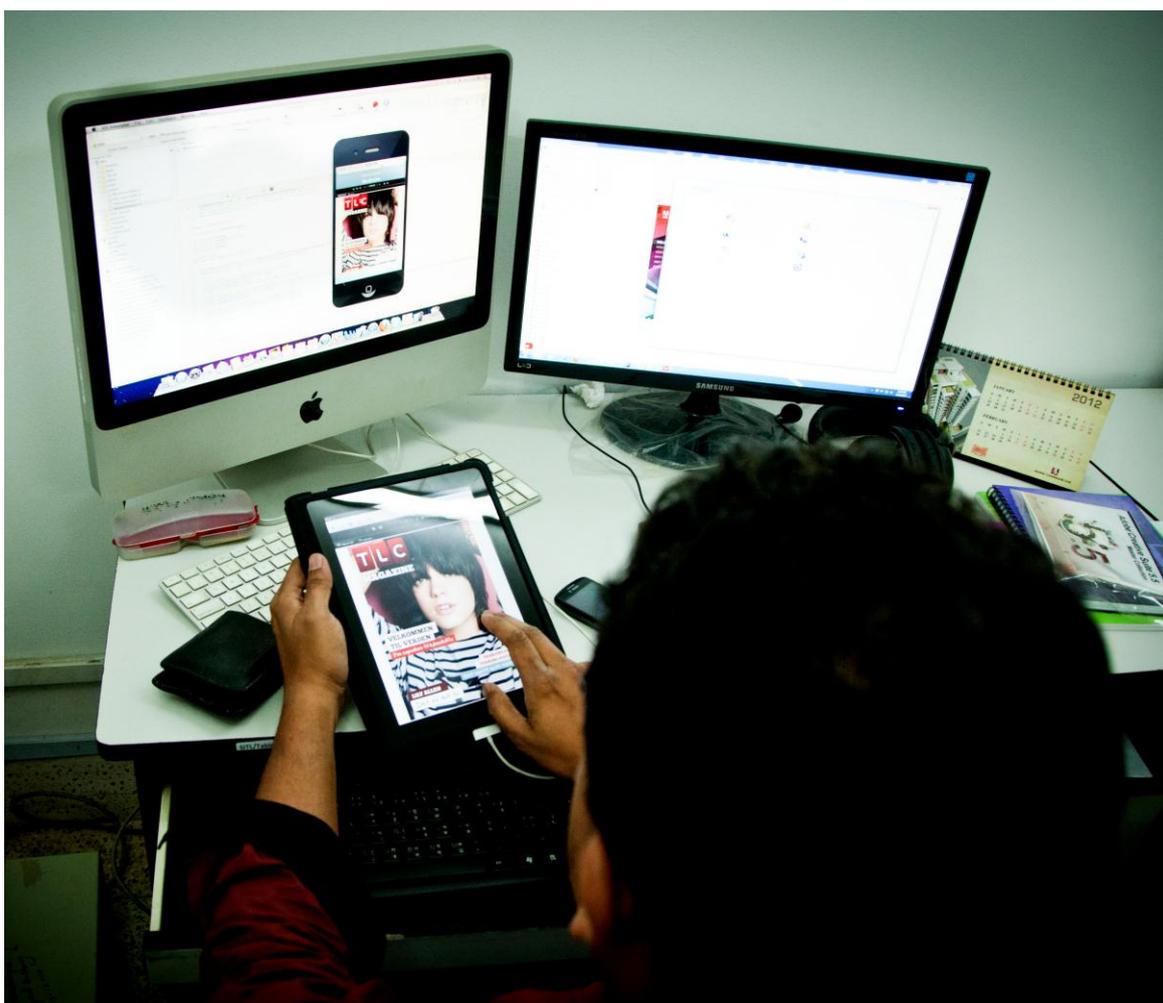




# ENHANCING THE ROLE OF E-BUSINESS FOR DEVELOPMENT

WSIS+10 REVIEW OPEN CONSULTATION



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### OPPORTUNITY

In the context of the Review of the World Summit for the Information Society (WSIS) 10 years of implementation, ITC, UNCTAD and UPU led an open consultation on the e-business action line process between December 2012 and mid-February 2013. The results were shared at the WSIS+10 Review meeting in Paris on 26 February 2013.

#### *The C7 e-Business action line covers the following items<sup>1</sup>:*

*a) Governments, international organizations and the private sector, are encouraged to promote the benefits of international trade and the use of e-business, and promote the use of e-business models in developing countries and countries with economies in transition.*

*b) Through the adoption of an enabling environment, and based on widely available Internet access, governments should seek to stimulate private sector investment, foster new applications, content development and public/private partnerships.*

*c) Government policies should favour assistance to, and growth of SMMEs, in the ICT industry, as well as their entry into e-business, to stimulate economic growth and job creation as an element of a strategy for poverty reduction through wealth creation.*

A wide range of stakeholders, such as trade bodies, international organizations, businesses, governments and civil society across the globe took part in the consultation. A summary of their contributions is presented in this document.

### DRAMATIC GLOBAL GROWTH OF E-BUSINESS, BUT LDCS LAG BEHIND

Overall, results showed that developing countries and emerging economies are no longer just users of e-commerce services but are also starting to act as providers of such services and related e-business models. Examples quotes were the innovative mobile banking service M-Pesa in Kenya, the specialty online retailer Diar Argan in Morocco and the widely available Internet ticket booking service of the Indian Railways.

