Intergovernmental Group of Experts on E-Commerce and the Digital Economy
Second session

18-20 April 2018
Geneva

Contribution by

INTERNATIONAL CHAMBER OF COMMERCE

ICC contribution to the Intergovernmental Group of Experts on E-commerce and the Digital Economy, consultation *Fostering Development Gains from Domestic and Cross-border E-commerce in Developing Countries*

Information and communications technology (ICT) is playing an increasingly important role in the implementation of the 2030 Agenda for Sustainable Development. Direct references to the catalytic power of ICT for development are cited as specific targets in four of the 17 United Nations (UN) Sustainable Development Goals (SDGs), however the majority, if not all, of the SDGs would be served by the application of ICT, both using emerging and existing technologies.

The Internet, and the data flows that support it, has accounted for considerable GDP growth in many countries[1] and a World Bank study concludes that a 10 percentage point increase in fixed broadband penetration would increase GDP growth by 1.21% in developed and 1.38% in developing economies.[2] Empirical research also finds that 75% of Internet impact in terms of economic value arises from companies operating in traditional industries (i.e. not those that exist only because of the Internet) such as transport and agriculture.[3] To ride the wave of e-commerce potential, it is becoming increasingly important that populations have meaningful access to and use of digital technologies.

Studies show that while there is great interest for e-commerce among small and medium enterprises (SMEs) from developing and least developed countries, in most cases they are unable to participate due to issues related to knowledge and skills, international payments, cross-border delivery and access to appropriate technologies.[4]

The International Chamber of Commerce (ICC) Commission on the Digital Economy seeks to promote the global development of the digital economy and stable growth of ICT through private sector policy leadership, regulatory advocacy and the promotion of best practice. This response to the consultation *Fostering Development Gains from Domestic and Cross-border E-commerce in Developing Countries* will focus on one of the fundamental barriers to e-commerce: access and meaningful use of digital technologies.

ICT enables greater connectivity, better communication, exchange of information, uniform application procedures, faster, and more reliable processing. E-business solutions can streamline trade formalities, simplify complex government processes and procedures, and stimulate communication between private and public actors, and governments from different countries.

In order to foster the development gains of e-commerce governments need to encourage meaningful access to and use of digital technologies. Achieving this goal relies on an understanding of how the ICT ecosystem works in practice and the policies needed to ensure an enabling environment.

As the Intergovernmental Group of Experts on e-commerce and the Digital Economy considers how to build e-commerce capacity in developing countries, ICC encourages holistic approaches and collaboration between all relevant stakeholders to meet the following objectives:

---

[1] https://www.mckinsey.com/industries/high-tech/our-insights/the-great-transformer
[2] http://pubdocs.worldbank.org/en/391452529895999/WDR16-BP-Exploring-the-Relationship-between-Broadband-and-Economic-Growth-Minges.pdf
[3] https://www.mckinsey.com/~/media/mckinsey/dotcom/client_service/High%20Tech/PDFs/Impact_of_Internet_technologies_search_final2.aspx
[4] http://www.intracen.org/uploadedFiles/intracenorg/Content/Publications/Bringing%20SMEs%20onto%20the%20e-Commerce%20Highway_final_250516_Low-res.pdf

1

1.) **Ensure an interoperable and seamless ICT ecosystem**
    This means making sure that infrastructure, applications and services are all in place with support for user engagement.
2.) **Encourage multistakeholder approaches for well-informed and purposeful policymaking**
    Consulting all stakeholders, including business, civil society and the technical community, will lead to governments being better informed about issues and appropriate policy actions.
3.) **Drive effective policy approaches to support an enabling policy environment that promotes investment, supply of ICT, as well as industries that create demand for ICT, thus ensuring its sustainability.**
    ICT policy issues can be technical, social/cultural and governance related. All are interlinked and cross-cutting.

ICC considers these three pillars as important foundations for leveraging ICT for sustainable development and fostering the development gains of e-commerce. These pillars are drawn from a recent [ICC policy statement on ICT, Policy and Sustainable Development](#) (2017) and are elaborated with the policy recommendations and examples below.

