

**Intergovernmental Group of Experts on  
E-commerce and the Digital Economy**  
*Fifth session*

**27-29 April 2022**  
**Geneva**

**Contribution by**

**Indonesia**

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

## **Indonesia's Written Contribution to the 5<sup>th</sup> Session of the Intergovernmental Group of Experts on E-Commerce and the Digital Economy of UNCTAD**

1. Indonesia would like to thank and UNCTAD for convening the 5<sup>th</sup> Session of the Intergovernmental Group of Experts on E-Commerce and the Digital Economy. The chosen theme of this meeting “Recovering from COVID-19 in an increasingly digital economy: Implications for sustainable development” is timely and relevant to the current global context.
2. The Covid-19 pandemic presents daunting challenges to all countries, including Indonesia. Isolation, movement and gathering restrictions and economic slowdown have created far-reaching consequences beyond the pandemic itself. After years of strong economic growth, Indonesia's GDP fell 2.1% in 2020 and grew at just 4.4% in 2021.
3. At the same time, the pandemic has been opportunity for the development of digital economy. Requirements for social distancing and other measures have changed consumer demand. They moved dramatically toward online channels, and various sectors have responded to this move in turn. In that regard, the pandemic has led to an inevitable surge in the use of digital technologies.
4. In Indonesia, the pandemic has led to drastic increase of economic digitalization. According to the Indonesian National Socioeconomic Survey (Susenas), the percentage of individuals using the internet in Indonesia rose from 47.69% in 2019, 53.73% in 2020, to 62.10% in 2021 (Statistical Year Book of Indonesia 2022). Furthermore, the number of active mobile broadband subscriptions per 100 inhabitants increased from 92.02 in 2019 to 104 in 2020 and fixed broadband subscriptions per 100 inhabitants from 3.51 to 3.96.
5. A report produced by Google, Temasek Holdings and Bain & Co predicted that Indonesia's internet-based economy could reach USD 70 billion in gross merchandise value (GMV) by the end of 2021, which will be the biggest among countries in Southeast Asia.
6. The acceleration of economic digitalization creates greater and more diverse socio-economic opportunity for the population. On the other hand, the rapid increase in the use of digital technologies require a more coordinated and holistic policy approach at both national and international levels.

### **I. Role of digitalization during the coronavirus disease pandemic and during recovery**

7. Realizing the significant potential of digital technology, the Government of Indonesia accelerated the development and application of digital services to better handle the pandemic. As one of the world's most-populous nations, Indonesia is of the view that digital technology could play a significant role to reach and provide health assistance to all levels of societies across the country's vast archipelago.
8. Digital platform helps build more resilient Indonesian societies to the pandemic through at least five area.

- The application of digital technology supports the government's efforts to pursue testing, tracing and treatment (3T) policies.
    - ⇒ One important step was the launch of "PeduliLindungi" application to help track COVID-19 tracing digitally. The app enables the government to trace and track confirmed cases by monitoring the travel of users and tracing whether they were in contact with persons tested positive for COVID-19. This app is also useful to encourage population to get vaccinated, as they may not be allowed to access public facilities if the app displays a "red" status.
  - Digital technology enables the government to provide trustworthy, timely and widespread information about COVID-19. Through the government's websites and other channels of information, authorities regularly provide information on status and statistics, travel restrictions, as well as practical guidance on governmental measures.
  - Indonesia established a One Data Information System of the COVID-19 Vaccination (SISD) which integrates data from various ministries/institutions and telecommunications operators for vaccination management from upstream to downstream, starting from the registration stage, distribution of implementation, to monitoring the vaccination process.
  - The Government applies the digital technology to provide telemedicine, including to those who live remotely from access to health. As of 24 December 2020, the Ministry of Communications and Informatics has provided fast internet access at 3,126 health facilities, accounting to a total of 13,011 physical health facilities in Indonesia in order to accelerate the mitigation of COVID-19, including vaccination programs and issuance of digital vaccination certificates.
  - In collaboration with academics and private sectors, the Government develops and utilizes digital data and AI to help diagnose and monitor the virus.
9. Understanding that digitalization could benefit the health system beyond the COVID-19 situation, in Indonesia launched a *"Blueprint of Health Digital Transformation Strategy 2024"* which aim at accelerating the country's digitalization of health services to expand inclusive health care coverage for its whole population. It rests on key pillars such as a digital integration of health information on patients and health providers, as well as an integrated development of digital health infrastructure.
  10. Beyond the application of digital technology to health sector, Indonesia takes serious steps to accelerate digital transformation across the country. The Government of Indonesia has a strong willingness to turn pandemic crisis into a giant leap in digital ecosystem transformation by developing robust and inclusive digital infrastructures and developing skills in the use of ICT.
  11. Indonesia is proud of observing that, when other sectors experienced showed a decline during the pandemic, the ICT sector was recorded as the second-highest growth rate after the health sector. In 2020, the ICT sector contributed 4.51% to the national GDP, rising from 3.96% in 2019.
  12. Understanding that SMEs are the backbone of Indonesia's economy, in the wake of the post-pandemic recovery, Indonesia has a target of making 30 million of SMEs entrepreneurs fully join the digital economy through online marketplace or other digital platforms.

