

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
- Contact tracing and
- Vaccine development

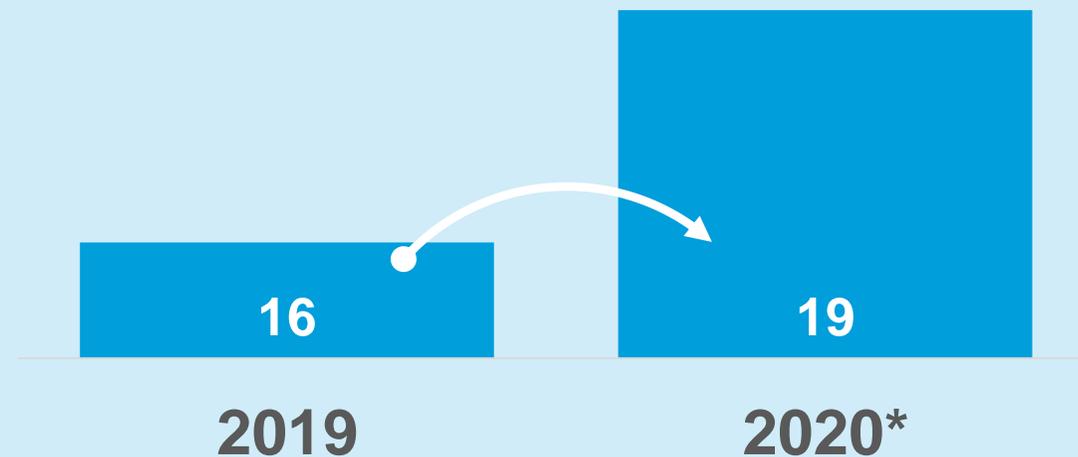
Life

- School
- Entertainment

Economic activity

- Work
- Shopping

Share of online retail



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



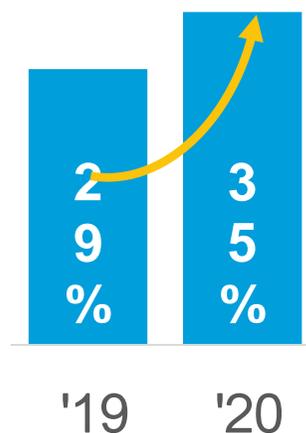
Parcel tracking



Temperature sensors

Data, goods and services traffic

Global bandwidth growth



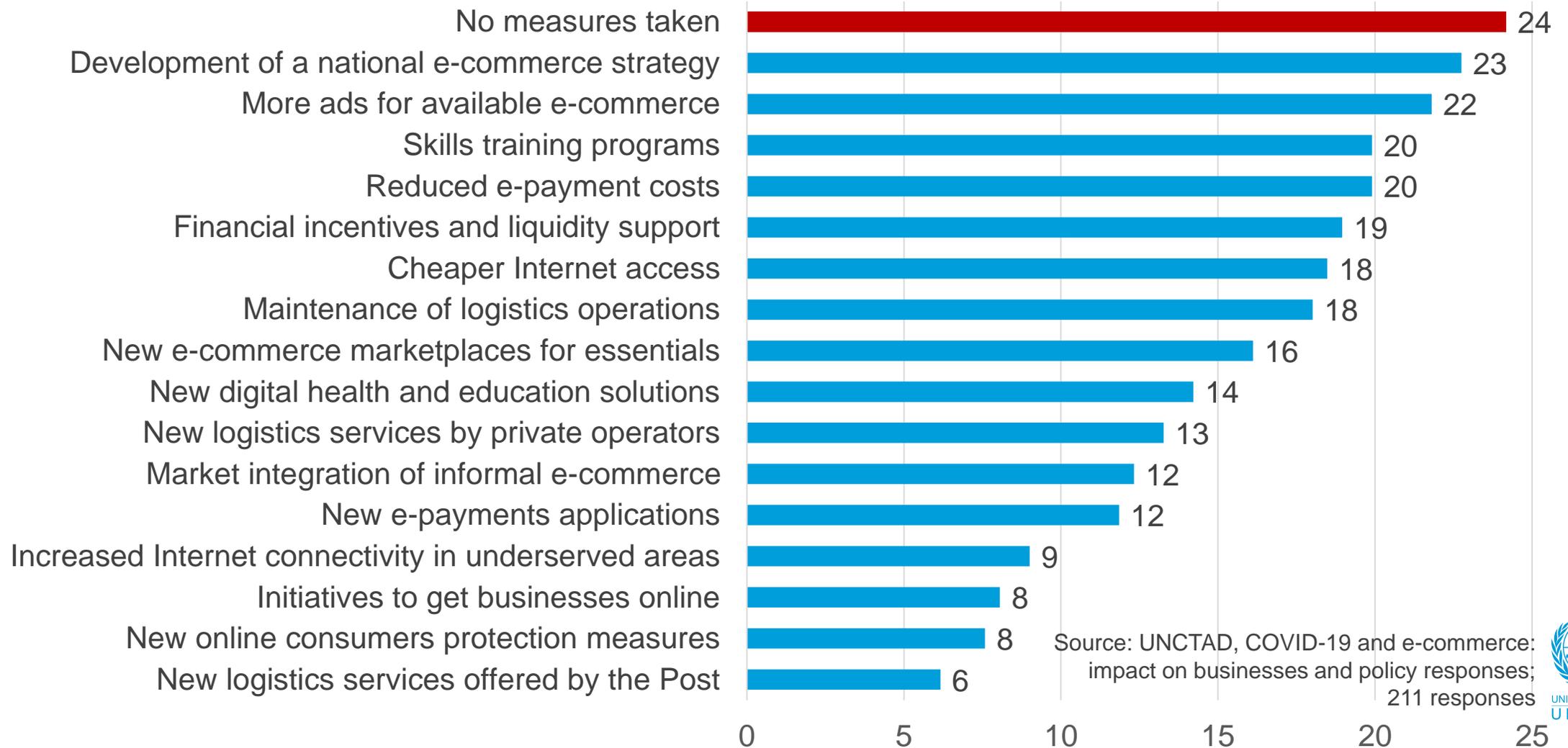
International traffic remains geographically concentrated along two main routes