Ensure an interoperable and seamless ICT ecosystem

An interoperable, seamless ICT ecosystem is crucial to help populations reap the benefits of e-commerce and further development opportunity.

For example, a mobile phone based platform for money transfer and financial services is able to give marginalised and remote communities access to a range of e-commerce services, including money deposit and withdrawal, remittance delivery, bill payment, and microcredit provision.[5]

To help understand how such an initiative is supported by a strong ICT ecosystem, the following layers should be considered:

Central to this example is an **infrastructure** that is accessible and affordable for all. In this case, people need to be able to afford a mobile phone, to have access to a mobile network, to afford the network access fees as well as the utilities to charge the phone.

Built on top of the infrastructure are the appropriate **applications and services**, which in this case is a financial application that can be used on the mobile. Depending on the financial application, it may be necessary to access other services in the cloud[6] to communicate with a financial or other institution for money deposit and transfer.

A key part of this example is the ability for the user to actively and independently use the device and understand the application's features. This can be done by reading or calculating transmitted information. **User digital skills and literacy** are therefore important and the ICT ecosystem as described underscores the need for developing both supply and demand side of connectivity issues. User engagement is crucial for the infrastructure and application to be meaningfully applied.

These mutually reinforcing layers are important for basic functioning and the ability of the user to reap the potential benefits of an e-commerce application.

Encourage multistakeholder approaches for well-informed and purposeful policy-making

By encouraging the participation of all relevant stakeholders in policy-making processes, governments can generate policies that are timely, scalable, and innovation enabling.

---

[5] http://www.economist.com/blogs/economist-explains/2013/05/economist-explains-18
[6] ICC policy primer on Internet of everything (2016)

For example, SDG 5 "achieve gender equality and empower all women and girls", calls for enhanced use of enabling technology, to promote the empowerment of women.[7]

E-commerce has become a powerful engine for SMEs, and in turn, women owned businesses, which are more likely to be micro or small in size and informal in nature. In China while women account for only 25% of all entrepreneurs, they have founded 55% of new online businesses, according to state-media-cited research from 2015.[8]

These opportunities are dependent on women having meaningful access to ICT, which can be facilitated or prevented by affordability, relevant content, skills and security to name a few examples. Women are currently less likely than men to use or own digital technologies and gaps are larger among youth and those over 45 years old.[9] For countries to enhance the use of enabling technology for women, they need to be well-informed about the barriers to access and how these challenges can be overcome.

The private sector plays a pivotal role in deploying broadband and other Internet related infrastructure and delivering a wide range of ICT services. Business also contributes to encouraging access through capacity-building and education initiatives, promoting innovation, public-private research and development partnerships, where businesses work with other stakeholders.

Business is investing in extensive community oriented training to enhance women's use of enabling technology. By partnering with local non-profits, programmes equip women with digital devices and provide training so that they can teach their neighbours and women in nearby villages on how to find relevant content, and how to make the most of these tools.[10]

Civil society and the technical community are also important to consult to gain an understanding of local needs. For example, civil society can advise on societal and cultural factors within social groups that may impact women's access and use of ICT.[11] The technical community lends its expertise by advising on technical capabilities of infrastructure and technology.[12]

Drive effective policy approaches to support an enabling policy environment

With all relevant stakeholders consulted, governments will be better equipped to ensure an enabling policy environment to support ICT adoption and drive e-commerce capacity. The policy considerations surrounding ICT can take the form of economic, social/cultural, technical and governance issues that are interlinked and cross-cutting.

Economic policy considerations

Investment

In the last two decades, the private sector has played an important role in deploying Internet related infrastructure and delivering a wide range of ICT services. Going forward, private sector investment in infrastructure deployment in access, connectivity and innovation will need to increase even more rapidly. Ensuring public policies promote rather than deter investment in next generation broadband technologies to enable new bandwidth intensive and quality-sensitive applications and services is important.