## II. Challenges faced in harnessing digital solutions to cope with the pandemic

13. Over the course of the pandemic situation, approximately 21 million Indonesians become new internet users, a positive sign of adapting to and benefiting from digital technology. Having said that, Indonesia has to encounter a number of digital transformation challenges.
14. *Firstly*, although there have been significant efforts to improve access of the population to ICT, the digital divide risk remains Indonesia's main challenge. Population in rural areas and remote islands still find difficulty to access internet.
15. One of biggest challenges for an archipelagic country like Indonesia is ensuring ICT to be evenly distributed and adopted. During the pandemic, the gap between provinces with the highest and lowest ICT Development Index increased from 3.98 in 2019 to 4.11 in 2020.
16. *Secondly*, the digital divide present challenges in achieving SDGs. On SDG 5 (Gender equality), statistics shows that, although men and women are likely to access the internet, the percentage of males aged 5 years and over who accessed the internet was 56.65% in 2020 and 65.05% in 2021, much higher than the percentage of females, which was 50.78% in 2020 and 59.14% in 2021.
17. Furthermore, the digital divide disrupts efforts to achieve SDG 4 Quality Education because population in rural and remote areas face difficulty to access the internet in the study-from-home setting.
18. *Thirdly*, despite improvements, Indonesia still needs to improve digital literacy. The growing internet users are not accompanied with sufficient digital literacy, especially for women, the elderly, the disable and other vulnerable population.
19. *Last but not least*, with the rapid increase of internet, cyberattacks are likely to increase in the forms of phising, malspam, ransomware attacks and others. Data privacy of million people, including those who access apps related to COVID-19 measures, could be potentially exposed to possible cyberattacks.

## III. The lessons to be learned from policy responses

20. To harness the potential of the digital economy, governments should play a key role in establishing regulations and formulate and carrying out action plans. There is a need for a holistic approach, so that the benefits of digitalization could outweigh its drawbacks.
21. Understanding its strategic role, the Government of Indonesia has focused policies toward digital transformation through three main activities: (i) Promoting Indonesia's digital connectivity, (ii) Enhancing digital skills, and (iii) Protecting data privacy and safety. These activities become fundamental part of the Indonesia's roadmap to become a "Digital Nation."
22. To improve digital connectivity, the Government a significant number of BTS towers across Indonesia, including regions that have not received cellular telecommunication services, especially those in the frontier, outermost, and least developed areas.

