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**Submissions from entities in the United Nations system and elsewhere on
their efforts in 2016 to implement the outcome of the WSIS**

Submission by

United Nations Conferences on Trade and Development

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 20th 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.

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UNCTAD, UPU and ITC inputs to the annual report of the Secretary-General to the CSTD on the implementation of WSIS outcomes during 2016

Action Line C7 (e-business)

1. EXECUTIVE SUMMARY

Activities during 2016 related to action line C7 (e-business) aimed at increasing awareness, 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 2016 and its open consultation process, as well as to discussions on the digital aspects of trade policy and improving its evidence base.

2. ANALYTICAL OVERVIEW

A. Trends and experiences

During 2016, the growing awareness of all stakeholders in the digital economy that "connectedness impacts competitiveness" became apparent. Forward-looking international and multi-stakeholder discussions on sustainable trade and development included the role of e-commerce, e-business, and digitalization. The rapid growth of e-commerce is facilitating more inclusive trade and contributing to international trade flows of goods and services, earning renewed attention from the members of the World Trade Organization (WTO) in 2016.¹

E-commerce presents a significant opportunity for developing countries. According to UNCTAD, it was worth around \$22.1 trillion in 2015, up 38 per cent from 2013, and emerging economies accounted for most of this growth.² While e-commerce is currently mostly domestic, it is becoming more international. By providing more choice and new markets, online commerce can help generate economic opportunities, including jobs, for developing countries.

The UNCTAD business-to-consumer e-commerce index of 2016 ranked countries based on their e-commerce readiness.³ The Index draws on data on Internet use, secure servers, credit card use and the reliability of postal deliveries and evidenced strengths and weaknesses of individual countries and regions. 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.

Connectivity is one of the areas where developing and least developed countries (LDCs) need urgently to improve in order to integrate into the digital economy. Better connectivity helps to reduce the disadvantage of distance, thus trade costs. Online trading is increasingly vital for both large and small firms, especially for organizing their production and distribution through global supply chains. For micro,

¹ See for example sessions at the WTO Public Forum <http://digitalwatch.giplatform.org/events/wto-public-forum>

² UNCTAD estimates as at April 2016. E-commerce includes both business-to-business (B2B) and business-to-consumer (B2C), respectively valued at around \$19.9 trillion and \$2.2 trillion each. See <http://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=1281>

³ The index covers 137 economies that represent 96% of the world population and 99% of world GDP. Available at http://unctad.org/en/PublicationsLibrary/tn_unctad_ict4d07_en.pdf

small and medium-sized enterprises (MSMEs), e-commerce opens the way to connect to world markets. However, according to the ITC *SME Competitiveness Outlook 2015*, capability gaps between small and large firms are often widest in LDCs. One important reason is differences in businesses' connectivity performance. For example, a large firm in an LDC is around 3.7 times more likely than a small firm to have its own website, compared to 1.4 times in the developed world. In sub-Saharan Africa, less than 20% of small firms have a business website.

B. Achievements

During the WSIS Forum 2016, the session on the e-business action line discussed ways to better leverage the digital economy to meet SDG target 17.11 on export growth in LDCs and other developing countries, and counted with the enriching testimony of businesses in Bangladesh, Sri Lanka and Zambia. The discussants agreed that e-business and e-commerce can help accelerate the achievement of this target, but more needs to be done to assist enterprises in LDCs to overcome barriers to online trading. Innovative grassroots solutions for enabling SMEs to actively use e-commerce can be supported by initiatives from international agencies, such as the E-Solutions Programme of ITC, the Easy Export programme of UPU with national Postal operators, or the multi-stakeholder *eTrade for All* led by UNCTAD (see below). The common thread is the priority to work together at the various levels. In this spirit, the new global, multi-stakeholder initiative titled *eTrade for All* was unveiled in July 2016, representing a concrete illustration of how ICTs can be leveraged to support the implementation of Agenda 2030 on Sustainable Development.