---

[7] Target 5.b https://sustainabledevelopment.un.org/topics/sustainabledevelopmentgoals
[8] http://supchina.com/2017/03/22/chinese-women-wechat-commerce/
[9] http://www.vitainternational.media/en/article/2016/01/20/digital-divide-is-it-really-crucial-to-narrow-the-gap-between-rich-and/165/
[10] https://www.telefonica.com/en/web/public-policy/blog/article/-/blogs/ict-and-social-innovation-the-m-inclusion-project
[11] http://www.apc.org/en/about/programmes/womens-networking-support-programme-apc-wnsp
[12] https://www.internetsociety.org/tags/women-and-ict

Data protection

Governments should adopt policies to build trust by ensuring that users have practical mechanisms and appropriate control over how personal data is used. Companies should adopt recognised and applicable best practices to ensure that the personal data is appropriately secured as technology and services evolve. Governments should recognize that an accountability approach that drives self-regulation efforts may be both a more flexible and effective method of achieving data protection than government regulation. The most productive approach to ensuring robust privacy and security standards is voluntary compliance with broadly accepted industry guidelines.[13] Policy frameworks should provide for robust and appropriate data protection that guarantees the privacy of the citizen without hampering innovation. As a general approach, proactive industry self-regulation and collaboration are effective measures to mitigate risk, preserve innovation, and enable sufficient flexibility to respond to new and unforeseen threats.[14]

> *Example:* The Asia Pacific Economic Cooperation Cross-Border Privacy Rules (CBPR) System provides a good example of how guiding principles can be used to increase interoperability and consistent data protection to support e-commerce. The initiative was developed by APEC economies with input and assistance from industry, and civil society to build consumer, business and regulator trust in cross border flows of personal information. South Korea was the fifth country to join the system which also includes Japan, and Mexico. [15]

Cross border data flows

Governments should ensure all citizens and companies can realize the full potential of the Internet as a platform for innovation and economic growth, by implementing policies that facilitate the adoption of new technologies and the global movement of data that supports them. Establishing clear rules and enforcing roles and responsibilities in the data processing value chain are necessary to maintaining responsibility over compliance irrespective of locality. Certain compelling public policy issues, including privacy and security, are recognized as possible exceptions and may form a legitimate basis for governments to place some limits on data flows if they are implemented in a manner that is non-discriminatory, not arbitrary, least trade restrictive, and not otherwise a disguised restriction on trade.[16] If policymakers decide to implement certain limits on cross-border data flows for privacy and security objectives, consistent with GATS obligations, they should ensure that such requirements include all relevant players and are equally applied.[17]

Social/cultural policy considerations

ICT skills

For populations to be able to use ICT in a meaningful way governments should encourage the development of literacy skills and training in ICT and related subjects to harness the local development opportunities ICT brings.

Access for disadvantaged groups

Particular attention should be given to developing tools and products and services that promote access for the elderly and those with disabilities. Protecting women's rights to freedom from

---

[13] ICC policy primer on Internet of everything (2016)
[14] ICC policy primer on Internet of everything (2016)
[15] http://www.cbprs.org/
[16] ICC policy statement on Trade in the Digital Economy: A primer on cross border data flows (2016)
[17] ICC policy statement on Trade in the Digital Economy: A primer on cross border data flows (2016)

4

discrimination and exclusion, and supporting their rights to political, economic, cultural and social participation is also important.

> *Example:* *There are many examples of business partnering with government and non-government organisations in several countries to achieve large scale digital skills and ICT access. These projects can incorporate a gender lens into curriculum to ensure that girls are included in a holistic way in the methodology. For example an initiative in India provides basic training on the usage and benefits of Internet for women through specially designed Internet cycle carts which are used to visit areas in villages where women can easily access and also learn more from the Internet. The Internet Cart is available in the village for a minimum of two days every week for over a period of four to six months. It creates awareness and also ensures that adequate training is provided to use the devices until women are confident using the devices independently. Once the cart has completed the training in a cluster of three villages, it will be moved to the adjoining cluster for completion of a similar cycle. The training of women and the community at large is ensured by involving local NGOs as trainers.* [18]

Locally relevant content, resources and tools

Policies are necessary to continue the support of capacity-building initiatives that seek to empower individuals and businesses locally to become content producers and develop business models that are unique and relevant to national economies. Policies that promote the creation of locally relevant content should be encouraged. Such policies should be market-driven and based on voluntary commercial arrangements. Adequate and effective legal frameworks to protect and enforce intellectual property are essential to advance creativity and innovation.[19]

Technical policy considerations

Infrastructure

While framing ICT policies, governments must take into consideration that 58.1% of people in Asia and the Pacific region, 58.4 % in Arab States and 75% in Africa are yet to connect to the Internet. In contrast, 79% of Europeans have access to Internet.[20] Internet penetration rates are higher for men than women universally across all continents. To ensure the full potential of ICT investment in broadband infrastructure, access technologies, wireless devices and other related aspects of the ICT ecosystem still need to be incentivised.

