, women face a range of barriers to success, and thus have less favorable performance results than men. For instance, women- and men- owned businesses do not concentrate in the same sectors and have been impacted dissimilarly by the COVID-19 global pandemic. These strong gender differences, as well as geographic variations, emphasize a need for continued analysis across the sector and markets. E-commerce platforms, investors, policy makers and development actors all have a role to play to close the gender gaps.

5.1 E-commerce Platforms

1- **Collect gender data on sellers.** Like Jumia, some platforms may already collect information on the gender of sellers as part of the registration and onboarding process. This forms the basis to better understand the seller base and will help to assess opportunities to enhance platform attributes and services that can help sellers succeed. Where privacy regulations allow, platforms can also go a step further to collect sex-disaggregated data on individuals in leadership positions in instances where a business is owned by more than one person. Platforms should ask sellers to report their gender at the time of registration and ask sellers to verify or update this information at least annually. For larger businesses, sex-disaggregated data should be captured not only for the person managing the account, but also for other individuals in leadership positions.

2- **Monitor seller preferences and performance by gender, taking note of gender gaps.** Once a platform has collected data on the seller's gender, periodic monitoring of seller performance by gender, in addition to the platform services they opt into, will indicate any gender gaps and opportunities to provide additional support to address them. If routine collection of this data is not possible, workarounds such periodic surveys or seller forums can provide avenues for feedback.

3- **Target women with loans or other financing options.** This study found that women were less likely to have received financing because they were not always aware of financing options available to them or they perceived that loans were too risky. Platform sponsored financing, particularly unsecured lending, represents a key opportunity for e-commerce platforms to grow their seller base, while also driving gender equality. Platforms should be intentional in how they communicate such offerings to sellers, ensuring messaging and financial products resonate with both men and women.

While the gender gaps in insurance access were not consistent across markets, there is a strong need for insurance among both men and women. This suggests that e-commerce platforms could collaborate with financial service partners to increase access to insurance by aggregating a potential customer base, particularly in areas like commercial insurance.

4- **Increase training and networking for women.** Women expressed greater appreciation for training and networking than men and cited greater benefits to their business. Platforms should continue to provide training opportunities beyond the onboarding phase and offer clear support channels and informational resources throughout the seller journey. Platforms should also consider establishing peer mentoring and support networks specific to women, where they can seek and provide support and share advice with each other. Supporting women-owned businesses to grow from microenterprises to small, medium, and large enterprises provides benefits to both e-commerce platforms and women entrepreneurs.

5- **Encourage women sellers to use product promotional features.** Women were less likely than men to use Jumia's paid promotional advertising features that highlight products to customers. Use of such features is particularly important in highly competitive categories with low differentiation like fashion, where men have had more success than women. Encouraging women's uptake of this feature could improve their competitiveness and boost their sales. Platforms could consider preferential rates on product sponsorship for a period of time or a campaign specifically targeting women as ways to encourage adoption.

6- **Ensure advertisements recruiting potential sellers and Jforce agents are designed to appeal to both women and men.** This study found differences in what motivates women and men to join e-commerce platforms as well as differences in barriers and benefits to selling on e-commerce. Findings such as women's interest in training and business support provide a starting point for ensuring messages are appealing to both women and men.

5.2 Investors

7- **Provide financing options that are conducive to MSMEs operating in the digital economy.** Many African MSMEs face difficulty accessing financing, which constrains their ability to grow. Expanding access to finance through strategic partnerships with both traditional and alternative finance platforms could foster growth among MSMEs in the digital economy. Targeted financial products can be developed to support the often inventory-bound and shorter-term financing needs of online entrepreneurs. Such financing mechanisms can also leverage the vast amounts of data generated by e-commerce platforms to guarantee sellers' performance and growth potential.

8- **Promote uptake of financial products among women and other underserved groups.** Women and underserved groups are less likely to receive financing due to constraints such as limited collateral and gender discrimination inherent in some of the formal and customary laws that govern property rights (Global Partnership for Financial Inclusion and IFC 2011). This study found that women entrepreneurs were just as likely as men to explore financing from banks after start-up. However, gender gaps were more obvious at the start-up stage where women were more dependent on personal savings when launching their businesses. There is an opportunity for investors to address this through financing options that are accessible and appealing to this target population of WO start-ups, giving them the opportunity and support they need to thrive and boost economic empowerment.

