International Labour Organization | ACT/EMP

The Next Normal: The changing E-workplace in Africa

Information Note No. 1

International Labour Organization

The Covid pandemic and Africa's economies: An Overview

The effects of the Covid pandemic on the world of work have been dramatic. Since the pandemic started, Africa saw working hours decrease by some 7.7 per cent. Overall employment also decreased with those in the informal economy especially hard hit. South Africa, for example, in mid-2021 registered (officially) 6.7-million people as unemployed, which is 29 per cent of everybody who could be working. By the expanded definition, more than 10 million people are unemployed, or 38.5 per cent of people who could be working. The unemployment rate is the highest figure recorded in the country since the start of the Quarterly Labour Force Survey in 2008.

While the effects of the Covid pandemic have been significant across the board, some groups - such as informal and casual workers - have been hit especially hard. Across Africa, 40 per cent of manufacturers reported reducing their casual workforce while only 27 per cent reported reducing their permanent work force.[1] In South Africa, groups of workers who "have always been more vulnerable – such as women, African/Blacks, youth, and less educated groups – have been disproportionately negatively affected" by the pandemic.[2] In Kenya, the pandemic saw informal workers' wages fall by 32 per cent, compared with reductions of just 3 per cent for formally employed workers.[3] In the Seychelles, the tourism sector is the biggest employer and has experienced significant disruptions. In just one key subsector of tourism – accommodation and food service – total employment fell by 14.5 per cent.[4] This drop is more than double the national average. These changes show the unprecedented effect of the pandemic on workers and employment and the especially significant effects on some groups within societies.

The Covid pandemic equally had a dramatic effect on enterprises, with many struggling to remain afloat due to higher costs, government restrictions, and changing consumer behaviour. Many enterprises faced new costs, often associated with health and safety measures to ensure customers and workers are not exposed to Covid-19. For many enterprises, these costs have grown more quickly than expenditures, such as rent for buildings that are not being fully utilized, can be reduced. The additional costs are often accompanied by lower revenues. The average

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enterprises reported revenues down 18 per cent, with MSMEs reporting worse declines than other enterprises.[5] Manufacturers have also reported that they are using less of their total capacity. The average capacity utilization for a small and medium-sized African manufacturing enterprises was 37 per cent - down by half from the pre-Covid levels of 74 per cent.[6] Unsurprisingly, enterprises were also experiencing lower demand, reported by 68 per cent of manufacturers and 55 per cent of service enterprises across Africa.[7] One in five enterprises in Kenya reported receiving government assistance but this was concentrated amongst larger and urban enterprises.[8]

The changes brought by the Covid-19 pandemic presented a major risk for the ongoing viability of many enterprises. A significant portion of small and medium sized enterprises in Africa – some 38 per cent – reported concerns over future cash flows.[9] Some enterprises have already closed because of the pandemic, and more are at risk. In South Africa, for example, liquidations fell to zero in April, due to the national lockdown, but by November had risen to 272, the highest monthly total in the last seven years.[10]

"Covid has forced us to look to the digital world much more. It changes the way we live, the way we work and the way we buy things. So, more and more we see the importance of digital platforms and the using technology especially as we try to manage Covid -19 better" -Seychelles Chamber of Commerce and Industry

Digital Platforms and the Covid-19 Pandemic

The Covid-19 pandemic led to a surge in the use of digital platforms by workers and enterprises. The pandemic has dramatically hastened the long-term transition from analogue to digital, while also forcing enterprises to adopt digital tools to substitute for in-person activities. Some enterprises have adopted technology to help workers work from home. Others have used it to change some aspect of their customer interactions or enterprises operations. In Kenya, close to half of enterprises are increasing their use of digital platforms, or using them for the first time.[11] Notably, the move to investing and using platforms is significantly greater than other changes such as "investing in software or digital equipment (13 per cent), changing their product mix (18 per cent) or increasing working from home (12 per cent)."[12]

Types of Digital Platforms

Digital platformsare online tools that connect multiple groups of users and facilitate economic activity. They have been defined as intermediaries "that brings together groups of users to facilitate economic or social exchange."[13] Platforms facilitate economic activity in many sectors and between a range of different user groups. These platforms have played a vital role in the pandemic, connecting enterprises, customers, government, and workers. They have helped many enterprises and workers have some semblance of normalcy during the pandemic. In this section, we will review some key sectors in which platforms facilitate economic activity, as well as review different structures that platforms use to do this.