Spectrum allocation

Availability of spectrum, for shared and exclusive, licensed and unlicensed use, has a critical role in promoting the accessibility of the Internet and thus its developmental prospects. There are considerable economic benefits of taking action to ensure that sufficient spectrum is available to support the increasing demands following current and expected data traffic trends. There are many important uses of spectrum, including facilitating ubiquitous mobile Internet connectivity through advent of new mobile network generations, mobile broadband, as well as broadcast and Wi-Fi. Effective and technologically neutral management of this increasingly scarce resource must be a priority for policy-makers while ensuring the integrity of services offered by existing spectrum license holders.[21]

---

[18] http://www.tatatrusts.org/article/inside/Tata-Trusts-and-Google-join-hands-to-launch-Internet-literacy-campaign-for-women-in-rural-India-and-their-communities
[19] https://cdn.iccwbo.org/content/uploads/sites/3/2016/10/ICC-Policy-Primer-on-the-Internet-of-Everything.pdf
[20] https://www.itu.int/en/ITU-D/Statistics/Documents/facts/ICTFactsFigures2016.pdf
[21] ICC Discussion paper on Approaching shortages of mobile broadband spectrum threaten to limit broadband deployment and economic growth (2011)

5

Governance policy considerations

Interoperability

Lack of interoperability across the policy and regulatory environment can create needless administrative burdens and compliance inconsistencies across jurisdictions, stifling the opportunities and progress that can be made. The adoption of existing principles such as the principles set forth in the Organisation of Economic Cooperation and Development (OECD) Privacy Guidelines, and Asia Pacific Economic Cooperation(APEC) Privacy Framework Principles ensure adequate data protection and consistent approaches between countries. The APEC Digital Prosperity Checklist is also a useful tool to develop principle based and outcome driven policies.

Public-private partnerships

Public-private partnerships are important to leverage existing industry standards and investments. This will help utilize both public and private resources to facilitate the research, leadership, and governance to advance the use of ICT for sustainable development.

Institutional capacity and cooperation

Capacity-building remains critical to ensuring that institutions throughout the world are better able to collaborate to address developmental issues and share information. Greater efforts could be made through appropriate regional and global entities, such as the Internet Governance Forum[22], to help gather knowledge for capacity-building.

Example: A good example of efforts to raise capacity and cooperation is an initiative the Internet Society and the African Union recently unveiled through a new set of Internet Infrastructure Security Guidelines for Africa. The guidelines will help Africa create a more secure Internet infrastructure and are set to change the way African Union States approach cyber security preparedness. The guidelines were developed by a multistakeholder group of African and global Internet infrastructure security experts, and aim to help AU member states strengthen the security of their local Internet infrastructure through actions at a regional, national, ISP/operator and organizational level. [23]

Conclusion

The international community is moving forward in pursuit of the goals outlined in the 2030 development agenda. To successfully foster development gains from domestic and cross-border e-commerce in developing countries, governments should seek to develop an understanding of how technology works and the policy approaches necessary to support meaningful ICT access and sustainable investment.

---

[22] https://www.intgovforum.org/
[23] https://www.internetsociety.org/news/press-releases/2017/internet-society-and-commission-of-the-african-union-launch-internet-infrastructure-security-guidelines-for-africa/

About The International Chamber of Commerce (ICC)

The International Chamber of Commerce (ICC) is the world's largest business organisation with a network of over 6 million members in more than 100 countries. We work to promote international trade, responsible business conduct and a global approach to regulation through a unique mix of advocacy and standard setting activities—together with market-leading dispute resolution services. Our members include many of the world's largest companies, SMEs, business associations and local chambers of commerce.

www.iccwbo.org

@iccwbo