Earlier in the year, more than 200 experts from governments, leading e-commerce enterprises, consumer organizations and international development agencies discussed the impact of e-commerce on trade and development during the second *UNCTAD E-Commerce Week* in Geneva, April 2016.⁴ The week offered a unique opportunity for experts to share knowledge and debate on topical issues such as online data privacy, policy treatment of cross-border transfers of data, the growth of e-commerce, and concerns over waning trust in online transactions.

Some of the legal issues raised by e-commerce for development were highlighted by an UNCTAD study on "Data Protection Regulations and International Data Flows: Implications for Trade and Development" that discussed the need for coherent and compatible data protection regimes in the face of new ICTs. Noting that around 60 developing countries have no data protection laws at all, the study examines the present patchwork of global, regional and national frameworks to identify common ground as well as differences, particularly regarding the treatment of cross-border data flows. It raises understanding of how data protection regulations affect international trade and provides policy options.

During 2016, recognizing the opportunity that comes from ICT enabling physical infrastructure such as the national and international postal network, and the important contribution it can make to reducing e-commerce friction, the UPU organized thematic workshops for governments, regulators and executives of national posts to discuss and share knowledge and experiences. These workshops, held in Latin America and Caribbean⁵, Europe /CIS and Africa, increased understanding on how any ICT enabled postal network can empower the SMEs to participate in e-commerce. The UPU contributed to these efforts with capacity building activities such as the publication of the *E-Commerce Guide*⁶ and policy recommendations to governments and regulators.

⁴ unctad.org/e-week

⁵ http://news.upu.int/no_cache/nd/posts-rise-to-e-commerce-challenge-in-latin-america-and-caribbean/

⁶ http://www.upu.int/uploads/tx_sbdownloader/boostingECommerceAHowToGuideForPostalOperatorsEn.pdf

Last but not least, 2016 brought significant raised awareness about the importance of official information economy statistics in order to produce evidence-based policies on trade and development. At its 47th session in March 2016 the UN Statistical Commission adopted the definition and methodology proposed by UNCTAD for measuring international trade in digital services (or ICT-enabled services).⁷ This work was developed in collaboration with the UN Inter-agency Task Force on International Trade Statistics and the Partnership on Measuring ICT for Development. The methodology was used for the first time by the US Department of Commerce to analyze trade data and produce new estimates of imports and exports in digitally enabled services.⁸ In addition, to strengthen the capacity of national statistical offices to produce information economy indicators, UNCTAD held two training courses in 2016 for Asia-Pacific LDCs and for Anglophone African countries.⁹

C. Obstacles

Amid growing evidence that e-commerce has a significant impact on enterprise performance and increasingly contributes to the global economy, and rising attention to cross-border e-commerce and digital trade, there is renewed interest in measuring ICT use by enterprises, e-commerce and related development effects. Official statistics from developing countries are scarce in this area and there is a pressing need to improve the quality and availability of relevant data. Measuring cross-border e-commerce (as well as trade in ICT-enabled services), poses a particular challenge. While few official sources currently gauge the contribution of e-commerce to exports and imports, there are opportunities to exploit existing surveys, administrative records and private sector data. There are pioneering experiences from organizations such as the European Commission, the Korea Association of Information and Telecommunication (KAIT) and the Electronic Transactions Development Agency (ETDA) of Thailand, but other countries must build capacity to catch up. Several international organizations discussed intensively during 2016 about a possible framework to advance and improve the production of statistics on e-commerce in international trade.

3. INNOVATIVE POLICIES, PROGRAMMES AND PROJECTS

- eTrade for All

As noted above, the *eTrade for All* initiative was officially launched in July 2016,¹⁰ bringing close to 20 international, regional and national organizations as well as 25 private sector entities under one umbrella, with the goal of easing developing country access to cutting-edge technical assistance need to allow countries engage in and benefit from e-commerce, and mobilizing resources for the implementation of such assistance. The initiative focuses on seven policy areas, including e-commerce assessments, ICT infrastructure, payments, trade logistics, legal and regulatory frameworks, skills development and financing for e-commerce. In this way, the initiative supports the December 2015 call by the UN General Assembly to better use ICT to facilitate achievement of the SDGs.¹¹ UNCTAD began in

⁷ See the *Economic and Social Council Report on the forty-seventh session of the Statistical Commission, 8-11 March 2016*, available online at: <http://unstats.un.org/unsd/statcom/47th-session/documents/Report-on-the-47th-session-of-the-statistical-commission-E.pdf>.