- Trade in ICT goods and services
- Value chain disruptions – semiconductors

Government and business measures taken at the beginning of the COVID-19 crisis

(in %)



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



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Digital and data divides exacerbated inequality

Growing divides



MSMEs



Education



Women



Talent loss



Infrastructure

Institutional capacities



Legal & regulatory framework



Representation in global policy debates

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.

Collection



Transmission



Storage



Processing



Use



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Non-economic challenges



Infodemics: Misinformation and disinformation



Privacy



Data protection



Other human rights



Cybersecurity risks

Increase in online scams

Jan 2020



400%



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

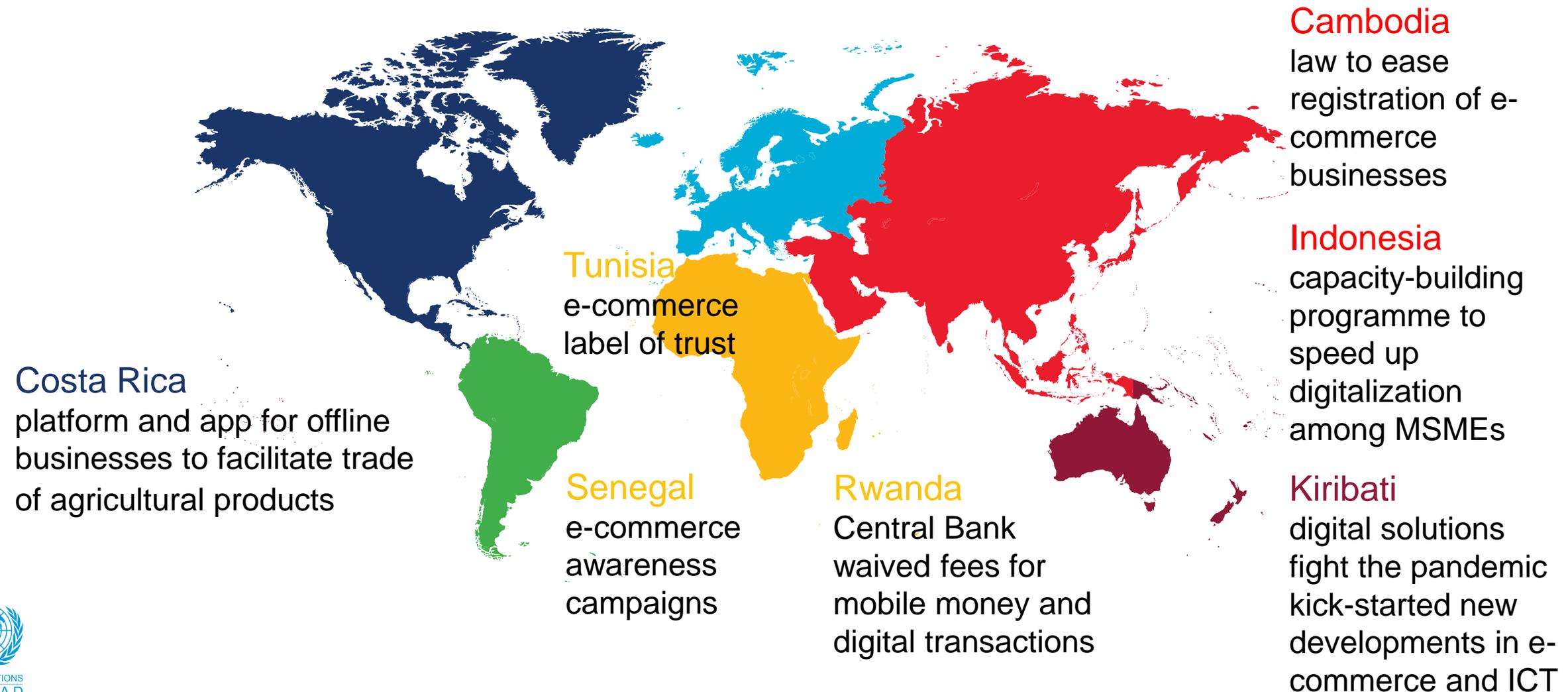
International cooperation on digital and data governance has become more relevant

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



eTrade Readiness Assessments

UNCTAD eTrade Readiness Assessment status

- as February 2022



29 Finalized

3 In Progress

11 Requested

29 assessments as of April 2022



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' eTrade 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

Afghanistan, Benin, Bangladesh, Bhutan, Burkina Faso, Cambodia, Côte d'Ivoire, Iraq, Jordan, Kiribati, Lao PDR, Lesotho, Liberia, Madagascar, Malawi, Mali, Myanmar, Nepal, Niger, Samoa, Senegal, Solomon Islands, Tanzania, Togo, Tunisia, Tuvalu, Uganda, Vanuatu and Zambia.

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



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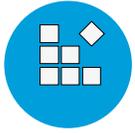
A balanced **global approach to digital and data governance** needs to work for the people and the planet



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!

