A workshop on "Connectivity and Digital Skills Development" was held on Tuesday, 5 February 2019. Building on the outcomes of the Aid for Trade Global Review in 2017, the workshop explored the importance of connectivity and digital skills for engaging in e-commerce and trade.

In his opening remarks, the Chair, H. E. Mr. Diego Aulestia, Ambassador of Ecuador, noted the new opportunities and challenges that digital connectivity offered to developing countries. He recalled the focus on this topic at the last Global Review of Aid for Trade in July 2017 and suggested it was time to revisit this issue, notably the digital divide between urban and rural areas, large and small firms, men and women, together with the need to enhance digital skills to participate in e-commerce.

Mr. Torbjörn Fredriksson, Chief ICT Policy Section from United Nations Conference on Trade and Development (UNCTAD) set the scene for the workshop by discussing the way that the digital economy is transforming the trade and business landscape, for example in forms of company market share and capitalization. He highlighted the central role that digital platforms and data play in today’s economy as well as their policy implications, of which trade was but one component. He noted that while the digital economy has been growing at a rapid pace, the rate of progression varied across regions. Many developing countries, especially the LDCs, are inadequately prepared to capture the emerging potentials of digitalization due to low Internet use, lack of data or consumer protection laws, lack of ICT infrastructure, low level of skills, and weak position in the data value chain.

He reiterated the need to establish effective cross-sectoral coordination, collect better statistics, and lend more support. He noted that the Aid-for-Trade funding for information and communications technology (ICT) had declined from 3% a decade ago to 1.2% now. He also noted multilateral development banks’ low commitment in ICT and the lack of digital for development strategies among donors. Lastly, he provided an overview of recent eTrade Readiness assessments, including most recently that of Madagascar, and highlighted some of the challenges and good practices identified among LDCs. The e-Trade for All initiative has recently expanded to include new partners, namely UNIDO, South Centre and CUTS. He concluded by welcoming Members to attend UNCTAD e-commerce Week, which will take place from 3-5 April.

Mr. Jaime Granados, Division Chief for Integration and Trade in the Inter-American Development Bank (IADB) introduced the work IADB undertakes to promote digital transformation of trade in Latin America and Caribbean. He provided an overview of the global digital readiness, which reveals asymmetries across countries, with most countries in Latin America and Caribbean scoring close to the world average. Some countries that stand to gain remain unprepared to harness the potential of the digital economy. He underscored the need to improve digital readiness as a critical element to overcome the challenges brought on by digitalization and capture the opportunities in terms of productivity gains and a wider variety of products. He stated that the IADB stands ready to foster digital transformation and close the gap in LAC by developing specialized human capital, enhancing digital literacy, supporting governments and institutions, and improving broadband infrastructure.

In discussing the role digitalization plays in reducing trade cost, he highlighted two pillars of IADB's operational work, namely institutional transformation and evolving business models. Some areas which require further support include regulatory frameworks, connectivity, skills and SME financing. IADB’s vision for future work included promoting regulatory coherence, renewing policy frameworks, strengthening infrastructure, promoting Public Private Dialogue, all of which are steps toward the overarching goal of strengthening regional digital markets. In that context, he showcased Connect America initiative and trade facilitation country programs to promote single window and border management. Digital transformation blurred the boundaries between goods, services, and investment which called for a need to rethink trade issues. He concluded by highlighting the importance of advancing the trade and development agenda.

Mrs. Susan Teltscher, the Head of the Human Capacity Building Division at International Telecommunication Union (ITU) focused on the link between connectivity and skills. She presented global trends which show that ICT connectivity has been increasing continuously over the past
decade, with very high mobile penetration rates globally. Her headline figure was that 51% of the world’s population are now using the Internet. Amongst the 49% not online, there was a considerable gap between Internet access and usage. In LDCs, only 20% of the population used the Internet even though 70% had a 3G network. A large share of the barriers to Internet usage can be attributed to the lack of skills.

Most people who use the Internet had only basic digital skills. Even in developed countries, there was a considerable gap in digital skills, with only 5% knowing how to code or write a computer program. She then pointed to other major skills gaps found in the area of e-commerce, cybersecurity, big data analytics, Internet of Things and Artificial Intelligence. She concluded by highlighting the role the international community can play in building capacities and developing skills in the digital era. Lastly, she presented a number of initiatives and activities ITU is carrying out, including the ITU Centers of Excellence program, ITU Digital Skills toolkit for policymakers, Africa Girls Can Code Initiative among others.