9- **Set up SMEs for success through holistic financing approaches that also build entrepreneurial capacity.** Recognizing the skills and human capital needs of smaller businesses, investors have an opportunity to address these shortfalls by supporting entrepreneurs' pursuit of additional training and skills development.

10- **Encourage the collection and use of sex-disaggregated data.** Investors are in a unique position to incentivize the collection and reporting of sex-disaggregated data and identifying gaps by making such information standard in their appraisal processes. Such an approach would not only reinforce the importance of diversity to seekers of financing, but also prompt equally mindful shifts in hiring practices.

5.3 Policymakers and Development Actors

11- **Support policies that expand internet access and reduce the cost of access.** Increased digital connectivity is a catalyst for economic growth and job creation, particularly in the digital economy. Though Internet connectivity on the continent is on the rise, access, affordability and quality continue to be challenges for many people across Africa.

12- **Promote an enabling environment for MSMEs to rebound from the COVID-19 pandemic.** MSMEs are the largest employer in many African countries and account for a substantial portion of GDP. MSMEs are already characteristically more vulnerable to economic shocks, and they have also been disproportionately affected by public health restrictions and lockdowns. This study found that

WO businesses were more negatively impacted by the COVID-19 pandemic compared to MO businesses. Policies that support MSMEs to weather the COVID-19 storm in the immediate term and that provide an enabling environment in the medium-to-long term can foster greater efficiency, improved performance, and growth for all businesses, and for women-led enterprises in particular.

13- **Expand financial inclusion among underserved groups, including women.** The World Bank found a strong correlation between access to bank accounts, lending products and the share of women-led businesses in a country (World Bank 2020). African women lag behind men in use of financial tools and mechanisms across every indicator, including mobile phone ownership, mobile money use, and bank account ownership. Expanding financial services to women through agent banking, mobile banking, e-money, and fintech services that extend the reach of the financial system are important to provide women with greater access, economic independence, and financial stability. This includes creating an enabling environment for innovation and adoption of digital financial services, by collaborating with banks, mobile network operators and other stakeholders to support the development of robust digital payments ecosystems that give sellers more options for quicker and safer cashless transactions. Leveraging women leaders in policy dialogue regarding the financial needs of women and investing in financial capacity-building are just two of many policy options for increasing women's financial inclusion (Schmidt 2016).

14- **Collaborate with platforms to understand and address gaps.** Understanding gender gaps is key to closing them. Future research should continue to leverage private sector data to generate insights on gender gaps and to inform policies and programs to address them.

15- **Address legal constraints that hold women back.** While the World Bank's 2021 Women, Business and the Law report notes significant improvements in the Africa region's inclusion of women over the last 50 years, it also reveals large variations in performance across the region and additional opportunities for growth (World Bank 2021). While several countries in the region have implemented many of the best practice approaches regarding women's mobility, as well as protections in the workplace, marriage, entrepreneurship, and assets, many continue to lag behind in areas such as ensuring equality in pay, parenthood, and pensions. Policy stakeholders should prioritize these areas and work closely with civil society organizations (CSOs) and development actors to enhance understanding of the barriers that women face and how to economic inclusion can be facilitated through data.

16- **Address logistics constraints.** Many African markets face logistics challenges due to lack of universal address systems and poor transportation and communication networks. In addition to investments in physical infrastructure, formal government policies on national addressing systems would significantly reduce complications in last mile delivery.

17- **Support the growth of tech ecosystems.** STEM programs and start-up incubators have been shown to be impactful triggers for digital innovation. In Kenya, it is estimated that for every incubator, 32 new companies are launched, expanding job creation, skills development and globally recognized innovations such as Twiga Foods and Sendy (Wankuru 2019). To realize the full benefits of such programs, governments and other stakeholders should ensure that women's inclusion is prioritized from the outset, and draws on the support of the private sector to enhance their commercial viability. This also applies to the use of ICT in formal education programs, which would help to prepare younger generations to participate in an increasingly digital landscape.