One of the most common and longstanding sectors for platforms is in financial technology, or fintech. Fintech platforms facilitate transactions and other financial services between individuals, enterprises, banks, government and others. Perhaps the most common type of fintech platform is for payments. There are a range of different types of payment platforms. Some, such as mobile money platforms, are operated by telecommunications companies and operate outside of the formal banking system. They allow mobile users to send money directly to another mobile user. Other payments systems work through the formal banking sector. Beyond payment platforms, there are a wide range of other fintech platforms providing other financial services, from insurance to lending. Digital payments platforms play a vital role in the growth of digital platforms across sectors. They facilitate payments for e-commerce, logistics and e-government platforms and allow users of multisided digital platforms to transact electronically.

E-commerce is another common type of platform. They can either sell goods directly to customers, or serve as a marketplace where customers can make purchases from third-party enterprises that are hosted on the platform. Some e-commerce platforms function as both, selling their own goods as well as those from third-party services. E-commerce platforms are particularly interesting for EBMOs because they involve two distinct sets of enterprises – platforms and merchants – who often have conflicting viewpoints and competing financial interests.

Emerging types of digital platforms'

- Fintech platforms
- E-commerce platforms
- Logistics and transportation platforms
- E-government platforms
- Digital productivity and communication platforms

Logistics and transportation platforms are another common type of platforms. This group includes platforms that provide transportation services to consumers, such as Uber or EasyTaxi. It also includes logistics enterprises that provide delivery services. Sometimes, these logistics services utilize the same providers as transportation services – such as MondoRide. Other logistics platforms focus exclusively on delivery of goods, including some that have providers exclusively dedicated to cargo-hauling.

Digital productivity and communication platforms are more commonly used by enterprises and workers during the pandemic, often to facilitate working from home. Digital communications platforms such as Zoom and Skype have helped a wide array of enterprises continue to meet during the pandemic. However, enterprises are often using broader productivity platforms that have multiple communications options embedded alongside other workplace tools. Examples of these platforms include Microsoft Teams or Slack. These digital workplace platforms are also complemented by a wide range of other productivityrelated platforms that allow work to continue remotely, sometimes even with gains in efficiency compared to previous working modalities.

A final type of platform is an E-government platform, which facilitates digital interactions with government. E-government platforms can be used by citizens to request public services, provide comments and pay taxes. They can also facilitate digital engagement with enterprises, including a wide range of applications, reporting requirements and taxes.

Platforms operating across these and other sectors use various enterprises models, with some operating as one-sided markets and others as multi-sided markets. Some function as one-sided markets, for example an e-commerce enterprises that uses its platform to sell goods directly to consumers. Others operate as multi-sided markets, which occur when "platforms enable interactions between end-users, and try to get the two (or multiple) sides 'on board' by appropriately charging each side. That is, platforms court each side while attempting to make, or at least not lose, money overall."[14]

These platforms "match different groups of users and providers and enable the increase in scale and speed for traditional transactions such as selling, renting, lending, labour trade, and provision of services".[15] Platforms in multisided markets do not buy or sell, but simply connect those groups. Because of this structure, multi-sided platforms often have few workers, and instead work with partners to deliver goods and services. This structure, in which partners are independent contractors and not workers, is an important but highly contentious approach for many platforms.

Digital Platforms during the Covid-19 Pandemic

The Covid pandemic has played a major role in accelerating the use of digital platforms by both enterprises and individuals. According to Accenture, by 2025 the "internet economy" has the potential to reach 5.2 per cent of GDP in Africa, contributing almost $180 billion to the continent's total GDP.[16] The pandemic has also changed the way enterprises are using digital tools, creating an "unprecedented demand for contactless services, cloud solutions and collaboration applications."[17] Many enterprises are starting to use digital platforms for the first time. For many of them, the shift has been one of necessity. Because of pandemic-related restrictions or precautions, enterprises couldn't continue to operate in their traditional ways. By 2022, it is expected that "70 per cent of organizations worldwide will have increased their use of digital technologies."[18] While some enterprises may return to previous ways of working after the pandemic is over, many enterprises will never fully return to their pre-pandemic ways of operating.

One of the areas that has seen the most widespread growth during the pandemic is the use of fintech platforms. Even before the pandemic, some countries in Africa were already world leaders in various aspects of digital finance. Kenya is the widely-known example, as it is a world leader in the use of mobile money. The transformation to digital finance is not a new trend – it has been ongoing for some time, but the pandemic dramatically accelerated this long-running trend. Enterprises have rapidly shifted to mobile payments so that they can continue operating despite lockdowns and other restrictions.

In Rwanda, the lockdown caused mobile money transfers to double in a week and increase five-fold over a six-week period.