⁸ <http://www.esa.doc.gov/economic-briefings/new-bea-estimates-international-trade-digitally-enabled-services>

⁹ Since 2007, UNCTAD has trained some 200 producers of ICT statistics from more than 100 countries.

¹⁰ During UNCTAD 14 in Nairobi. For more information, see unctad.org/etrade-for-all.

¹¹ As at December 2016, the initiative counts with the financial support of development partners such as the Governments of the United Kingdom of Great Britain and Northern Ireland, Sweden, Finland and the Republic of Korea.

2016 to assist developing countries in assessing their e-commerce readiness (Bhutan, Cambodia and Rwanda), with a focus on the policy areas of *eTrade for All*.

- SME e-commerce assistance programmes

In 2016, ITC piloted some innovative and practical solutions to support SMEs in developing countries. An "E-Commerce Caravan" toured Switzerland in July 2016 to showcase goods produced by 70 SMEs from 5 countries (Côte d'Ivoire, Ethiopia, Morocco, Senegal and Syria), alongside an e-commerce portal developed for the event.¹² In one week, over \$60,000 of sales on and offline were generated. Moreover, the firms gained hands-on experience of how to list, import and promote goods to 1,000 new customers. These experiences were accompanied by the production of training materials and tools that allow SMEs to evaluate the suitability of their products for e-commerce and prepare better listings. The ITC also helped the Government of Rwanda to operationalize the "Made in Rwanda" portal, which was followed by an "e-commerce boot camp" in Kigali, with hands-on training and support to 16 SMEs in the creation of online content.

- Enabling women vendors to connect with buyers

In 2016, ITC continued to leverage *SheTrades*¹³, launched in 2015, a wide-ranging initiative to empower women economically through greater integration in global trade and investment. A mobile app was developed, allowing women-owned businesses from around the world to make connections, build networks, and showcase goods and services. Prospective buyers, meanwhile, can use customized filters to identify companies that meet their requirements. In addition, the UPU's flagship publication "The Global Panorama on Postal Financial Inclusion", highlights that two billion people worldwide are financially excluded, i.e. have no access to formal financial services. However, it is known that the use of financial services contributes to socio-economic development especially for most vulnerable communities. Financial services provided by the Posts are comparatively better than other financial institutions in banking segments of the population that tend to be excluded, such as women, the poor, the less educated and those in the informal economy. The study reveals that ICTs such a mobile platforms can facilitate the provision of financial services at a large scale empowering women and underserve communities to participate in e-commerce providing buyers and vendors financial capabilities to pay and receive payments.

E-learning for trade

The use of ICT for capacity building, or e-learning, is increasingly essential to reach larger scale and empower poor communities to make better use of trade and do so in a sustainable manner. At ITC, the SME Trade Academy¹⁴ proposes over 80 courses and has been used widely to build basic skills to support entrepreneurial initiatives, including a new "Trade Accelerator" programme, piloted in North and West Africa, aiming to address issues of youth unemployment.

The UPU continues to expand uses of ICT to disseminate training programs covering a large number of beneficiaries. The e-learning platform offers 49 online courses in Arabic, English, French and Spanish. Approximately 15,812 participants from 183 countries have taken online training courses since 2006.

¹² See <http://www.intracen.org/event/E-Commerce-Caravan/> and <http://www.intracen.org/news/A-digital-caravan-for-better-and-more-e-commerce/>

¹³ <https://shetrades.com/>

¹⁴ <http://learning.intracen.org/>

Thanks to the UPU's e-learning platform, postal staff has permanent access to all training courses via the internet to support e-commerce and digitalization in the least developing countries.