The most significant development of e-commerce had been observed in developed countries. For example, it was noted that in the European Union, the share of people who had made an online purchase of goods or services for private use doubled from 20% in 2004 to 40% in 2010. In this region, e-commerce is seen as a “win-win scenario”: consumers seek lower prices and wider choice (known as “consumer welfare gains”), while businesses see e-commerce as an opportunity to reach new consumers and to grow across borders.

The application of e-commerce business models was seen as facilitating the access to new opportunities for entrepreneurship and create jobs, especially for women and youth. However, the

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<sup>1</sup> You can find detailed information about the mandate from the Geneva Plan of Action as regards e-business here: <http://www.itu.int/wsis/c7/e-business/index.html>

least developed countries (LDCs) in particular face significant challenges in their transition to the Internet economy. These have to be addressed to realize the potential of e-business for SMEs.

## ENABLING FACTORS SPEED UP THE DEVELOPMENT OF E-COMMERCE

Since 2005, telecom regulations had improved in most countries according to contributions. Increased competition and larger investments had led to lower prices and dramatically improved the availability and quality of up-to-date telecommunication services. Online payment systems, e-banking, e-procurement portals and government support dedicated to e-business had been developed.

Infrastructure has improved also in LDCs, where a growing part of the population are able to access the Internet. In Bangladesh, for instance, 10% of the population is already online. New business opportunities have emerged, as illustrated by the case of offshoring activities undertaken by the software industries in a growing number of developing countries, which are increasingly also traded on online marketplaces for services such as oDesk and 99Designs.

Public acceptance of e-commerce related to both services and goods had also improved. The fact that access to e-commerce is today possible from different platforms, such as computers, mobile phones and other handheld devices, is a massive enabler in developing countries. Indeed, contributors to the consultation noticed that e-commerce is increasingly going mobile. Last but not least, social networks were seen as facilitating the development of e-business and e-commerce.

## SEVERAL CHALLENGES NEED TO BE ADDRESSED TO SPREAD BENEFITS

At the same time, the consultation identified several challenges to be addressed. Rural access and the cost of telecommunications still remains an issue in many developing countries. Moreover, in spite of increased connectivity, affordable broadband is far from ubiquitous. As a result, many SMEs and micro-enterprises in developing countries are still not effectively using ICT tools. Moreover, not enough viable ICT services are targeting the base of the pyramid. Finally, too few developing countries have emerged as ICT goods and services providers.

Regarding the business environment, several areas need to be addressed urgently to make the future implementation of e-commerce more effective. Key areas include ensuring secure online and mobile payments and Internet security in general. There is also a need to strengthen and streamline consumer protection rules, and to ensure consistent e-commerce regulations, both within and across borders. Regulatory requirements often remain linked to “bricks and mortar” era approaches to business. Inconsistent e-commerce regulations, especially across borders, slow down the development of e-commerce and destroy consumer confidence in that channel. One contribution flagged the case of EU web-shops, which have to comply with regulations related to VAT, refunds and returns policies of all European countries where their products/services are distributed online.

On the topic of digital content, a lack of, or insufficient availability of legal content offers that are user-friendly and that are available at the same time as when illegal content is offered.

In terms of cross-border e-commerce, cost-effective transportation and logistics to move goods from A to B remain a major hurdle. For example, Tunisian pastry bought online by a customer in Europe will see its price tag double because of the shipping cost.

## IMPORTANT NEW ISSUES OR THEMES TO ADDRESS OVER THE NEXT FIVE YEARS

The consultation provided an opportunity to identify new technology-related trends that will play an increasingly important role in the medium term. Technological innovation in the area of cloud computing is expected to make the broadband divide more visible. Furthermore, some contributors were concerned by the risks associated with cloud based applications and data hosting. Innovation in 3D printing will also impact the production and consumption of goods.

In terms of new market trends, Africa was seen as a new destination for IT/BPO outsourcing, benefiting in particular from a shared time zone with Europe. The consultation also pointed at the upcoming “South to North” transfer of ICT innovations.

In terms of the overall business environment, the context of the global financial crisis will make the topic of e-commerce tariffs and taxes more central. E-commerce stakeholders will increasingly have to address issues related to electronic authentication and payments, privacy, open access, information security and the fight against online fraud, intellectual property rights and consumer protection.

## KEY RECOMMENDATIONS

Based on the responses received during the open consultation, the following actions were identified as most important to make the future implementation of e-business more effective:

1. Ensure the sustainability of e-business solutions by engaging users, local and global ecosystem players in innovation processes from the early stages of design and testing.
2. Governments should take steps to develop an enabling environment for e-business, and adopt e-commerce regulations consistent with the cross-border nature of e-commerce. This includes creating incentives to promote web-based entrepreneurship and strengthening and streamlining consumer protection rules.
3. In view of the logistical barriers to the development of cross-border online trade, the cost of shipping and delivery needs to come down, especially for business to consumer e-commerce. In the area of digital content, cross-border licenses should be set up to facilitate legal content as soon as it has been distributed elsewhere.
4. In LDCs, capacities in IT and internet-related subjects should be strengthened, enabling more people to shape the future Information Society, including its business-related components.
5. In the context of the WSIS Forum, new ways should be explored to allow grass-roots practitioners and thought leaders to better influence macro-level discussions (like e-business Action Line at WSIS), including through participatory technologies such as social media.
6. In order to enable stakeholders to better understand e-commerce trends globally, the scarcity of official statistical data on e-commerce needs to be addressed. Key indicators are frequently available only for a limited number of developing countries and refer only to online purchases and sales carried out by households or enterprises. This renders it difficult to assess progress in holistic terms. Similarly, the impact and benefits of countries having more e-enabled businesses at both a micro and macro level should be analyzed.

## FOR FURTHER INFORMATION, PLEASE CONTACT



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