The growth in digital payments has been dramatic. Not only have these payments services attracted new users, they have also seen an increase in the volume of transactions using fintech platforms. In Kenya, for example, the value of consumer to enterprises transactions through the country's mobile money services increased by 43 per cent between the first and second quarters of 2020.[19] In Rwanda, the lockdown caused mobile money transfers to double in a week, and increase five-fold over a six-week period.[20] In the Seychelles, mobile money is less common but the country has long had internet banking. While adoption has historically been low, Covid-19 significantly accelerated the pace of adoption.[21] Many countries in Africa changed regulations to encourage the use of fintech platforms during the pandemic. Ghana and Rwanda waived fees for smaller transfers and raised transaction limits, while Uganda and Kenya also removed fees for small transactions while making mobile wallet-to-bank transactions free.[22] These changes were largely driven by the desire to reduce the need to transact in public, and to reduce the use of physical cash.

A portion of the growth in fintech platform use is directly linked to the dramatic growth in e-commerce in Africa during the pandemic. One study found that the number of online consumers jumped 30 per cent during the lockdown across some of Africa's larger economies, including Nigeria, South Africa and Kenya.[23] In South Africa, a country whose e-commerce sector has lagged behind some other African nations, 42 per cent of people said they were shopping online more than at the start of the pandemic.[24] Jumia, one of the larger e-commerce platforms in Africa, reported annual active customer growth of 51 per cent.[25]

The growth has been especially pronounced in essentials. Jumia saw a four-fold increase in demand for groceries and other essentials in the first quarter of 2020 compared to the prior year.[26] Some of this growth is driven by the inability of consumers to visit physical stores and may shift back after the pandemic, but for others the change may be permanent. In South Africa, 40 per cent of people said that they would continue to shop online, either exclusively or predominately, after the Covid-19 pandemic had passed.[27] Despite the Covid-related growth, however, a recent survey of enterprises in Africa noted that the share of e-commerce revenues remains relatively small at 16 per cent.[28] The e-commerce boom has driven growth in related industries. For example, e-commerce platform Herdy Fresh launched a new partnership with delivery platform Sendy to help them deliver on the e-commerce boom.[29]

Xente, an e-commerce and digital financial services app in Uganda, has seen strong growth during the pandemic. Enterprises and consumer transactions have increased 10 per cent and enterprises to enterprises transactions by 100 per cent.

In Rwanda, the government's push to use cashless transactions led to rapid growth at Momo pay services, with user numbers increasing to 1.4 million from just 200,000 before the Covid-19 pandemic.

In South Africa, 64 per cent of consumers bought groceries online for the first time during the Covid- 19 pandemic and 53 per cent made their first online pharmacy purchase.

Sources: UNCTAD, "Ugandan e-commerce platforms power recovery from Covid-19 crisis," July 28, 2020 , available at: https://unctad.org/ news/ ugandan-e-commerce-platforms-power-recovery-Covid-19- crisis; and Nqobile Dludla, "South African e-commerce is a Covidfired market of risk and reward," Reuters, July 15, 2020, available at: https://www.investing.com/ news/stock-market-news/south-africanecommerce- is-a-Covidfired-market-of-risk-and-reward-2229790/

The effect of the pandemic on logistics and transportation platforms has been mixed, with the demand for transportation of goods increasing while demand for consumer transportation decreasing. Transportation platforms such as Uber have seen significant drops in ridership, driven by lockdowns and the reduction in commuters. Some drivers are even stopping work because it is no longer economical.[30] However, logistics and transportation platforms that focus on delivery of goods have generally seen dramatic growth. For example, logistics provider Kobo, whose platform matches shippers and truck operators for longhaul trips, has seen the value of trips on its platform double since lockdowns started across Africa.[31]

In response to the booming demand for logistics services, a large number of new platforms have entered the sector, while some existing platforms have either started to offer delivery or partnered with delivery platforms. Get Boda, for example, refocused its service offering to expand its delivery services, bolstering its fleet of independent couriers and reducing its dependence on pick-up stations.[32] In South Africa, Uber launched new services, such as the addition of medicine delivery to its existing array of delivery services.[33] In Rwanda, many new enterprises popped up during the lockdown to provide food delivery, because it was the only option.

