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Submissions from entities in the United Nations system and elsewhere on their efforts in 2017 to implement the outcome of the WSIS

Submission by

United Nations Conference on Trade and Development
and
International Trade Centre

This submission was prepared as an input to the report of the UN Secretary-General on "Progress made in the implementation of and follow-up to the outcomes of the World Summit on the Information Society at the regional and international levels" (to the 21st session of the CSTD), in response to the request by the Economic and Social Council, in its resolution 2006/46, to the UN Secretary-General to inform the Commission on Science and Technology for Development on the implementation of the outcomes of the WSIS as part of his annual reporting to the Commission.

Joint UNCTAD and ITC input to the annual report of the Secretary-General to the CSTD on the implementation of WSIS outcomes during 2017

Action Line C7 (e-business)

1. EXECUTIVE SUMMARY

Activities during 2017 related to action line C7 (e-business) aimed at increasing awareness about e-commerce and the digital economy, expanding the use of ICT-enabled market analysis tools and enhancing the international profile of relevant issues. UNCTAD, ITC and UPU jointly contributed to the WSIS Forum 2017 and to the WTO Aid for Trade Review, which focused on Promoting Trade, Inclusiveness and Connectivity for Sustainable Development.

2. ANALYTICAL OVERVIEW

A.   Trends and experiences

During 2017, attention to the development implications of e-commerce and the digital economy continued to grow in various ways. It is increasingly recognized that digitalization will influence the ability to meet all the sustainable development goals.

The UNCTAD *Information Economy Report 2017: Digitalization, Trade and Development* underlined that the new digital economy that we are only seeing the beginning of will have transformational effects, creating significant opportunities for developing countries as well as major challenges.[1] The implications for different countries will greatly depend on their readiness and capabilities to adapt and adjust. There is a risk that the trends towards more digitalization will widen income inequalities and bring benefits mainly to those that are already wealthy and skilled. Developing countries therefore need to prepare for what is coming. They are at a significant disadvantage in several respects. ICT use is more limited, there is a lack of reliable statistics to support policy making in this area, the countries often face shortages of skills needed to adapt to the digital economy and their overall strategies to harness opportunities and cope with challenges need to be further developed.

The UNCTAD *Business-to-Consumer E-commerce Index 2017* ranked countries based on their e-commerce readiness.[2] The Index draws on data on Internet use, secure servers, financial inclusion and the reliability of postal deliveries. E-commerce readiness is the lowest in the African region, which needs improvement in the underlying transaction and logistics processes in order to leverage e-commerce for development. However, an increasing number of countries are designing national policies and strategies to harness the full potential of e-commerce for economic development and the UNCTAD Index can help policy makers assess what areas are in greatest need of improvement.

Also, the Aid for Trade at a Glance Publication that was released during the 2017 Global Review of Aid for Trade, held in July 2017, highlights that e-commerce needs more than just digital connection – payments, logistics, legal frameworks, skills, finance and infrastructure support are also needed. The report points out the existence of a "Digital trade policy divide", whereby less than half of trade ministries respondents to the Aid for Trade survey are aware of national ICT connectivity plans and even fewer are engaged in

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[1] See http://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=1872.
[2] The index covers 144 economies that represent 96% of the world population and 99% of world GDP. Available at http://unctad.org/en/PublicationsLibrary/tn_unctad_ict4d09_en.pdf

national coordination activities. The Review also shows that current levels of support are inadequate, whereby the share of ICT in total Aid for Trade declined from 3% in 2002-2005 to 1.2% in 2015.

Despite the declining share of resources available to boost ICT support, e-commerce issues have been featuring prominently in various fora in 2017, including at the 11th Ministerial meeting of the WTO (MC11), held in December 2017 in Buenos Aires, Argentina. Notwithstanding the lack of an agreed outcome at the Conference, a coalition of some 70 Members countries established a new forum for discussing e-commerce disciplines, whose goal is to assess how existing WTO rules can be applied to electronic commerce transactions and prepare for future negotiations.

The UNCTAD led multi-stakeholder initiative eTrade for all organized two sessions on the margins of MC11. One of the sessions, co-organized with the Enhanced Integrated Framework (EIF), aimed to highlight the Rapid e-Trade Readiness Assessments carried out by UNCTAD as a tool able to offer a snapshot of the readiness of developing countries in engaging in e-commerce. The second event, focused on ways to leverage multi-stakeholder partnerships, such as eTrade for all, to foster sustainable development, through e-commerce.

