Improving the Readiness to Deal with the Digital Economy

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The Digital Economy is not Business as Usual

Top-20 companies (market cap) by sector, 2009 and 2018

- Out of the top 10 in 2018: only Microsoft and Johnson & Johnson remained since 2009
- Four did not feature among top100 in 2009: Alibaba, Amazon, Facebook and Tencent

Source: PWC.
The US and China Predominant among Digital MNEs

Figure I.4. Geographical concentration of headquarters of “digital MNEs” with a market capitalization of more than $1 billion, by region, 2016

Excluding Naspers, LAC and Africa accounted for only 0.1% of the value of platforms with at least $1 billion in market value.

Source: Van Alstyne, 2016.
Note: Public refers to publicly listed companies. Private refers to privately owned companies.
“(...)responding to the digital transformation will require fundamental rethinking of policies across many different areas...”

- Committee on **Digital Economy Policy** (lead)
- **Competition** Committee
- Committee on **Consumer Policy**
- Committee on **Industry, Innovation and Entrepreneurship**
- **Insurance and Private Pensions** Committee
- Committee on **Financial Markets**
- Committee on **Fiscal Affairs**
- Committee on **Scientific and Technological Policy**
- Committee on **Statistics** and Statistics Policy
- **Economic Policy** Committee
- **Education** Policy Committee
- **Employment, Labour and Social Affairs** Committee
- **Public Governance** Committee
- **Trade** Committee
Digital Platforms and Data

The central resource in the digital economy

- Digital platforms thrive on the effective collection and analysis of massive amounts of data
- Data can be monetised in different ways
  - Advertising revenue (Google, Facebook)
  - Marketplace transactions (Amazon, eBay, Alibaba, Uber, etc.)
  - Optimization of production (Caterpillar, Rolls Royce)
  - Selling/renting out cloud services (AWS)
- Competitiveness increasingly linked to data analysis
- Users value the ("free") services; pay by providing detailed data
Data Issues and Implications

- **Key policy issues (e.g.)**
  - Data privacy and protection
  - Competition and market concentration
  - Taxation

- **Implications for most developing countries**
  - Far behind in Internet use/e-commerce use
  - Less prepared:
    - Lack of data protection and consumer protection laws
    - Lack of affordable ICT and cloud infrastructure
    - Lack of skills (e.g. data scientists)
  - Weak position in the data value chain
UNCTAD B2C E-COMMERCE INDEX 2018

Regional Average Values

<table>
<thead>
<tr>
<th>Region</th>
<th>Index Value</th>
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</thead>
<tbody>
<tr>
<td>Africa</td>
<td>30</td>
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<tr>
<td>East, South &amp; Southeast Asia</td>
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</tr>
<tr>
<td>Latin America &amp; the Caribbean</td>
<td>46</td>
</tr>
<tr>
<td>Western Asia</td>
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<tr>
<td>Transition economies</td>
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<tr>
<td>Developed countries</td>
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</tr>
<tr>
<td>World</td>
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</table>
THE POLICY CHALLENGE IS MULTIFACETED

Coordination

Effective cross-sectoral collaboration needed within the government and with other stakeholders.

Better measurement

Need to build the capacity of developing countries, and especially LDC, to collect more and better statistics on relevant aspects of the digital economy.
WHAT IS NEEDED?

• More policy dialogue
  • Nationally
  • Regionally
  • Globally

• More facts and statistics

• Greater awareness of opportunities and risks

• More support
  • 1.2% of Aid for Trade funding to ICT, down from 3% a decade ago.
  • MDBs invest 1% of their commitments in ICT, of which only 4% go towards policy development.
  • Many donors lack Digital 4 Development Strategies
RAPID eTRADE READINESS ASSESSMENTS

- To raise awareness of e-commerce opportunities and challenges
- Focus on **seven key policy areas** of eTrade for all
- Readiness gaps identified and measures proposed to address them – action matrix
- *Completed:* Bhutan, Burkina Faso, Cambodia, Lao PDR, Liberia, Madagascar, Myanmar, Nepal, Samoa, Senegal, Solomon Islands, Togo, Uganda, Vanuatu, Zambia
- *Ongoing:* Afghanistan, Bangladesh, Lesotho and Malawi
- *Planned in 2019:* Benin, Iraq (Non LDC), Kiribati, Mali, Niger, Tanzania and Tuvalu
- Donors: Germany, Sweden, EIF, ITFC
- Contributions from eTrade for all partners
COMMON CHALLENGES in LDCs

Lack of a shared vision and strategy for e-commerce, no statistics!

ICT infrastructure is in place in main cities but missing in rural areas

Lack of postal addressing system for the last mile delivery

Legal and regulatory framework for e-commerce needs updating 60
developing countries lack data protection legislations

95% or more of payments for e-commerce are cash on delivery

ICT and other digital skills often not part of national education curriculum

Financing for e-commerce startups perceived as risky by banks and accelerators are often missing
GOOD PRACTICES in LDCs

Uganda/Senegal: Coordinating mechanisms established

Myanmar: Fast increase in mobile and smartphone adoption

Solomon Islands: Launch of the what3words addressing system

Uganda: Several e-commerce laws & regulations in place under East African Community Framework

Nepal: Financial and mobile money reforms enabling domestic e-commerce

Bhutan: Uni’s have inserted ICT-related topics, Bhutan TechPark helps startup skills

Myanmar: Venture capitalists focusing on tech start-ups beginning to appear
The eTrade for all partnership is expanding...

100% growth since 2016

Latest partner to join
The eCommerce conversation is building...
The eCommerce conversation is building...

**eCommerce Week 2018 in a nutshell**

- 1,600+ Tweets
- 15.6 million Impressions
- 700+ Contributors

<table>
<thead>
<tr>
<th>Participants</th>
<th>Sessions</th>
<th>Countries</th>
<th>LDCs</th>
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<td>1180+</td>
<td>60+</td>
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<td>264</td>
<td>317</td>
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<tr>
<td>41% Women</td>
<td>26</td>
<td>21</td>
<td>30+</td>
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<tr>
<td>50% Developing countries</td>
<td>26 Least developed countries</td>
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</tr>
<tr>
<td>23% Asia</td>
<td>20% Africa</td>
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Africa eCommerce Week

Online 🌍
The eCommerce conversation is building...

Africa eCommerce Week in a nutshell

- **2,100** Registered Participants
- **60+** Sessions
- **1 High level Dialogue**
- **2 Ministerial Round Tables**
- **231 Speakers and moderators**
- **41% Women**
- **78 Countries represented**
- **43% Least Developed Countries**
- **87% African countries represented**

- **537 Government representatives**
- **714 Private Sector representatives**
- **179 Civil Society representatives**
- **21 out of 29** eTrade for All partners attending
- **30+ sessions**

- **4,500+ Tweets**
- **150 million Impressions**
- **200,000 Content Views**

Africa eCommerce Week Online
"The value and role of data in e-commerce and the digital economy and its implications for inclusive trade and development."