Despite the dramatic growth in demand, logistics and transportation enterprises have also been affected by government restrictions on movement, because they depend on the physical movement of people for their enterprises. For example, lockdowns had a severe effect on the international cargo operations of Jumia, while local lockdowns sometimes prevented sellers from fulfilling orders. Some of Jumia's largest warehouses in Nigeria, and South Africa were temporarily closed due to restrictions, with some of Jumia's partners having to suspend deliveries until the restrictions were lifted.[34]

In some countries, e-government has grown significantly during the Covid-19 pandemic. Many countries have made efforts to introduce new services online. For example, Kenya introduced digital marriage registrations in July 2020, allowing couples to apply for the certificate and pay the fee through Kenya's eCitizen platform.[35] Part of the growth in e-government has been facilitated by the rise of epayments, which is essential for completing transactions when payments are required. More than 90 per cent of payments on Kenya's centralized e-government platform (eCitizen) involve mobile money.[36]

While many enterprises have turned to digital platforms during the pandemic, they have had a diversity of experiences with these platforms. On average, small enterprises have had different experiences and needed different things from platforms compared to large enterprises, while experiences have also differed across sector. In Kenya, for example, a higher percentage of large enterprises have increased their use of platforms for various things including "supply chain management, marketing, sales, payments or service delivery" when compared to small enterprises.[37] Smaller enterprises, however, have sometimes faced challenges adopting platforms. For many SMEs moving to digital has been a great challenge as it is difficult for them to afford the systems needed to go digital and find the time to do so. There are benefits for having economies of scale when using digital platforms, putting small enterprises at a disadvantage. Enterprises have also noted sectoral differences as well, with enterprises in tourism seeing less opportunity in digital platforms than enterprises in other sectors.[38] Still others have noted that well-established companies enjoy an advantage. In Rwanda, Flutterwave said that Covid-19 was challenging for the company because they were new and had not had time to meet potential clients and market their products, a process they found was easiest with physical contact and negotiation with owners.

Some enterprises were more likely than others to go digital and use platforms, and some saw greater benefits than others. For example, service enterprises saw significant benefits from technologies that facilitated work from home. Younger enterprises were more likely to make use of supply chain management, marketing, and payment methods than established enterprises.[39] However, more generally the World Bank noted that digital technologies can help enterprises cope with the Covid-19 crisis in a number of areas including "enterprises planning, marketing, payments, and sales."[40]

Smaller enterprises have sometimes faced more challenges adopting digital platforms.

While digital platforms were an integral driver of change during the pandemic, enterprises anticipate that some post-pandemic economic activity may revert back to in-person methods. Some enterprises and consumers have adopted platforms out of necessity, for example when government restrictions force enterprises to close. Some consumers prefer to do enterprises in person, and return to that mode when it is available in the future. But others who previously did enterprises in person may continue to use digital platforms in the future, finding that they prefer it to doing enterprises in-person. But given the necessity of technological adoption during the pandemic, some shift back towards the physical is almost inevitable. Many service sectors, including those that focus on high-value goods, benefit significantly from the physical touchpoint. Some enterprises feel that while technology may refine the in-person experience, it cannot substitute for it. Some interactions require high tech and others require the human touch. Similarly, in work that benefits from empathy, it is very likely that in-person interaction will return.

Opportunities and Challenges of Digital Platforms during Covid

While digital platforms have been growing in Africa for some time, the Covid-19 pandemic sped up this trend significantly. Many enterprises and consumers have been exposed to digital platforms for the first time. At the same time, many governments have taken steps to try to expose enterprises and individuals to platforms, and to encourage their adoption for health and safety reasons. While some types of economic activity will return to pre-pandemic ways of working, for others the shift from physical to digital will be permanent. This shift to digital platforms has focused attention on the opportunities and challenges that digital platforms present, which has been further highlighted by the Covid-19 pandemic.

Opportunities

Enterprises continuity

For many enterprises, continuity is the single biggest opportunity presented by digital platforms. They offer the only way to continue operating during the pandemic, and especially during difficult circumstances such as lockdowns. Platforms provide a way to do things when there are no other options. Working from home is a good example. For some workers, this has very little effect on efficiency but ensures that they will not be exposed to Covid-19, nor expose others to it, therefore providing significant benefits. The Covid-19 pandemic points to the significant opportunities to use platforms in the future in many different circumstances, ensuring continuity of work amidst unexpected events such as when transportation links are cut due to natural disasters.