23. Furthermore, to combat digital divide and to open up access to all citizens, the Government provides free internet connection in public places, tourism destinations, health facilities, business service offices, educational institutions, defense and security zones, public activity centers, and village meeting hall.
24. As the effort to increase 4G service coverage to all area of the country is ongoing, the Government is also preparing the next generation (5G) cellular technology connectivity in Indonesia, among others by developing ecosystem and supporting ICT equipment for the acceleration of 5G implementation and utilization, and developing an 5G Roadmap.
25. Understanding that the country consists of huge population, the Government works hard to ensure that more Indonesians have sufficient digital skills and literacy. Every citizen must receive adequate digital literacy for adopting technology, using digital technology in daily life, utilizing technology for living, and increasing the quality of life.
26. It is important to continuously build capacities in digitalization for development through education policies to enhance data literacy, digital skills, and data talent, together with entrepreneurship, innovation and industrial policies to develop the digital economy. In that regard, the Government has a target of creating 9 million digital talents in 15 years, or equals 600,000 talents per year, through programs:
  - “Siber Kreasi” → A national movement aimed at increasing digital literacy, ability to identify and deal with hoax, and basic talent on social media
  - “*Digital Talent Scholarship*” → Training to improve skills and knowledge of IT and SMEs
  - “*Digital Leadership Academy*” → Training for policymakers and private sectors on digital technology and policy
27. To enhance trust to the digital economy, Government must take an active role to protect data privacy and critical infrastructure against cyberattacks. In that regard, President Joko Widodo established the National Cyber and Encryption Agency (BSSN) in 2017. This agency is part of an effort to enhance and coordinate Indonesia’s preexisting cyber capabilities. The Government has also submitted a bill to parliament aimed at protecting consumer data. The draft bill contains rules on data ownership, consumer rights and is currently undergoing deliberation in the parliament.

#### **IV. Possible role of international cooperation**

28. Indonesia attaches great importance to international cooperation on the digital economy.
29. Understanding that digitalization urgently needs international cooperation, Indonesia has designated “Digital Transformation” as one of three main pillars of Indonesia’s G20 2022 Presidency, along with Global Health Architecture and Digital Transformation. Through the Digital Transformation pillar, Indonesia has a strong will to help shape global digital transformation through inclusive, empowering and sustainable principles.
30. The Digital Platform pillar in the Indonesia’s G20 Presidency consists of three priority issues: (i) Connectivity and Post COVID-19 Recovery, (ii) Digital Skills and Digital Literacy, and (iii) Cross-Border Data Flow and Data Free Flow with Trust.

31. As one of the developing countries in G20 members, Indonesia would introduce a more inclusive and fairer digital agendas, such as promoting equal access to connectivity and digitalization, developing digitally skilled communities, strengthening the potential of MSMEs through the adoption of digital technology, as well as encouraging continued global collective efforts in handling the COVID-19 pandemic so that the world can recover together soon.
32. On Cross-border Data flow and data free flow with trust, Indonesia underlines the urgency of having a better data governance. Relevant to the 2021 UNCTAD study, which predicted a surge in global traffic data from 230 exabytes in 2020 to 780 exabytes by 2026, there is an urgent need to collaborate on cross-border data governance. In that regard, Indonesia consistently promotes **four main principles** of the global management of cross-border data flows, which are (i) **lawful**, (ii) **transparent**, (iii) **fair** and (iv) **reciprocal**.
33. Indonesia is of the view that a coherent, underlying global digital and data governance framework is pivotal to create trust and to address challenges faced by digital transformation. Furthermore, multilateral cooperation should facilitate data sharing for research and statistical purposes, so that policymakers and other stakeholders could have a more comprehensive and accurate picture when formulating policies to make digital transformation more meaningful, inclusive and impactful to sustainable development.
34. To advance the development of the digital economy, it is imperative that UNCTAD and other international fora could facilitate more dialogue and exchange of views among countries and various stakeholders.
35. Furthermore, the international community, should scale up necessary capacity building, technical and financial assistances to help developing countries harness the potential of e-commerce and the digital economy, especially in the area where developing countries need the most, such as on measuring national and cross-border digital trade, blockchain, data analytics, and cyber security.
36. Partnership between public and private sectors is crucial to bridge the digital divide within and between countries. Developing countries, including Indonesia, need to establish partnership private entities, such as mobile network operators, to use alternative data sources for measuring internet penetration and digital economy.
37. Indonesia stands ready to share experiences and ideas with other countries and the wider international community and seek collaboration to tackle challenges facing digital transformation. A stronger global partnership is essential to ensure that transition toward a more digital economy should bridge the gap between “connected” and the “unconnected”, the “informed” and “uninformed”, and pave the way toward a better global economy which is built upon inclusivity.