- Developing e-commerce statistics

To complement official statistics on the information economy, 2016 saw the burgeoning collaboration of international organizations, including the e-business action-line facilitators, to improve measurement of cross-border e-commerce data. A study named "In Search of Cross-Border E-Commerce Data" noted the scant information on cross-border e-commerce and explored possible and innovative sources of data.¹⁵ In addition, UPU began using big data from its Post*Net network to measure trends in e-commerce, specifically the movement of goods generated by e-commerce around the globe and eventually insights into social and economic trends. The WCO is also looking at customs traffic data in order to measure cross-border e-commerce data flows.

- Developing national public assets to increase reach of e-commerce and better serve citizens

With over 650,000 post office outlets around the world, the Postal network represents one of the most widely and reliable public infrastructures to bridge the digital and physical worlds to deliver "ICT for development" and ensure the global reach of digital services to serve the citizens. The UPU organized a thematic workshop "Innovations and reflections on how the postal network can ensure the global reach of digital services to better serve citizens"¹⁶ during the WSIS Forum 2016, where governments, regulators and other industry stakeholders discussed the need to innovate using existing networks and capabilities in their countries. In this context the UPU continued to leverage the global reach of the postal network working in capacity building activities in the field. As the first and only UN agency to operate a top level domain .POST¹⁷, which offers developing countries access to a secure internet cloud infrastructure in order to increase trust in digital transactions and ensure that all countries have a secure and trusted interoperable infrastructure for e-business. In 2016, the UPU offered assistance to more developing countries in launching their secure online e-business presence (Cambodia, Cote D'Ivoire, Malawi, Guinea and Tanzania).

4. FUTURE ACTIONS OR INITIATIVES

In 2017, the digital economy and e-commerce will receive increased and formalized attention from the international community. For example, UNCTAD will be establishing an Intergovernmental Expert Group on E-Commerce and the Digital Economy, and its Information Economy Report 2017 will focus on digitalization, trade and development. Similarly, the German G20 Presidency will pay attention to digital trade as a way to ensure that the global economy is "fit for the future".¹⁸ The official launch of the *eTrade for All* online platform will take place in April 2017. The state-of-the-art platform will provide a one-stop shop for finding technical assistance on e-commerce, as well as for knowledge sharing.

In the future, increased participation of private sector partners can be expected. The private sector is crucial in order to reach scale and provide many of the supporting services that SMEs in poor countries require in order to sell and transport their goods internationally. They are also stakeholders in policy

¹⁵ http://unctad.org/en/PublicationsLibrary/tn_unctad_ict4d06_en.pdf

¹⁶ <https://www.itu.int/net4/wsis/forum/2016/Agenda/Session/159>

¹⁷ <http://www.info.post/en/post/about-post.html>

¹⁸ https://www.g20.org/Content/EN/Artikel/2016/11_en/2016-11-30-g20-kernbotschaften-im-kabinettt_en.html

making for the digital economy. ITC is developing a platform with eBay that will promote the goods of particular developing countries and key sectors, beginning with Morocco in December 2016, the international e-commerce partner provides advisory and technical support for listing the and promoting the products. *eTrade for All* has strong involvement by the private sector through its advisory council called *Business for eTrade Development*.

Looking ahead, the applied learning and tools of ITC's E-Commerce Caravan are being replicated. They are being extended to support the development of e-commerce from Senegal (a promotional event is planned for Paris and online in the spring of 2017) and a major initiative is being designed for East Africa.

In 2017 the UPU will continue to encourage countries to modernize their postal networks with ICT and drive innovation to increase the opportunities inclusion and integration of all of society. The UPU will continue to support countries to be trained in setting up and launching their own e-commerce marketplaces, and secure cloud services for communication, under .POST. The Universal Postal Union and the South African government have agreed to work together to establish an electronic commerce hub to serve the Southern region of Africa in 2017.¹⁹

On the continued development of statistics for the digital economy, enterprise surveys will be piloted in four developing countries to test the UNCTAD methodology to measure exports of ICT-enabled services. This will be the first time that such statistics are produced, as previously there was no common definition or methodology for directly identifying exports of services that can be delivered remotely over ICT networks.²⁰

¹⁹ http://news.upu.int/no_cache/nd/upu-south-africa-discuss-regional-e-commerce-hub/

²⁰ <http://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=1414>