Recovering from COVID-19 in an increasingly digital economy

Implications for sustainable development

IGE on E-commerce and the Digital Economy, 27-29 April 2022
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COVID-19 accelerated the ongoing process of digital transformation

Due to the COVID-19 pandemic:

• Devastating human, social and economic effects
• Pre-existing economic weaknesses exacerbated
• Set-back to the achievement of Sustainable Development Goals
• However, those that could “go digital” were less severely impacted, exacerbating global inequalities
The role of digitalization during the pandemic
Digitalization helped mitigate pandemic impact

- Digital technologies critical for health and non-health responses

**Health**
- Epidemiological monitoring
- Contract tracing and
- Vaccine development

**Life**
- School
- Entertainment

**Economic activity**
- Work
- Shopping

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**Share of online retail**

<table>
<thead>
<tr>
<th>Year</th>
<th>Share</th>
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<tbody>
<tr>
<td>2019</td>
<td>16</td>
</tr>
<tr>
<td>2020*</td>
<td>19</td>
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**Mercado Libre**
- 2x items sold (Q2 2020 vs Q2 2019)

**Jumia**
- 1.5x transactions (1st half of 2020)
Acceleration of digitalization

Growing role of IoT
- Thermal cameras
- Contact tracing
- Health monitoring
- Parcel tracking
- Temperature sensors

Data, goods and services traffic

Global bandwidth growth
- '19: 29%
- '20: 35%

International traffic remains geographically concentrated along two main routes:
- North-America
- Europe
- China

- Trade in ICT goods and services
- Value chain disruptions – semiconductors
Government and business measures taken at the beginning of the COVID-19 crisis (in %)

- No measures taken: 24%
- Development of a national e-commerce strategy: 23%
- More ads for available e-commerce: 22%
- Skills training programs: 20%
- Reduced e-payment costs: 20%
- Financial incentives and liquidity support: 19%
- Cheaper Internet access: 18%
- Maintenance of logistics operations: 18%
- New e-commerce marketplaces for essentials: 16%
- New digital health and education solutions: 14%
- New logistics services by private operators: 13%
- Market integration of informal e-commerce: 12%
- New e-payments applications: 12%
- Increased Internet connectivity in underserved areas: 9%
- Initiatives to get businesses online: 8%
- New online consumers protection measures: 8%
- New logistics services offered by the Post: 6%

Source: UNCTAD, COVID-19 and e-commerce: impact on businesses and policy responses; 211 responses
Challenges faced in harnessing digital solutions to cope with the pandemic
Digital and data divides exacerbated inequality

**Growing divides**
- MSMEs
- Women
- Infrastructure
- Education
- Talent loss

**Growing power imbalances**
- The largest digital platforms increasingly control all stages of the global data value chain
- With the pandemic their dominant positions have strengthened.

**Institutional capacities**
- Legal & regulatory framework
- Representation in global policy debates
Non-economic challenges

- Infodemics: Misinformation and disinformation
- Privacy
- Data protection
- Other human rights

Cybersecurity risks

Increase in online scams

- Jan 2020
- Mar 2020

Highest average cost of a data breach

- $8.64 million – United States
Lessons to be learned from policy responses to the pandemic
Tentative lessons for the way forward

Lessons learned

- Importance of digitalization to mitigate crisis impact
- Role of data for policymaking and research to address global challenges
- Data divides compound connectivity divides
- Need for public policies to harness digital technology for positive development outcomes
- International cooperation on digital and data governance has become more relevant
- Global linkages in a world with interconnected global challenges strengthens case for international policy cooperation
Post-pandemic recovery and digitalization
Global moves to harness digitalization

Costa Rica: platform and app for offline businesses to facilitate trade of agricultural products

Senegal: e-commerce awareness campaigns

Tunisia: e-commerce label of trust

Rwanda: Central Bank waived fees for mobile money and digital transactions

Cambodia: law to ease registration of e-commerce businesses

Indonesia: capacity-building programme to speed up digitalization among MSMEs

Kiribati: digital solutions fight the pandemic

Source: UNCTAD research and technical assistance
eTrade Readiness Assessments

Context  The net impact of digital transformation depends greatly on the readiness of countries, to engage effectively in the digital economy.

Objective  Since 2017, UNCTAD assesses countries’ e-trade readiness in 7 policy areas: strategies, ICT infrastructure, trade logistics and facilitation, payment solutions, legal framework, e-commerce skills development and access to financing. An action matrix provides a snapshot of barriers to e-commerce growth and recommendations.

29 assessments finalized

New assessments in 2022
ECOWAS, Mongolia, Kenya and Peru

Next in line  Eswatini, Mauritania

Many additional requests

Implementation support mechanism  launched in 2020
Building a better future…

…to turn the pandemic into an opportunity for digitalization to work for a more inclusive, resilient and sustainable world

- Move towards a different development path away from unsustainable trends of pre-2020
- Longer-term strategies to replace short-term responses to stimulate structural transformation
- Invest in public policies to build capacities for value capture in developing countries and reduce digital and data divides
- Increase international support for developing countries to have policy space and liquidity required for recovery
The role of international cooperation on the way forward
A balanced global approach to digital and data governance needs to work for the people and the planet:

- To prevent inequalities from being amplified
- To enable global data-sharing and develop global digital public goods
- To avoid further fragmentation in the digital space
- To increase trust in the digital economy and reduce uncertainty
- To address policy challenges emerging from the dominant positions of global digital platforms
- To account for spillovers of national policies into other countries

With a view to enabling data to flow across borders as freely, as necessary and possible, while addressing various development objectives.

Key data-related policy areas:

- Agree on definitions and taxonomies
- Establish terms of access to data
- Strengthen measurement
- Deal with data as global public good
- Explore emerging forms of data governance
- Agree on rights and principles
- Develop standards
- Increase international cooperation on platform governance
UN could play a key role

- Global debates on the governance of data and cross-border data flows need to become fully inclusive
- Developing countries tend to be underrepresented in global and regional initiatives
- United Nations the most inclusive forum in terms of country representation
- A new United Nations coordinating body would need strong data mandate and the right skills...
- ... and build on already existing initiative in the UN and beyond
Guiding questions

What is the role of digitalization during the coronavirus disease pandemic and during recovery in countries at different levels of development?
Guiding questions

What have been the challenges faced in harnessing digital solutions to cope with the pandemic?
Guiding questions

What are the lessons to be learned from policy responses?
Guiding questions

Moving forward, what is the role of international cooperation?
Thank you!