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Statement by

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**The views expressed are those of the author and do not necessarily reflect the views of
UNCTAD.**

**‘Digital platforms and value creation in developing countries:
Implications for national and international policies’**

Session 2: Implications for countries at varying levels of readiness

Remarks

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Good morning, good afternoon and good evening everyone, and thank you to our colleagues at UNCTAD for inviting ITU to contribute to this session.

The concept note prepared for this meeting accurately notes that “the ability of countries and various stakeholders to master digital transformations varies considerably”.

One of the key reasons for this variation is, of course, a gaping ‘digital divide’ in access to and use of digital infrastructure, tools and platforms.

ITU figures show that while close to 87 percent of people are online in the developed world, in the 47 Least Developed Countries a mere 1 in 5 people is connected.

When we quote figures like that, we tend to picture individuals prevented from going online.

But the broader implications for national economies and development go deeper: without connectivity, local businesses are unable to thrive, cut off from the basic tools of doing business in the 21st century.

ITU recently convened a panel of leading economic experts to share their insights on COVID-19 and digital infrastructure (and I am grateful to Alison and Rohan, who are on this panel today, for joining that discussion).

The outcome of those talks highlights lack of access to digital solutions and connectivity by a large portion of small and medium-sized enterprises, particularly in the developing world.

Shockingly, perhaps, the report reveals that “the average use of the Internet for business in sub-Saharan Africa is as low as 7 per cent.” These conclusions echo the insights shared in the UNCTAD Secretariat’s paper.

So, Why does this matter?

If there were still any questions in this regard, I think the COVID-19 pandemic has provided some powerful answers.

At the individual level, access to meaningful connectivity has become crucial to our ability to continue working, studying, shopping, and more.

For businesses, connectivity means an ability to continue engaging with customers and employees, an ability to maintain vital business processes, and ultimately, an ability to stay solvent during a crisis.

For governments, it means being able to continue serving their citizens, including with vital health and safety information.

And finally, at the level of national economies, better connectivity generally means stronger resiliency and faster recovery. Our panel of digital economy experts noted that countries with top connectivity

infrastructure could potentially mitigate up to half the negative economic impact of the pandemic.

Of course we should not have needed a crisis like this one in order to fully appreciate the enormous value of digital connectivity to our economies, and to our lives.

It is now 35 years since Sir Donald Maitland's *Missing Link* report made a compelling case for universal connectivity as the essential foundation of economic and social prosperity.

The Broadband Commission for Sustainable Development, *founded over a decade ago*, has also repeatedly reinforced this message, backed up with solid data from the Commission's many Working Groups.

And ITU's 2018 report on "The economic contribution of broadband, digitization and ICT regulation" suggested that an increase of 10% in fixed broadband penetration would yield an increase of 0.8% in GDP per capita.

That same report also indicated that a 10% increase in mobile broadband penetration would yield a 1.8% increase in per capita GDP."

We have done similar modelling other regions where the correlations are even higher

Yet despite the vital and proven importance of connectivity, far too much of humanity is still excluded from its benefits.

In the wake of COVID, and to build the social and economic resilience we need to face future emergencies, we are going to need to work as hard and fast as we can to bring the benefits of digital technologies to everyone.

Pushing network penetration out to unserved and under-served areas is clearly going to need a huge injection of investment dollars.

ITU's recent *Connecting Humanity* study estimates that around US\$428 billion will be needed to connect the remaining half of the world.

And the pandemic will not make the task of securing this vital investment easy.

With leading analyst IDC predicting a 1.4% year-on-year decrease in telecom sector revenues in 2020.

Compounding this, the crisis and associated pressures on telecoms networks have forced many market players to reconsider their investment priorities. Our panel of economic experts pointed to an increase in traffic volumes which has resulted in an acceleration of capital expenditure related to the expansion of network capacity.

Accordingly, spending not directly related to measures to increase capacity is being postponed, especially in emerging and developing economies.

But the picture is not all bleak.

We ARE beginning to see evidence that international financial institutions and national governments are recognizing the vital importance of broadband to economic recovery plans, with billions of dollars starting to be allocated to digital infrastructure investments. this is at least one promising sign.

Dear colleagues,

Getting network infrastructure in is vital, but infrastructure alone will not be sufficient to bridge the digital divide and put access to digital technologies within reach of all.

We know that 93 per cent of the world's population already lives within reach of a mobile broadband service, yet right now only 53% per cent of those covered actually use the Internet.

Let's look at some of the key barriers.

One is affordability. While an entry-level fixed broadband subscription costs on average 1.4 per cent of GNI per capita in developed countries, that figure rises to 13 per cent in developing countries, and to a staggering 36 per cent in LDCs.

Another barrier is skills. Today, less than half of the world's population is equipped with even the very basic digital skills needed to take advantage of online platforms and services

A third barrier is access to devices. Over 90 per cent of households in LDCs lack a computer, compared with only 18 per cent in the developed world. Smartphones, laptops and tablets are still largely priced well out of range of families in the world's poorer nations

In line with the UN Secretary's new Roadmap for Digital Cooperation, we are going to need to face the considerable challenges ahead in a new spirit of cooperation, with decisive actions from policy makers and regulators supported by broad collaboration involving stakeholders right across the entire ICT ecosystem.

Governments need to supply the vision and determination to make universal digital access a core national priority. For regulators, getting the policy and regulation right has never mattered more. And

private sector partners need to review old business strategies and new ways of cooperating with other market players.

Experience over recent months demonstrates what can be done, when there is the will. Despite huge demand spikes, the world's telecommunications networks have coped well under unprecedented pressure, ensuring people have continued to benefit from the telecommunications services on which they have now become so critically dependent.

Through ITU's REG4COVID platform, we have showcased hundreds of effective decisions and actions by regulators and industry, so that all players have the chance to learn from each other's experiences.

And we need this kind of leadership and collaboration to continue beyond our immediate COVID response, in order to address the more fundamental and longer-term challenge of ensuring everyone, everywhere, benefits from the power of digital connectivity.

We are committed to continue working with all stakeholders to achieve this goal, through a comprehensive and growing portfolio of initiatives.

One of these is Giga – a joint initiative between ITU, UNICEF and others to connect every school to the internet, and every young person to information, opportunity, and choice.

Another is our new Connect2Recover initiative, launched with the generous support of Japan and the Kingdom of Saudi Arabia, which aims to reinforce the provision of affordable and reliable connectivity in beneficiary countries, as they adjust to the 'new normal'.

In the context of the EQUALS Global Partnership to bridge the digital gender divide, ITU and the Enhanced Integrated Framework have

launched a new project to reduce the digital gender gap in selected LDCs by using technology to drive women's economic opportunities.

And through our Digital Transformation Centres partnership with Cisco, we are tackling the digital skills gap at grassroots level.

We invite you to join our work and partner with us on these and many other global and regional connectivity initiatives, so that, together, we can help the world 'build back better with broadband'.

Ladies and gentlemen,

While we have not seen much good come from this pandemic... if we can take away one positive, it might be that the current global health crisis has served as a wake-up call for all of us to redouble our efforts to connect the world. COVID has shown us that Leaving No-one Behind must mean Leaving No-one Offline. Only then will we realize our goal of ensuring that "the potential of the digital economy may be harnessed for all".

Thank you.