



WORLD TRADE
ORGANIZATION



SUMMARY REPORT – AID-FOR-TRADE WEBINAR

DIGITAL CONNECTIVITY AND ECONOMIC DIVERSIFICATION

Chaired by Michael Roberts, Head, Aid-for-Trade Unit, WTO Secretariat

Monday, 7 February 2022 - 10.00–12:30

1. On 7 February 2022, the WTO Secretariat organised an Aid-for-Trade webinar on "Digital Connectivity and Economic Diversification". The virtual workshop was attended by some 150 participants mostly drawn from Geneva-based delegations. The workshop reviewed recent policy research and examined aid-for-trade practice as reported by some respondents to the on-going Aid-for-Trade [Monitoring and Evaluation \(M&E\) exercise](#).

2. Reporting on initial insights from the M&E exercise, **Theo Mbise, Economic Affairs Officer, Development Division, WTO**, highlighted how COVID-19 had acted as an accelerator for the move towards the digital economy. This was evidenced in responses to the self-assessment questionnaires returned by Members at all levels of income and development. One other clear message from the M&E responses was that digital connectivity objectives were being more systematically programmed into the national development strategies of both donors and their partner countries. Yet, the pandemic had also revealed shortcomings in digital connectivity, with developing countries pointing to insufficient or uneven internet coverage and poor digital skills and IT literacy as among their main constraints.

3. In the session on policy perspectives, **Silvia Sorescu, Policy Analyst, Emerging Policy Issues Division, Trade and Agriculture Directorate, Organisation for Economic Co-operation and Development (OECD)** discussed how digitalization offered trade opportunities not just in the ICT sector, but more broadly for goods, services and parcel trade. OECD research associated a 10% increase in digital connectivity with a 4% increase in parcel trade – more when the trading partners had a regional trade agreement between them. One insight was that increasing export possibilities for developing countries appeared also to have a higher domestic value content. Realizing opportunities for greater participation in digital trade was not straightforward though. For example, trade facilitation was more and not less important for parcel trade. And the digital divide persisted, with digital infrastructure remaining a binding constraint. Barriers to services trade and fragmentation in the policy area regarding movement of data and the use of digital trade certification were other hurdles that had to be cleared.

4. **Torbjörn Fredriksson, Head, E-commerce and Digital Economy Branch, The United Nations Conference on Trade and Development (UNCTAD)** also noted the opportunities brought about by digital trade. The speaker highlighted that the COVID-19 pandemic had spurred growth in the trade of ICT goods in 2020 to reach USD 2.3 trillion - an increase of 4% as compared to 2019. Yet this growth was uneven, with established Asian exporters seeing export volumes increase and other regions seeing steep declines. A more balanced picture emerged on ICT services with exports of ICT services growing both as a proportion of all traded services and in all markets, notwithstanding the continuing difficulties of capturing accurate data on digitally deliverable services. On this issue he pointed to UNCTAD-led work to pilot more accurate reporting. In closing, he highlighted that the UNCTAD e-Commerce week would take place from 25-29 April 2022.

5. **Mark Williams, Practice Manager, Global Knowledge and Expertise, Digital Development Global Practice, World Bank Group** stressed how important digital technology had

proven for economic resilience during the pandemic. Bank research suggested that connectivity was driving long term economic development with a 10% increase in the adoption of mobile technology being associated with an increase in global GDP of between 0.5-1.2%. Digital connectivity also underpinned green, resilient, and inclusive development, featuring prominently in nationally determined contributions on climate change. Gaps remained though in internet access. The speaker pointed to affordability as a particular constraint, noting that in Sub-Saharan Africa, mobile internet coverage was significantly higher than current usage. Projected investment needs to upgrade existing 4G systems and move to 5G were also significant. Competition and trade policies could help bring this cost down. The World Bank recommended an approach to developing a digital ecosystem focused on the foundations through partnerships between institutions and financing entities.

6. In the session on practice perspectives, **Gil Razafintsalama, Consultant, Expert in digital development and e-commerce and President of the Administrative Council of the Higher School for Information Technologies (ESTI)** shared Madagascar's plans to become a leader in ICT services. The country had engaged in a nationwide digital transformation process with the setting up of its e-government, digitalization of administrative procedures and provision of affordable internet to the public. While Madagascar was looking to build on the e-commerce revolution, challenges to digital development remained including access to energy, ICT skills, legislative frameworks and slow adoption of e-payments. Some of these challenges had been compounded by the COVID-19 pandemic. Support from donors was important, but he noted that there were competing immediate priorities due to the damage wrought by the passing of tropical storm Ana and tropical cyclone Batsirai this year.

7. **Paz Velasco Velasquez, Head of Sector Investment Climate and Trade, DG INTPA E2 - Micro-Economic Analysis, Investment Climate, Private Sector, Trade and Employment, European Commission** highlighted that the EU and its member States were the largest donor of Aid for Trade with a funding envelope that had reached EUR 17.9 billion in 2019. Digitalization was a priority both internally within the EU and in the EU's external engagement. It was a key factor in the EU's Aid-for-Trade strategy with COVID-19 accelerating demand for digital trade facilitation measures, MSMEs use of digital platform and improvements to logistics. The representative from the EU outlined the Digital for Development approach based on: e-governance; Connectivity; Skills entrepreneurship and finance; and e-Services). In addition, the Global Gateway planned major investments in infrastructure development around the world post-COVID and post-COP26. In closing, she noted that feedback from EU delegations suggested that it was important for programming support to stay aligned with demand for digital connectivity and absorptive capacity.

8. **Pramila Crivelli, Economist, Economic Research and Regional Cooperation Department, Asian Development Bank (AsDB)** presented their 2030 Strategy which aimed to improve digital connectivity through the implementation of a Regional Cooperation and Integration plans. Like other speakers, she also noted that COVID-19 had introduced emerging challenges but also opportunities. She also underscored the positive impact that e-commerce could have for digital trade. A 2022 Report on Aid for Trade in Asia and the Pacific on "Preparing for the Digital Economy" would be prepared for the 2022 Global Review and complement the extensive AsDB literature on Aid for Trade, digital connectivity and the Sustainable Development Goals.

9. Copies of all presentations and a recording of the workshop can be found on the event page of the WTO website: [WTO | Aid-for-Trade workshop "Digital connectivity and economic diversification"](#).