Both events highlighted the need to work cooperatively to address the multi-faced and cross-sectoral challenges that governments and business face when starting to develop e-commerce at the national level. More information is available here: http://mailchi.mp/unctad.org/welcome-to-the-november-edition-of-the-etrade-for-all-newsletter-448437?e=5cb17c21a6

To investigate the realities of conducting e-commerce as experienced by micro, small and medium-sized enterprises (MSMEs) – and understand where greater support is necessary, ITC leveraged its network of partners in 182 countries, in particular Trade and Investment Support Institutions (TISIs) and other partners, including in the private sector, to help collect over 2,000 responses in early 2017. "New Pathways to E-commerce: A Global MSME Competitiveness Survey"[3].

The answers reveal that MSMEs involved with e-commerce face many of the same issues across the world, such as establishing visibility online, handling payments and logistics. However, the survey also reveals that there are several key issues that that touch MSMEs from developing countries in particular. Those include barriers at earlier stages in the process of establishing an online business and twice as high logistics costs, which in turn have a significant impact on their ability to compete. These "early stage" barriers are particularly impactful in Least Developed Countries (LDCs).

During its G20 presidency from 1 December 2016 to 30 November 2017, Germany hosted the first G20 Digital Ministers' Meeting ever to take place. This discussion process focused on digitalization as a key element for strong, sustainable, balanced and inclusive growth in the world economy. The meeting saw the adoption of a ministerial declaration and a roadmap setting out eleven key fields of digital policy and a specific pathway for the future work of the G20. Important challenges include providing high-speed Internet for all by 2025, creating inclusive growth and new jobs through digital trade, promoting lifelong digital learning, and closing the gender gap. In October 2017, G20 members and guest countries met with representatives of UNCTAD, ITU, OECD, the World Bank and IMF in Hamburg to discuss specific steps in which the roadmap could be implemented.

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[3] http://www.intracen.org/publication/New-Pathways-to-E-commerce/

B.   Achievements

During WSIS Forum 2017, UNCTAD in partnership with ITC and UPU organized the session on the Action Line C7 - Leveraging ICT to Support the SDG on Trade Growth for LDCs. The session discussed the role of e-commerce as an engine for inclusive economic growth and poverty reduction contributing to the promotion of the SDGs.

Among the main outcomes, it was stated that e-commerce will keep growing particularly in developing countries, and inclusive e-commerce has become a policy priority in development discussions. However, there is still a remarkable lack of awareness among developing countries concerning the implications of e-commerce, and how best to leverage it in order to reach sustainable development. The eTrade for all platform was presented during the session as the new information hub helping developing countries to navigate the technical assistance provided by the partners of the initiative, learn about trends and best practices, access up-to-date e-commerce data, and be informed of events and policy discussions on e-commerce and digital trade.

The *UNCTAD E-Commerce Week 2017* featured a range of events aimed at contributing to the global dialogue on the need to make the development of e-commerce inclusive. This third edition of the Week saw the participation of over 1,000 representatives from governments, international organizations, the private sector and civil society from 99 countries. It was successfully implemented thanks to collaboration between UNCTAD and 30 partners for the organization of more than 30 sessions. There were a total of 170 speakers and moderators, of which one-third were women and one-third from developing countries. The Week featured the participation of Jack Ma, Special Adviser to UNCTAD for young entrepreneurs and small business and founder and chairman of Alibaba Group, as well as 11 Ministers and Vice Ministers and 7 Heads of international agencies. Highlights of the Week included the High-Level Event on Digital Transformation for All: Empowering Entrepreneurs and Small Business, the first Ministerial Meeting of the Friends of E-Commerce for Development, the official launch of etradeforall.org platform, and the first board meeting of Business for eTrade Development.

eTrade for all is a global initiative that connects the dots among partner organizations, donors and beneficiaries to foster more inclusive development through e-commerce. It offers a unique platform to support developing countries on their joiner to e-commerce for development and to champion successful initiatives. Through this platform, beneficiaries: can connect with potential partners, learn about trends and best practices, access up-to-date e-commerce data and be informed about upcoming e-commerce events. Currently 27 partners, from the public sector, share this collective vision. eTrade for all works in close cooperation with more than 30 contributors of the Business for eTrade Development (B4ETD), http://business4etrade.org/ which is the private sector arm of the initiative. The B4ETD act as the private sector voice for optimizing public policies and leveraging cross-border e-commerce worldwide.