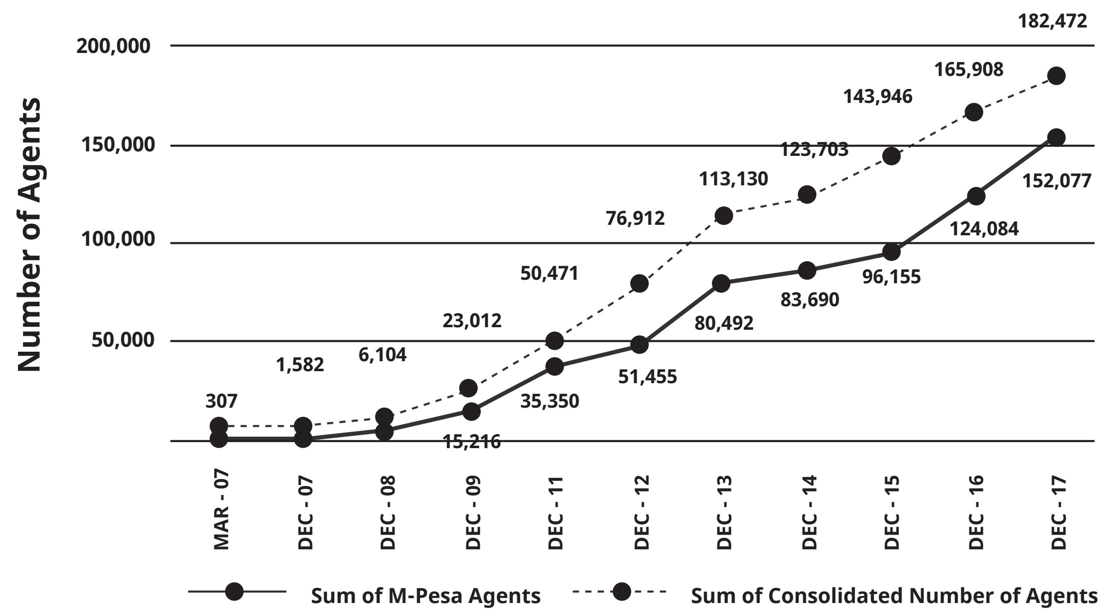
Creating new work

Both directly and indirectly, digital platforms have helped create new work, including some types of work that previously did not exist. Platforms directly create a small number of jobs in areas such as digital programming, however their bigger contribution is often indirect. For example, mobile money enterprises have networks of agents who help with the digital to physical exchange of cash, and provide other services to users. The number of mobile money agents grew significantly before the Covid-19 pandemic in countries such as Kenya, and the rise accelerated during the pandemic. These agents are an example of the growing numbers of "digital translators – people who facilitate and fulfil digital transactions in the real world."[41]

The net effect of digital platforms on the creation of work is complex, and further research is needed. Some of the issues associated with clearly identifying the net effects of platforms are: (1) many suppliers use multiple platforms; (2) many platforms facilitate the digitization of work instead of the creation of new work; and (3) some platforms contribute to the erosion of work in established sector. The case of mobile financial agents illustrates a number of these issues. Most mobile money agents work with multiple platform. In Kenya, the rapid growth of mobile money "led to the loss of roughly 6,000 bank jobs between 2014 and 2017" though this was more than offset by the growth in mobile payment agent numbers.[42] However, to better understand the full potential of digital platforms to create work, detailed research on the quality and quantity of work created and affected by platforms is needed.

Photo Credit | ILO photo e51605

Figure 1. Mobile Financial Services Agents in Kenya



Source: Brookings Institute, "Next Steps for the Digital Revolution in Africa: Inclusive Growth and Job Creation Lessons from Kenya," Working Paper 20, October 2018, pg. 23, available at: https://www.brookings.edu/wp-content/uploads/2018/10/Digital-Revolution-in-Africa_Brookings_AGI_20181022.pdf.

Accessing work and markets

Platforms help individuals and enterprises access new work opportunities and markets, often opening up work in geographical locations that may not have previously been an option. Some platforms allow workers to connect to global markets that were not previously accessible. Examples of platforms that facilitate these international connections are UpWork and Amazon Mtuck. Fiverr, a global work platform that is active in Ghana, Kenya, Nigeria, South Africa, Tanzania, Uganda, and Zambia, provides a similar service. These platforms allow workers to tap into markets that previously did not exist, or help them do work for enterprises in another country that previously may have required their physical presence in that country which would not have been possible due to visa restrictions. Other platforms work similarly but at a national level. Examples include:

- Glorby (Nigeria) – an outsourcing and flexible hiring platform
- Workana (Ghana, Kenya, Nigeria, Rwanda, Tanzania, Uganda, Zambia) – a platform for freelancers from multiple sectors
- Freelance.co.ug (Uganda) – a Ugandan freelancing platform for all types of work

For many more African workers, however, digital platforms provided a tool to find work in their local market. Many workers turned to platforms when they lost their previous work during the Covid pandemic, and used platforms as an alternate strategy to find work locally. While some platforms provide general marketplaces for a broad range of services, others focus on very narrow, niche markets, often in a single country. Examples of these types of niche platforms include:

- AuPairs Exclusive (South Africa) – a platform matching au pairs to employers
- Domestly (South Africa) – a platform matching 'trusted' cleaners to customers
- Kisafi (Kenya) – a platform connecting customers to household workers and domestic staff
- Minderz (South Africa) – a platform connecting pet owners to pet sitters, dog walkers and other animal service providers
- PrimU (South Africa) – a platform connecting customers to beauty and wellness therapists
- GetTOD (South Africa) – a platform connecting freelance tradespeople to customers

Improving efficiency and reducing overhead costs

For emerging small enterprises, digital platforms have provided new opportunities to cut overheads and improve the efficiency of their operations. Digital communications platforms are facilitating remote work, reducing the need for enterprises to have often-costly office space. Many employers are looking at new opportunities to reduce the physical footprint of their office and have workers work remotely for a portion of their schedule. At the same time, digital platforms offer the opportunity for enterprises to utilize assets more efficiently. For example, digital platforms can facilitate better matching with consumers, and help delivery enterprises find more customers and utilize their delivery fleet more efficiently. Lastly, they can reduce transaction costs for some enterprises, facilitating digital contracting and payments.

For enterprises, digital platforms have provided new opportunities to cut overheads and improve the efficiency of their operations.

Formalization

Digital platforms offer new opportunities to increase formality of enterprises and workers, even if they remain partly informal. Most work and enterprises in Africa is in the informal economy. For many workers, their livelihood consists of multiple income streams instead of a single job. For example, research in Tanzania and Mozambique shows that smallholders average six different income streams per year in Mozambique, while Tanzanian smallholders have eight.[43] Enterprises and workers often remain informal, due to the costs of formalization and other factors

Digital platforms offer an opportunity to connect informal workers and enterprises with some of the benefits of formality, but not all of the costs. Platforms offer an opportunity not so much to grow full time formal economy jobs but increase "people working multiple jobs with "somewhat formal" entities."[44] However, evidence to date suggests that more work might be needed to facilitate this move to semiformality. Many platform users have a few characteristics of formality, such as using mobile money. However, few platforms offer assistance to their users about how to formalize. Some platforms provide training and skills upgrading opportunities. Platforms generally do not take steps to facilitate compliance, such as by collecting sales taxes on behalf of suppliers or reporting sales data to the government. Given this, governments may have to take further steps to require or encourage platforms to play this role.

Contributing to public policy and statistics

Platforms present a unique tool to gather data on labour markets and skills, especially in the informal economy. This data, and the ability to access it in real-time, could be a boon for public statistics and policymakers, especially in data-poor environments and on topics that are tough to gather statistics about. However, at present many digital platforms do not share data with policymakers. Almost no governments have standards for how platforms should collect or report data. Instead, each individual platform determines what is collected and how it is used. Data sharing and dissemination is generally unstructured, not systemic and not occurring at regular intervals that would improve the usefulness of data when examining labour market trends. The lack of data sharing about labour markets and skill is a significant missed opportunity.

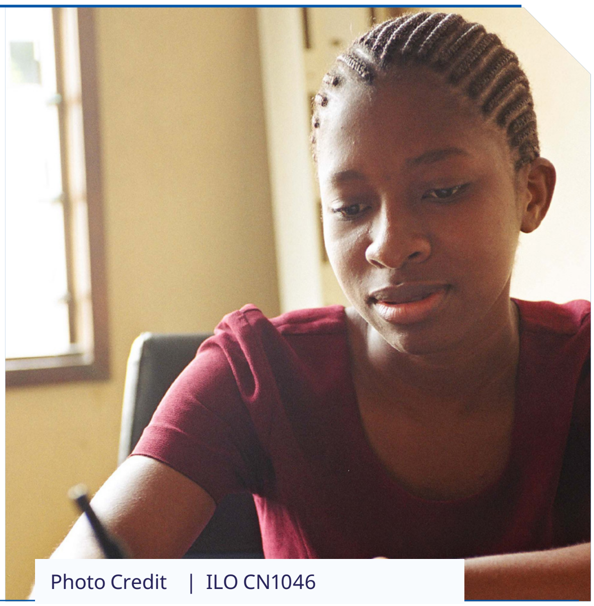


Photo Credit | ILO CN1046

Developing skills

Digital platforms are creating new avenues to deliver skills training and certifications and boost digital literacy. New models for skills delivery and training are desperately needed as "traditional models are failing the world's young people; almost two-thirds of youth employment programs have no impact."[45] The IFC estimates that there is a "$130 billion opportunity ...to provide digital skills across Sub-Saharan Africa until 2030." They note that the "largest opportunities are in enterprises-to-enterprises and enterprises-togovernment training for basic and intermediate skills." [46] Many platforms already offer digital skills and literacy trainings, and demonstrate the huge opportunities available to disseminate digital skills. Jumia, for example, offers both online and offline training to support sellers on its platform. In Nigeria, these trainings are provided on a weekly basis and cover a wide range of e-commerce topics, such as marketing, sales, and communication, and include specific modules on Jumia's operations, such as how to list products, managing shipping, and understanding account statements.[47]