6. Appendix A – Methodology

6.1 Overview

This study design involved a mixed methods approach, comprising a literature review, a quantitative survey, an analysis of Jumia platform data, and in-depth interviews with women sellers and Jforce agents, as well as interviews with Jumia staff and external experts.

6.2 Quantitative data

Online survey: All sellers currently active on Jumia in Côte d'Ivoire, Kenya, and Nigeria were invited via email to participate in an online survey to be self-completed. Several reminders were sent to help boost response rates. Due to initial low responses in Kenya and Côte d'Ivoire, an incentive was introduced after fieldwork had started. This incentive consisted of XOF5,160 (about $10) for Côte d'Ivoire and KES540 (about $5) for Kenya. The table below shows the achieved samples and fieldwork dates by country.

Figure 6.1 Sample and Dates

Country	Achieved sample	Fieldwork dates
Côte d'Ivoire	144	12th May – 6th Sep 2020
Kenya	726	8th May – 14th Aug 2020
Nigeria	1306	8th May – 7th Sep 2020

Platform data: Jumia provided the research team with two extracts of platform data as follows:

a. Disaggregated data by seller for those who participated in the online survey. This dataset contained individual level data on GMV by quarter and product category, as well as information on the seller's activation date, maturity segment, and other related variables. Not all survey participants could be matched to the platform data due to inconsistencies in the seller IDs. The number of matched sellers, which provide the basis for the analysis, are shown below.

b. Aggregated data on mean and total GMV by quarter, product category, and seller maturity segment for all sellers on the Jumia platform in the selected countries.

Both datasets covered the period first quarter 2019 to third quarter 2020.

The disaggregated dataset was used for detailed analysis of GMV among the sellers who participated in the survey. The aggregated dataset was used for weighing purposes in order to improve the representativeness of the sample of sellers. Seller and platform GMV data was commercially sensitive and not able to be published in absolute values. Thus, for the purposes of this report, the research team presented differences in GMV between WO and MO businesses as percentages of total GMV.

Figure 6.2 Number of Matched Survey Participants

Country	Number of matched survey participants
Côte d'Ivoire	113
Kenya	610
Nigeria	1201

6.3 Weighting

The survey respondents were compared to the overall platform data with respect to the distribution of GMV by product category and seller maturity segment. There were some notable differences between the two groups, with GMV among survey respondents spread more across the different seller maturity segments compared to overall sellers. With respect to product categories, the distribution of GMV among survey respondents and sellers overall varied between the two groups and between the countries. There was no consistent pattern.

Due to potentially large weights when taking into account product category, the final weights adjusted only for the distribution of GMV across seller maturity segments within each country. The final weighting factor ranged between 0.5 and 2.6.

Aggregated data on the seller profile of all Jumia sellers in the selected countries, such as number and proportion of sellers by product category, was not available in the aggregated data and therefore not taken into account in the weighting.

