Aid for eTrade
a collaborative effort to
Unlock the Potential of E-commerce for Developing Countries

Torbjörn Fredriksson
(cecile.barayre@unctad.org)
Chief, ICT Analysis Section, UNCTAD

Open Consultation Day
UNCTAD E-Commerce Week

Geneva, 21 April 2016
E-Commerce, Trade and Development

- Beginning of the digital era
- Goods and services increasingly traded online
- E-commerce is crucial for SMEs (B2B and B2C) to
  - access new markets (domestic and exports)
  - participate in value chains
- Expanding opportunities as a result of:
  - Improved ICT connectivity
  - New e-commerce platforms and solutions
  - Rise of new e-commerce companies in developing countries
- Transformational → both opportunities and challenges
Implications of E-commerce

- Access global value chains
- Access to markets/exports
- Access to suppliers/imports
- Higher productivity
- More competition
- Greater consumer choice
- Job creation

- Risk of fraud
- Costs of adaptation
- Risk of crowding out
- Risk of losing tax revenue
- Risk of job losses
- Risk of widening divides
...but e-commerce divide is still huge
Share of individuals purchasing online 2013

Source: UNCTAD, based on Eurostat, ITU and national data (in red).
Origin of the Aid for eTrade initiative

- Information Economy Report 2015
- Suominen, K. (2014). *Aid for eTrade: Accelerating the E-commerce Revolution in the Developing World*
- FES/UNCTAD workshop on Aid for eTrade (February 2016)
  - Representatives from governments, e-commerce companies and international organizations
  - Produced a *Call for Action*
Aid for eTrade Workshop
participants from private sector and International Org's
Many barriers to e-commerce uptake

- Limited use of the Internet among businesses and consumers
- Lack of awareness among governments and regulators
- Concerns about possible adverse effects
- Insufficient access to affordable ICT infrastructure
- Inadequate trade logistics and facilitation
- Lack of security and trust in online transactions
- Inadequate online payment facilities
- Lack of trade finance
- Limited e-commerce skills among enterprises
- Absence of statistical data on e-commerce
- Weak legal and regulatory frameworks

Urgent need for capacity-building and assistance
Key policy areas

- E-commerce strategies
- Trade logistics
- E-commerce skills
- Legal frameworks
- ICT infrastructure
- Payment solutions
We are not starting from scratch...

Key policy areas

- E-commerce strategies
- Trade logistics
- Aid for eTrade
- E-commerce skills
- ICT infrastructure
- Payment solutions
- Legal frameworks
...but current efforts are non-transparent, fragmented and of insufficient scale
Purpose and scope of Aid for eTrade

- Multi-stakeholder initiative among public and private parties who can contribute to achieving significant improvements in the ability of countries to use and benefit from e-commerce, by:
  - raising awareness of countries' unique opportunities, challenges and constraints to e-commerce;
  - mobilizing and rationalizing available financial and human resources for the implementation of projects that would address those challenges and constraints; and
  - strengthening coherence and synergies among partner activities to further the use and gains from e-commerce in developing countries.
Aid for eTrade is a concrete illustration of how to leverage ICTs for sustainable development.

- Target 5.b
- Targets 9.1-9.3
- Target 17.11
Creating synergies through collaboration

- Developing innovative development solutions to catalyze e-commerce
- Pooling capabilities leveraging each partner's strengths
- Developing joint and complementary initiatives
- Preparing joint studies, surveys and knowledge products
- Drawing on private sector inputs and promoting PPPs
- Sharing data related to e-commerce
- Project evaluation and monitoring to assess “what works”
Basic principles

- Demand-driven and bottom-up
- Emphasis on synergies and avoiding duplication of work
- Focus on building local knowledge and capacity
- Gender sensitive
- Data and facts-driven
- Performance assessed through results-based management
- Long-term viable impact is the goal, solutions and interventions remain effective after end of intervention
Organization

• Role of UNCTAD:
  – Set up and manage a portal on available e-commerce assistance
  – Convene regular meetings among all partners
  – Map demand for assistance in developing countries
  – Map projects of Partners in support of e-commerce
  – Help countries find assistance, as appropriate

• Role of all Partners
  – Respond to requests for assistance
  – Engage in collaborative projects as appropriate
  – Foster innovative thinking and idea generation
  – Further rigorous analysis e-commerce development
  – Discuss and define common goals
  – Monitor progress and report annually to donors and partners
Private Sector Advisory Council

- To facilitate the public-private dialogue
- Comprising e-commerce platform companies, payment providers, logistics firms, IT infrastructure companies and private foundations from developing and developed economies.
- Regular calls to discuss gaps and challenges, share ideas and unlock new e-commerce markets
- Share research and thinking
- Polled annually on the state of e-commerce.
- Mechanism to engage the private sector when discussing observed problems to e-commerce and possible solutions.
Open Consultation with Stakeholders

• 11 written submissions
  – 4 from member States
  – 4 from the private sector and civil society
  – 3 from international organizations

• More than 30 stakeholders have requested to make a statement today

• At an earlier stage, some 20 written contributions were received in response to a Draft Call for Action
Issues raised in comments

- Express support for the initiative
- Recognize development potential of e-commerce
- Recognize need to scale up, refocus and prioritize aid resources to help developing countries fulfill potential
- Ensure access to affordable ICT devices and infrastructure
- Digitize and improve the logistics infrastructure
- Labour protection
- Role of encryption technology
- Tackle online fraud
- Digital competencies in vulnerable groups.
Issues raised in comments (cont.)

- Mitigate possible adverse impacts of e-commerce
- Add on identity management and trust services
- Thorough needs-assessments
- Data, research and more robust economic approaches to projects and assessments
- Clarify focus and coverage
- Clarify UNCTAD’s specific role
- Budgetary and personnel implications
- Link to UNCTAD14
Next steps

• 21 April Open Consultations Day
  – Comments from all stakeholder groups
• May-June
  – Develop MoU among partners
  – Develop Private Sector Advisory Council
  – Develop project document with log frame
  – Explore interest among donors
• 18-22 July
  – Official launch of Aid for eTrade @ UNCTAD14
THANK YOU!