Challenges

Access and the digital divide

One of the biggest challenges faced by digital platforms, and the digital economy generally, is that many people cannot participate in the virtual economy. One of the key drivers of this exclusion is cost. The percentage of Africa's population that uses the internet is "significantly lower than the global average."[48] Despite fast growth and increasing numbers of internet users, the total share of people online only about 28 per cent, so there is a huge "digital divide" on the continent.[49] For the poorest 20 per cent of Africa's population, the cost of 1 GB of data is about half their monthly income.[50] According to the Central Bank in the Seychelles the cost and availability of internet is one of the biggest barriers that keeps people from using digital payments platforms.[51]

Addressing access issues is complex and requires a long-term commitment. It requires collaboration across multiple departments of government and the private sector. It also requires that the educational system adapt, so that students develop digital literacy – an especially daunting challenge for children whose access to education has only been further impaired because of the pandemic. The digital divide has become even more prominent during the pandemic, as people who are not connected are often the hardest hit by the pandemic. The pandemic draws new attention and makes the digital divide a human rights issue. This has direct implications for digital platforms, as these platforms work for people who can access them but are much less beneficial for people who are not digitally included.[52]

Competitive Dynamics of Platforms

Digital platforms have a number of competitive characteristics that are challenging for individuals and enterprises, including very strong competition and network effects that give platforms oligopoly power. Network effects are a situation when the "value of a product, service, or platform depends on the number of buyers, sellers, or users who leverage it."[53] They can contribute to a winner-take-all outcome and give platforms more power to set prices, which they sometimes use to extract higher fees from sellers. This can put significant pressure on the thousands of SMEs that sell through platforms. However, most antitrust legislation was designed before platforms, and focuses on oligopoly pricing in markets with only buyers and sellers. This limits its application to digital platforms, perpetuating challenges associated with platforms having disproportionate power.

The large number of users on digital platforms means that workers and enterprises can face very strong competition. The marketplaces for providers of many services, such as transportation, are competitive and have become even more so as new entrants join during the pandemic. This can lead to an oversupply of providers and therefore lower incomes for each of them. This was noted by both companies and government in Rwanda during the pandemic, when many motorcyclists started using logistics platforms when their traditional enterprises of transporting people dried up. This large number of providers led to a fall in logistics costs but did not translate into a rise of sustainable decent employment.[54] This problem has also been cited on global platforms, such as Amazon Mturk. Numerous studies have found that while some platform users can rise above the crowd due to significant experience or high ratings, most users are relegated to low paying work or work referred through other users.

These anti-competitive characteristics of digital platforms can be made worse by other platform practices that hurt users. One of these practices is the opaque or unfair rating of platform providers. If providers receive negative reviews, they can face challenges getting work and may also struggle to clear their name when given an unfair rating. Another challenge for users, especially of e-commerce platforms, is when platforms sell competing products, a enterprises model of many e-commerce sites. Enterprises, which are often SMEs, are put in direct competition with platforms, but the later have a significant advantage because they the sales channel and data on both users and sellers. These types of practices make it more difficult for both users and providers to ensure fair competition on digital platforms.

Regulating digital work and workplaces

The growth of platforms has upended traditional definitions of work and workplaces, and adjusting the legal and regulatory framework to keep pace has been challenging. In some countries, employers think there is little regulation. One of the biggest areas of discussion has been the working arrangements of digital platform workers, who are often contractors and do not enjoy the protections and benefits of employees. The pandemic also highlights the insecurity of this type of work. For example, domestic workers using platforms in South Africa are increasingly common. However, workers often have to work harder even if they earn more money, and they feel less secure – both physically and in the precariousness of their work.

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Digital platforms also create new questions about the definition of the workplace. For employees working directly for platforms, remote work raises questions about the workplace, such as how this is defined when an employee works from home and what the employer's duty of care is in that situation. Much like for digital labour markets more broadly, few countries have clearly established laws and regulations that can help address these new questions. For platform users, however, the questions are even greater, and the pandemic has highlighted how poorly most governments regulate economic activity and work. As one EBMO noted, the government was better at regulating the physical economy but they are being sidelined as a regulator of the digital economy. Instead, platforms are often setting the terms and conditions of work and enterprises in the digital world, and regularly doing so to their own advantage.