6.4 Qualitative components

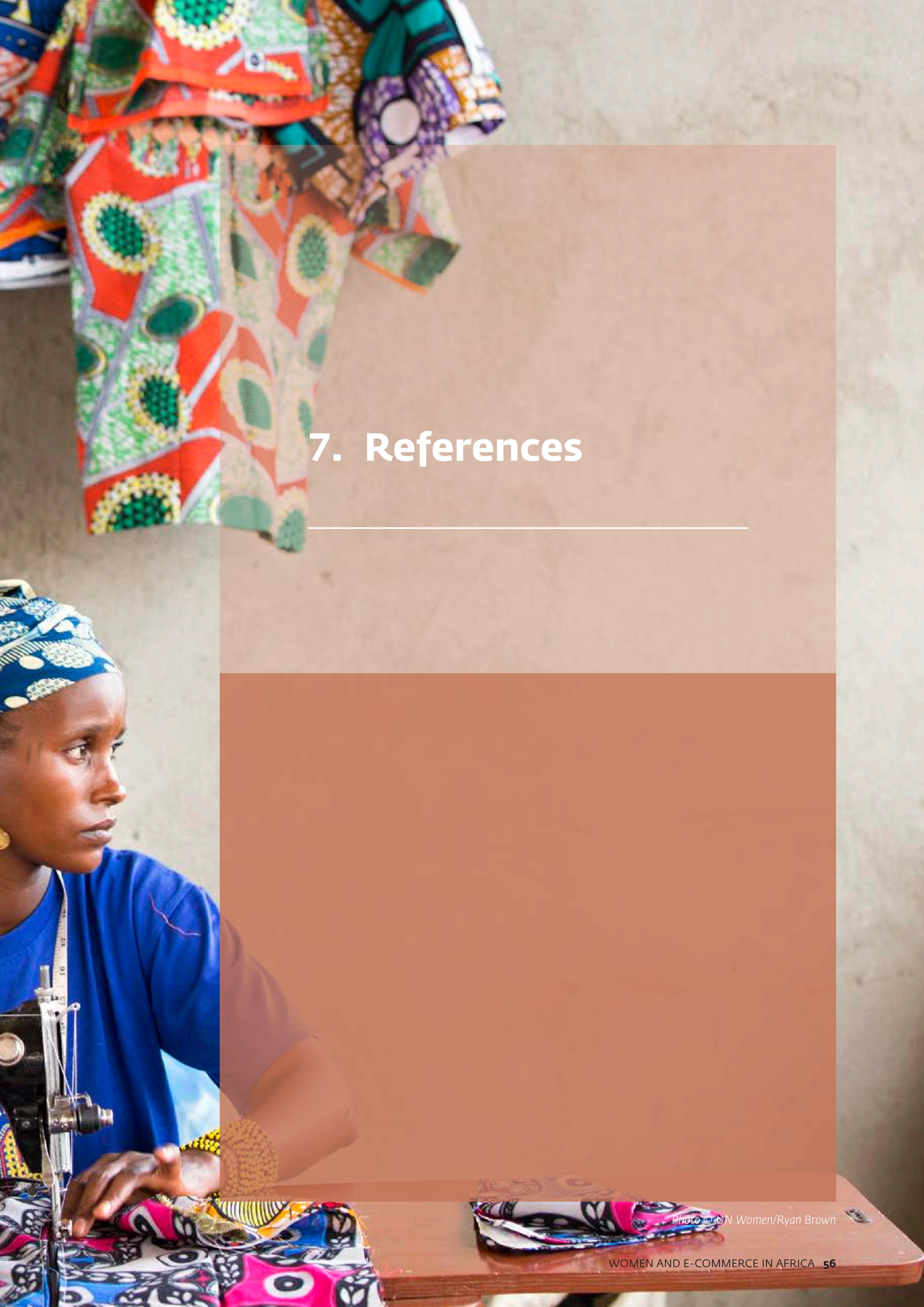
As mentioned above, the qualitative components included in-depth interviews with different groups of sellers and stakeholders. The duration of each interview ranged between 30 and 60 minutes.

- The research team interviewed women sellers and Jforce agents: The project team interviewed women sellers running their businesses on Jumia, as well as women Jforce agents from the three countries. These sellers were recruited based on the responses to the quantitative survey in order to ensure a diverse group of participants.
- The research team conducted interviews with Jumia staff and external experts: The project team conducted in-depth qualitative interviews with several stakeholders, both internal and external to Jumia. Internal stakeholders included roles such as country Chief Commercial Officers, Chief Operating Officers, marketing, and Human Resources leads. External stakeholders involved sector experts from the three countries, such as founders and senior executives of other digital ventures, as well as those from fintech associations and regulatory bodies.

Figure 6.3 Number of Interviews by Type

Country	Type	No. of interviews
Côte d'Ivoire	Internal stakeholder	2
	External stakeholder	1
	Jumia seller	6
	Jforce seller	3
Kenya	Internal stakeholder	2
	External stakeholder	3
	Jumia seller	6
	Jforce seller	3
Nigeria	Internal stakeholder	2
	External stakeholder	3
	Jumia seller	5
	Jforce seller	3


SINGER



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