At the request of the Ministry of Communications and Information Technology (MCIT) of Egypt, UNCTAD has developed the national e-commerce strategy. It seeks to leverage Egypt's strengths while   tackling   the   bottlenecks   and   challenges   that   impede   e-commerce   in   the   country. The publication   sets   out   six   sub-strategies,   recommendations   aimed   at   strengthening   Egypt's performance in key policy areas, and six megaprojects. It is supplemented by an action plan to support the implementation of the strategy. Through these measures, the new strategy will help Egypt to position itself for more e-commerce and more benefits from e-commerce. More information is available here: http://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=1649 .

C.   Obstacles

Seven key policy areas are of particular relevance to e-commerce development, including e-commerce assessments to ICT infrastructure and services, payments and logistics, legal and regulatory frameworks, skills development and financing for e-commerce. As core of the eTrade for all initiative, it is crucial to improve the ability of developing countries to use e-commerce by involving both the public and private sectors in efforts to raise awareness, enhance synergies, scale up existing efforts and undertake new efforts in these policy areas.

Digitalization opens the door to new ways of addressing multiple development challenges; but it is also already disrupting many industries and value chains, and will continue to do so. In response, governments face the challenge of responding with new policies and strategies across the policy areas. Many developing countries, and especially the LDCs, face various barriers to the adoption and effective use of digital technologies. Inadequate human expertise and skills, unstable power supply, poor connectivity and limited bandwidth constrain the effective deployment of e-commerce, cloud computing, big data and IoT. Also, limited resources prevent governments, businesses and households from investing adequately in ICT devices and equipment. For these countries, formulating relevant policies and implementing adequate measures will be particularly important, not least to avoid falling behind even further as the digital economy evolves very fast, as well as to seize new opportunities.

3. INNOVATIVE POLICIES, PROGRAMMES AND PROJECTS

- Rapid eTrade Readiness Assessments for LDCs

The Rapid e-Trade Readiness Assessment project for LDCs is helping beneficiaries to take stock of their ICT-related and e-commerce development along seven key policy areas (etradeforall.org), to make better sense of the supply of capacity building from the international community and to sequence and prioritize the assistance they require from the donor communities. Finally, the assessments will enable the LDCs to take a more active part in the international discussions around e-commerce such as in the context of the WTO and the new UNCTAD Intergovernmental Expert Group on E-Commerce and the Digital Economy.

UNCTAD in partnership with donors and beneficiary countries has already released Rapid eTrade Readiness Assessments for Bhutan, Cambodia, Samoa and Nepal. Thanks to the financial support of the Federal Ministry for Economic Cooperation and Development (BMZ), the German Corporation for International Cooperation (GIZ), the Government of Sweden and the Enhanced Integrated Framework (EIF), at least 20 additional countries will benefit from the project within 2019.

- UNCTAD Intergovernmental Group of Experts on E-commerce and the Digital Economy

In October 2017, UNCTAD organized the first session of the Intergovernmental Group of Experts (IGE) on E-commerce and the Digital Economy, which provided a venue for governments and other stakeholders to discuss policy-relevant topics to maximize the development gains from e-commerce and the digital economy, and address associated challenges (and thus strengthening its development dimension).

This meeting was established in response to the mandate described in the Nairobi Maafikiano. Its first session had approximately 250 participants (including over 130 government representatives from more than 70 member States, as well as others from academia, international organizations, NGOs, private sector and others). It produced a set of agreed policy recommendations, which endorsed some of

UNCTAD's existing initiatives, and recommended further work, including the creation of a Working Group on Measuring E-commerce and the Digital Economy, to improve the availability of data on this topic.

The second session will be held on 18-20 April 2018, during the UNCTAD E-Commerce Week, and focus on fostering development gains from domestic and cross-border e-commerce in developing countries.

- Just in Time Course of Digital Commerce (DiploFoundation)

The eTrade for all initiative has been an active partner in the "Just in Time Course of Digital Commerce" course that is delivered by the DiploFoundation (Diplo), CUTS International Geneva, the ITC, and the Geneva Internet Platform, funded by the UK Foreign & Commonwealth Office. The course, whose third edition will be organized from January to March 2018 aims to assist permanent missions and international organizations in Geneva to increase their knowledge and capacity to engage in multilateral digital commerce-related negotiations and discussions. The course is aimed particularly at participants from developing countries, including LDCs. It provides an interdisciplinary coverage of e-commerce, from both digital and trade perspectives.