Accessing social protection

Workers using digital platforms often lack access to formal social protection systems, an issue that the pandemic has highlighted in many countries in Africa. While platform work can result in higher pay, it can involve more intense work, longer working hours, and less protections.

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Organizing enterprises and workers

Digital platforms present unique challenges to the organization of labour and the vital roles of workers and employer's organizations. The challenges are especially acute during the pandemic, and especially for trade unions. The growth of platforms has upended traditional definitions of work and workplaces, and adjusting the legal and regulatory framework to keep pace has been a major challenge. collect demands and do internal consultation. Some unions are advanced, and communicate with members through digital means, but many cannot. This same challenge – where workers do not share a physical workspace – is true of digital platforms, and presents a challenge for unions. The Covid-19 crisis has also increased the need for unions to constantly negotiate workplace changes, many of them related to the rise of digital work. Even for workplaces that have a collective bargaining agreement, they almost certainly did not contain a full set of contingencies for a pandemic. This has resulted in significant new demands on both groups to negotiate about remote work and the rights of home-based workers.

Digital literacy and skills

Digital literacy and skills are vital for workers and enterprises to take advantage of platforms, but many workers are not yet able to develop these skills. According to one estimate, "over 230 million jobs in Sub- Saharan Africa will require digital skills by 2030."[45] A survey of employers found that digital skills will be required in about half of jobs, and that demand for these digital skills is expected to grow at a faster rate in Africa than in other regions of the world.[46] Another study argued that nearly 65 percent of individuals recruited for jobs require at least a basic level of digital skills.[47] Notably, employers cited both computer literacy and application of technology as among the top eight skills that they will need in the future. Digital skills are also becoming increasingly important for the informal sector. While in 2018, only 35-40 per cent of informal work required some level of digital skills, by 2030 over half of informal work will require digital skills. At this time, the vast majority of formal jobs – 80 to 85 per cent – are predicted to require some level of digital skills.

EBMOs and the Digital Economy

Across Africa, digital platforms have come to the fore during the Covid-19 pandemic. They have become a more integral part of economies across the continent, and will remain important economic players after the pandemic even if some enterprises revert to pre-pandemic ways of working. While the pandemic has shone a spotlight on many of the opportunities that digital platforms present, it has also brought newfound attention to the challenges raised by the growth of platforms. As the recovery takes shape across Africa, enterprises, governments and workers will be forced to address questions about how platforms can help promote economic recovery, and play a sustainable long-term role in the economy.

EBMOs have an important role to play in shaping the governance of digital platforms, and should work to further develop their advocacy strategy about them. As the spread of Covid-19 falls and economies recover, attention is likely to shift back towards some of the longer-term questions about digital platforms. EBMOs should have a clear advocacy strategy that focuses on an enabling environment with clear regulations for digital platforms that balance the needs of all parties.

Some countries have already starting designing **recovery strategies, and some of these explicitly include digital platforms**. In the Seychelles, for example, Seychelles Chamber of Commerce & Industry has included a pillar in their "Prosperity and Recovery" framework which calls for acquiring and utilizing digital skills.[58] However, not all countries and employer/enterprises organizations have yet to elaborate on a specific strategy for digital platforms in the economic recovery.

EBMOs should put forward a clear agenda for digital platforms and their role in the economic recovery from the Covid-19 pandemic. This agenda should seek to foster an environment in which the laws and regulations governing digital platforms are modern and fair, while promoting inclusion and nondiscrimination. EBMOs have an important role to play in shaping this environment. The overarching objective should be to separate out some of the negative ways that platforms make money, such as oligopolistic practices, worker misclassification, and exploitation of outdated regulations, while ensuring that they continue to profit by providing valuable services including lowering information costs, improving matching, and making transacting easier.

EBMOs have an opportunity to offer new services for digital platforms and their users, expanding their organizational presence while enhancing their reputation. In the past, the determination of terms and conditions of work often involved EBMOs, either through social dialogue and collective bargaining or their policy advocacy and engagement with government. However, platforms introduce a new way that the terms and conditions of work are determined, one which does not largely involve EBMOs. This threatens to undermine the important role that EBMOs play at the national level. In contexts where platforms threaten to undermine formal enterprises, it could also threaten the membership base of the EBMOs. EBMOs should seek to respond to this by developing services that meet the needs of platforms and their users, while also integrating their concerns into broader policy advocacy.

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