

E-Commerce Week
Towards an Action Plan for an Aid for eTrade Programme

Room XIII, Palais des Nations, Geneva, Switzerland,
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Statement by the Deputy Secretary-General of UNCTAD

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Madame Chair,

Excellencies,

Distinguished delegates,

It is my pleasure to welcome you, and to address this consultation meeting on UNCTAD's proposed Aid for eTrade initiative.

The digital revolution has created opportunities for development that were once thought impossible. For example, today, in Kenya the digital payment systems have slashed the price of sending remittances by 90 percent. . And in Ghana, farmers in remote villages can now learn about market prices in Accra via text, helping bridge the rural-urban divide.

And one of the big areas of opportunities that this revolution has opened for trade and development is e-commerce.

The power of e-commerce to drive development is obvious. The question for us is: How do we harness it?

This was the question that led to a workshop organized by UNCTAD and the Friedrich Ebert Stiftung in February earlier this year. With the valuable contributions of the participants – representatives from government, international organizations, and the private sector – we circulated a Call for Action. And the purpose of today's meeting is to solicit your views on the proposed Aid for eTrade initiative.

With this in mind, it is very encouraging to see today such a large number of delegations, representatives from the private sector, civil society, and international organizations.

Before I share a bit more about the Aid for eTrade initiative, I'd like to thank the individuals and organizations that have made it possible.

At the outset, let me thank Ambassador Kairamo for her support to our meeting and for the longstanding support from Finland. It's no exaggeration to say that, had it not been for Finland's financial support for the Information Economy Report and our work on e-commerce and law reform, we would not be meeting here today.

I'd also like to thank the director of the Friedrich Ebert Stiftung's Geneva office, Hubert Schillinger, for his close cooperation over the last few months.

Now let me turn to Aid for eTrade. Why is it important to development? I'd like to focus on three reasons.

First, technology is transforming economies, and our assistance needs to adapt.

The explosive growth of ICTs and the digital economy are transforming economies at an unprecedented pace. The mobile revolution, expanded internet access, and new online platforms force enterprises to change their business practices. Technology has reshaped global value chains and trade patterns. People, products, and ideas now move more freely across borders.

These changes entail great opportunities – such as for freelance software developers in Kenya or online retailers in Bangladesh. But these changes also mean new competition for the “old economy” players.

There are non-trivial costs associated with digital change. Against this backdrop, we need to support developing countries to adapt to – and benefit from – development gains from trade in a digital world.

Let me now move to a second reason that Aid for eTrade is important for development: e-commerce offers opportunities, but the e-commerce divide is still wide.

E-commerce can contribute to economic growth, but significant divides remain.

Most people and small businesses – especially those in the developing world – have yet to start using the Internet, let alone leverage it commercially. While more than 70% of the UK already buys things online, the equivalent share in countries like Mexico and South Africa is below 5%. In most developing countries, the shares are lower still.

Significant barriers remain in the areas of transport, logistics, legal frameworks, payment systems, skills, and awareness.

We must face up to twin challenges.

First, we need to increase affordable ICT connectivity in the developing world.

And second, we need to bolster what the World Bank refers to as “analog complements,” the human capital, physical infrastructure, the regulatory and policy framework that underpins ICT use.

Given the speed of transformation, reducing the digital divide means that we need to act now.

The third reason that Aid for eTrade is important is because it’s needed to overcome the fragmentation of existing efforts.

Governments and enterprises are not the only actors that need to adapt to the digital revolution. We as development partners need to revisit the way we operate.

This is where Aid for eTrade comes into the picture.

We are not starting from scratch. Other international organizations – the World Bank, ITC, UPU, ITU, regional development banks, and the WTO, to name but a few – have all contributed to increasing e-commerce uptake. The problem, as we see it, is that current efforts are fragmented and opaque.

Meeting the e-commerce challenge in developing countries requires a more concerted approach – and on a much larger scale.

It will also require greater interaction between public and private sector development partners. This is an area of activity that is evolving fast. The private sector needs to be involved to ensure actions that address today's and tomorrow's challenges, and not those of yesterday. To facilitate this dialogue, we’ve already taken steps towards creating a Private Sector Advisory Council to this initiative. It will comprise companies active in both developing and developed countries.

Further, Aid for eTrade will seek synergies with existing initiatives and mechanisms, including Aid for Trade and the Enhanced Integrated Framework.

If we are successful, developing countries should find it easier to navigate the supply of capacity building. And donors should have a clearer picture of programs that they could fund.

In the aggregate, this initiative would add greater transparency and efficiency. It would improve matching between supply and demand, reduce duplication, and promote collaboration for scalability--almost to the point of creating a one-stop shop.

For these three reasons, we see Aid for eTrade as a high-impact value proposition. We think of it as a means of harnessing the digital economy for economic, and social gains.

Some preliminary discussions we've had with selected donors, beneficiary countries, international organizations, and businesses have been very constructive. We have seen great interest and support. I look forward to more extended discussions with all stakeholders in the course of the day.

With your support, we can harness e-commerce for development.

With Aid for eTrade, we can increase our support for developing countries to narrow the digital divide and foster inclusive and sustainable growth.

I look forward to launching this initiative at our Ministerial Conference in Nairobi in July, and hope to see many of you there.

Thank you for your attention.