- Developing statistics on trade in ICT-enabled services

In 2017, Costa Rica, India and Thailand implemented for the first time UNCTAD's model survey for measuring exports of ICT-enabled services. The concepts, definitions and model survey questionnaire had been developed previously by UNCTAD in collaboration with the Inter-Agency Task Force on International trade Statistics and approved by UNSC at its 47th session in 2016. This was the first time that the model survey questionnaire was pilot tested and implemented. Costa Rica has also shared the first preliminary findings of the survey. The new data collection helps developing countries monitor and benchmark a sector that represents a strategic component of the evolving digital economy. Previously available trade in services statistics did not allow for the identification of all services that were delivered digitally. The project, funded by Sweden, aimed at enhancing the capacity of national agencies to produce official statistics on international trade in ICT-enabled services. A first set of preliminary results was presented at an UNCTAD expert meeting on 28-29 November 2017 in Geneva. A report with the main findings will be prepared in February 2018. Other countries have expressed an interest in conducting similar surveys. UNCTAD will look into identifying additional funding.

- SME Capacity building – building approaches to improve access to e-commerce markets

ITC expanded its support of groups of SMEs making first steps into e-commerce. Accompaniment of firms across Jordan, Morocco, and Tunisia, through 50 specially trained "e-commerce coaches", worked alongside more than 500 SMEs to prepare their online presence. Over 100 Small firms from Asian LDCs (Afghanistan, Bangladesh, Cambodia Lao PDR, Myanmar and Nepal) were trained in e-commerce, in particular toward the Chinese market, and a small selection were accompanied in the export and listing of their goods into Chinese marketplaces. A pilot project with a Swiss based association operating with internally displaced women in Syrian Arab Republic showed the potential to connect conflict-affected populations to international markets via e-commerce. Another project in Rwanda started in 2017 to address local firms and e-marketplace operators and with the logistics sector to enable the future of e-commerce in the country.

- Enabling women vendors to connect with buyers

ITC's *SheTrades* initiative provides women entrepreneurs around the world with a unique network and platform to connect to markets. Through the SheTrades app, women entrepreneurs are able to share information about their companies, increase visibility, expand networks, connect and internationalize. SheTrades is on target to connect one million women entrepreneurs to market in advance of the target of 2020.

- E-learning for trade

In 2017, ITC's SME Trade Academy grew by 70% reaching over 17'000 course participants from 200 countries. Participants received training on several dimensions related to international trade: from sales and marketing to market intelligence subjects, from supply chain management to cross-border contracting and from using the diaspora for trade to accessing Halal markets.

For the first time, ITC has used its distance training capacity to empower a training institute, from a developing economy, to set-up its own distance-training offering and platform. It enabled this organization to generate recurring revenues out of selling access to online courses on various topics related to trade facilitation. This sustainable model generated several replication requests.

4. FUTURE ACTIONS OR INITIATIVES

The world is at the cusp of a new digital era. The need for research, dialogue and capacity-building in all areas that are relevant to promoting e-commerce for development will continue to grow in 2018. For example, UNCTAD will be organizing the second session of its Intergovernmental Expert Group on E-Commerce and the Digital Economy, which will be held during the fourth edition of the E-Commerce Week (16-20 April 2018). The overall focus of the week will be on the Development Dimensions of Digital Platforms. It is anticipated that the first meeting of a new Working Group on Measuring E-commerce and the Digital Economy will be held in the fall of 2018. The Argentinean G20 Presidency is expected to continue to give attention to e-commerce and the digital economy.

SME capacity building initiatives need increased focused: issues faced by firms are varied by region and by economic status of the country and international exposure of firms, with a core of common challenges relating to understanding how e-commerce works in practice and how to overcome access barriers. Supporting firms in least developed countries to make better use of e-commerce entails renewed emphasis on understanding market requirements and addressing issues of competitiveness. Various studies have also shown the need to stimulate the creation and upgrade of a supporting service economy, to enable local firms to be competitive (for instance in packaging, marketing and transport and logistics).

Increased use of e-learning and better online availability of key information designed for small firms – such as e-commerce marketplace access requirements – is required in order to disseminate the learning made in the previous years and to ensure that a broader scope and greater scale of participation can be achieved.