The human capacity challenges arising from growing digitization were the focus Mr. Pierre Sauvé’s presentation for the World Bank Group. He noted some of the legitimate concerns posed by structural change and automation in manufacturing. He stated that the number of jobs created in e-commerce were up to three times greater than the number of jobs lost in brick-and-mortar retail outlets, but that concerns over the retail industry grabbed the headlines. He stated that the emergence of new business models allowed entrepreneurs to be born global and scale up rapidly. On the one hand, it provided opportunities for new, flexible types of work that complement traditional forms of employment. On the other hand, it provides the first mover with a huge advantage which calls for a good approach to competition policy.

He further elaborated that the digital economy could pose concerns due to an increasingly atomized labour market and rising inequality rooted in the division between returns to labor and capital. The changing nature of work was not without distributional consequences. A shift in the focus of social policy towards enhancing the supply of skills and protecting people, not jobs was perhaps needed. He stated that the most significant investments that people, firms, and governments can make in the changing nature of work are in enhancing human capital, especially in cognitive skills, socio-behavioral skills, and adaptability, all of which are skills in which women show greater capability to acquire. He also pointed to the need to redesign social safety which is linked to the mobilization of tax revenue. To conclude, he emphasized that benefiting from e-trade required expanding modern education programs with the development of skills and entrepreneurship for the digital markets.

Discussions on the presentations focused on regional digital markets in LAC, market concentration in the digital economy, digital skills' strategy, and ways to place digital connectivity as a priority when other pressing basic needs were higher in the agenda. In responding to the questions raised, the panelists discussed various topics including competition, taxation, and social protection.

In the next section of the workshop, Mrs. Esther Eghobamien-Mshelia from the Women Arise Development & Humanitarian Initiative (WADHI) in Nigeria focused on digital financial inclusion to improve women’s livelihoods and enterprise. As one of the 122 Signatories to the Buenos Aires Declaration on Trade and Women’s Economic Empowerment, Nigeria has developed national strategies to enhance gender equality and women’s empowerment through trade and digital solutions.

She presented "KOWGO," a financial inclusion mobile application developed by WADHI, in partnership with Intel and Nigeria’s Bank of Industry. She stated that the objective is to expand financial opportunities, bridge digital divide and optimize women’s entrepreneurial capacities and trade opportunities. The application helps women acquire financial skills and train them in financial management, such as keeping records and evaluating business. She explained that the tool also provides women with a way to generate financial records, hence facilitating their access to loans. Through the application they can also track the repayment and recovery of their loans, making it easier for women to have access to loans and mitigating the risks of financial institutions investing in small businesses. She highlighted that over 200 women have been trained on digital financial literacy and business management since its creation. More broadly, the application also addresses low technological skills among women which limit their participation in digital trade and their capacity to grow their businesses.
Dr. Rashmi Banga, Senior Economic Affairs Officer and Officer-in-charge in the Unit on Economic Cooperation & Integration Among Developing Countries at UNCTAD, focused her presentation on digital industrial policy. She stated that the Fourth Digital Industrial Revolution is characterized by an increase in digital content in industrial production through higher use of digital services and technologies in manufacturing. She noted that the estimated value-added by digital services to manufacturing exports showed wide variation between developed and developing countries. She explained that while developed countries are investing heavily on building their digital capacities, developing countries are lagging behind, so widening the digital divide. She also noted the trend towards greater market concentration, leading to a polarized world in which the share of e-commerce market is captured by a few.

She pointed to the competition dimension of the recent e-commerce policy change introduced in India as a welcome development. She stated the need to fully understand the different layers of going digital, from having broadband infrastructure, followed by data infrastructure and data intelligence. To accrue the value from data ownership, she stressed the need to establish data legislation that enshrined sovereignty. In that context, she provided an example of data policy in Rwanda. She recommended the establishment of targeted policies at the national and regional levels, including through the formation of regional hub in the data economy, to enable developing countries to build their digital capacities. She also shared information on the regional support provided through a ten-point South-South digital cooperation agenda which can help the developing countries to build their digital capacities and skills.

The final presentation by Mrs. Jinjoo-Hyun, representative from the Korea International Cooperation Agency (KOICA), showcased technical assistance projects implemented in the South East Asian region, which is a priority region for Korea’s Official Development Assistance (ODA). She provided an overview of the project on IT Capacity building for government officials in Indonesia implemented from 2013 to 2016 with the Ministry of Communication and Information. KOICA also provides support to partner countries such as Viet Nam, Cambodia and Myanmar through modernization or construction of electronic government systems and e-government policies. Future areas of work will include developing national policy for Aid for Trade, designing common indicators for the purpose of measuring and monitoring Aid for development, and ensuring consistency of priorities for the LDCs.

Discussions from the last section highlighted the importance of acquiring the know-how and experience sharing in terms of digital progress. The panellists touched on competition policies, taxation and digitalization in the financial sector. In closing, the Chair concluded by noting that the progress on e-commerce depends on a set of factors, including solid connectivity and digital skills, complemented with enabling policies.

Copies of presentations and a podcast are being made available on the WTO website.