

UNCTAD E-Commerce Week

Open Consultations on Aid for eTrade

Towards an Action Plan for an Aid for eTrade Programme

21 April 2016

WB REMARKS – ECOMMERCE WEEK

1. Thank you for inviting the World Bank to provide comments on the Aid for eTrade initiative. We joined the initial consultations in February, and have also provided written comments on the Call for Action draft that was publicly shared recently. Let me take a few minutes to summarize our observations and describe related work at the World Bank.
2. First of all, we are in broad agreement with the general thrust of the paper. We recognize the growing importance and spread of ecommerce – you have heard plenty of numbers this week so I shan't bore you with any more, other than to reemphasize the upward trajectory of both the potential and pitfalls of ecommerce.. We want to emphasize the fact that the growth of ecommerce is unevenly distributed and there is growing danger that developing countries where the spread of ecommerce is currently lagging will fall further behind. That is why we need to collectively address this challenge.
3. We would like to highlight a few aspects of the initiative in particular. These include the need to create more public knowledge goods such as diagnostics, the need for better donor coordination, greater international and inter-organizational collaboration, and for a cross-sectoral approach, which we are glad to say has come up repeatedly in the conference.
4. We agree with the key policy areas of intervention, and are pleased to note that the recommendations of the paper align very well with the recently released World Development Report on Digital Dividends, which identified several 'analog' issues restraining many economies from realizing the potential of digital development. The report identified three major analog bottlenecks, apart from the gaps in digital infrastructure – the absence of regulations that ensure competition among businesses, the lack of workers' skills to meet the demands of the new economy, and the scarcity of institutions that are accountable. ecommerce initiatives, to be successful, must take an ecosystem approach that considers both digital and analog components. The Bank is establishing a Digital Development Partnership to facilitate work in this area. The Aid for eTrade call for action makes much the same case with its emphasis on regulations, logistics, skills development, and financing
5. Our digital trade work addresses two critical aspects of the eTrade environment –one, the legal and regulatory framework for goods and services, including topics such as data flows, data protection, electronic payments, and financial and telecom regulations that

affect ecommerce; and two, our work supporting the fulfillment of ecommerce transactions for physical goods. Transport and trade logistics are essential for the success of ecommerce. A good example is a pilot technical assistance program in Central America that addresses regulatory, procedural, border management, and technological challenges around air cargo.

6. Ecommerce has significant ramifications for established businesses, SMEs, and entrepreneurs running innovative startups. Our digital entrepreneurship program provides ecosystem diagnostics, policy advice, and practical interventions like incubators, hubs, and accelerators. The objective is to improve the business environment for ecommerce and also develop the capability and competitiveness of firms. Capacity development has not come up very frequently in our discussions this week, but we'd like to particularly highlight it as an ecosystem gap that must be addressed with great urgency.
7. Another constraint to the growth of ecommerce, as has been highlighted by many experts at this conference, is the market distortion created by government regulations that were either created before the 'digital era' or those that tend to over-regulate issues connected with ecommerce. The World Bank has developed a Markets and Competition Policy analysis tool and offers competition policy and advice to help promote competition, and encourage new entry and lower barriers in the digital economy.
8. Given my personal background in open data, I was particularly pleased to hear the extensive discussion about the role of data as a foundation of the ecommerce environment. The World Bank is an open data pioneer and we have worked extensively in different countries helping make more data available, establishing related policies, and developing capacity within governments, civil society, and businesses. I welcome further discussions about our work here.
9. Finally, while analog components remain vital, the work to develop digital infrastructure must be done as well. The World Bank has a long history of helping governments develop ICT infrastructure, and we have also grown our expertise in related areas like cyber security, and logistics for ecommerce.
10. I should also add that our ecommerce work is built on a very strong research foundation. Areas of interest include subjects such as firm productivity and dynamics in the digital economy, structural transformation, skills in the Internet economy and labor arrangements, GVCs, and the like. We recognize that ecommerce has been poorly studied in the developing economies and a great deal of our work focuses on filling this gap. We are also analyzing emerging technologies such as blockchains and 3D printing that have the potential to further disrupt digital trade as we know it.
11. To conclude, we are very supportive of the consultative process to develop the paper, the emphasis on the role of the private sector in the dialog, and the commitment to partnership and cooperation in the operational model. We caution against trying to do too much, and recommend being selective. Each one of us has to identify the niche we can excel at. This is a large, rapidly developing field – cooperation and collaboration are essential if we have to do it right.