WORLD TRADE ORGANIZATION

AID FOR TRADE Global Review
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Aid for Trade and Digital Connectivity for Sustainable Development

Aid for Trade Workshop

Tuesday, 31 May 2022

Digital Connectivity: a factor for resilience in times of COVID-19

- Social distancing measures meant many activities shifting online.
- COVID-19 boosted digital transformation at all levels of development among countries participating in the 2022 Joint OECD-WTO Monitoring and Evaluation exercise.
  - 782 million people went online since 2019.
  - +23% Internet use in Africa.
  - +10% increase in mobile use results in +1.5% increase in GDP.
- Digital connectivity became essential for:
  - E-government
  - E-commerce
  - Online services delivery
  - Teleworking
- Overall, economies with strong ICT infrastructure fared better (AsDB)

E-government: an important driver for growth in digital economy

- One of the most frequently cited area by LDCs in their responses to the M&E exercise.

- E-government initiatives

  1. **GovStack programme:** a multi-stakeholder initiative aiming to digitize public administration in partner countries.

  2. **Madagascar**: undergoing a nationwide digital transformation process of administrative procedures and provision of affordable internet access to the public.

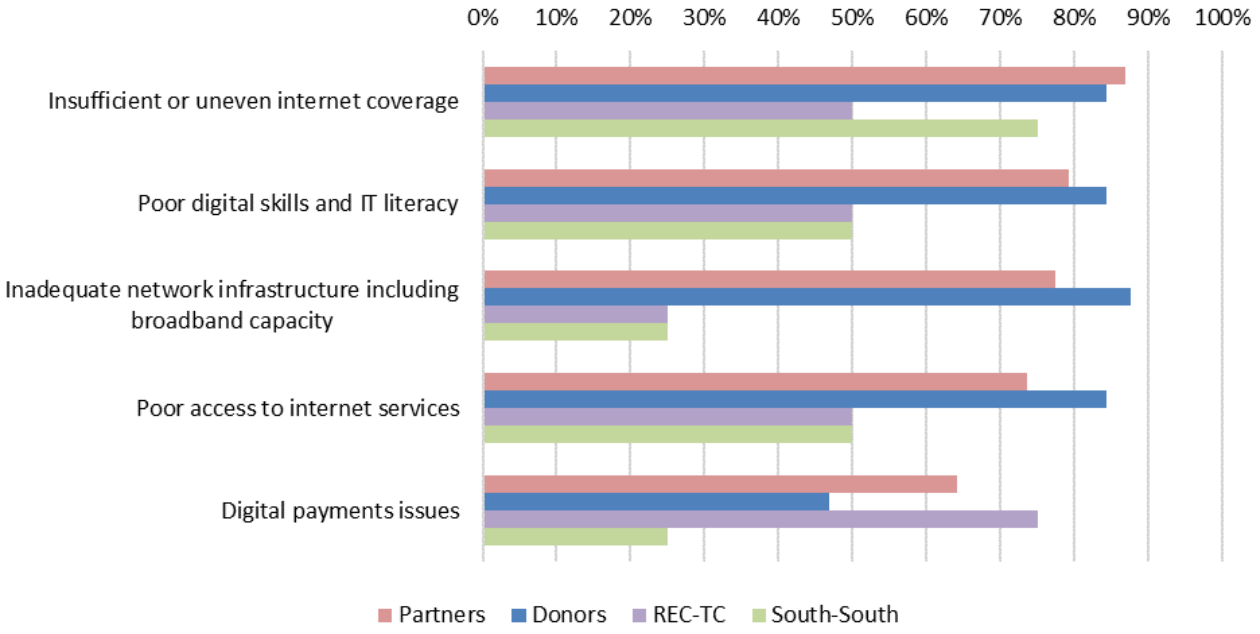
  3. **Philippines**: E-government Masterplan 2022.

- An area increasingly attracting attention from various aid-for-trade donors, South-South partners and private sector.

The pandemic has revealed shortcomings in the digital space

- Surge in demand for connectivity and digital services exposed shortcomings in hard and soft infrastructure
- Basic connectivity infrastructure remains a binding constraint for some LDCs.
- Affordability and poor digital skills and IT literacy are often cited.

Figure: Most commonly cited issues where COVID-19 pandemic has exposed shortcomings in digital connectivity



Source: OECD/WTO AfT M&E exercise (2022)

"[Shortcomings] include the digital divide in terms of infrastructure, broadband internet access, and digital security in terms of electronic payment." Madagascar

Cost of internet services still remains too high

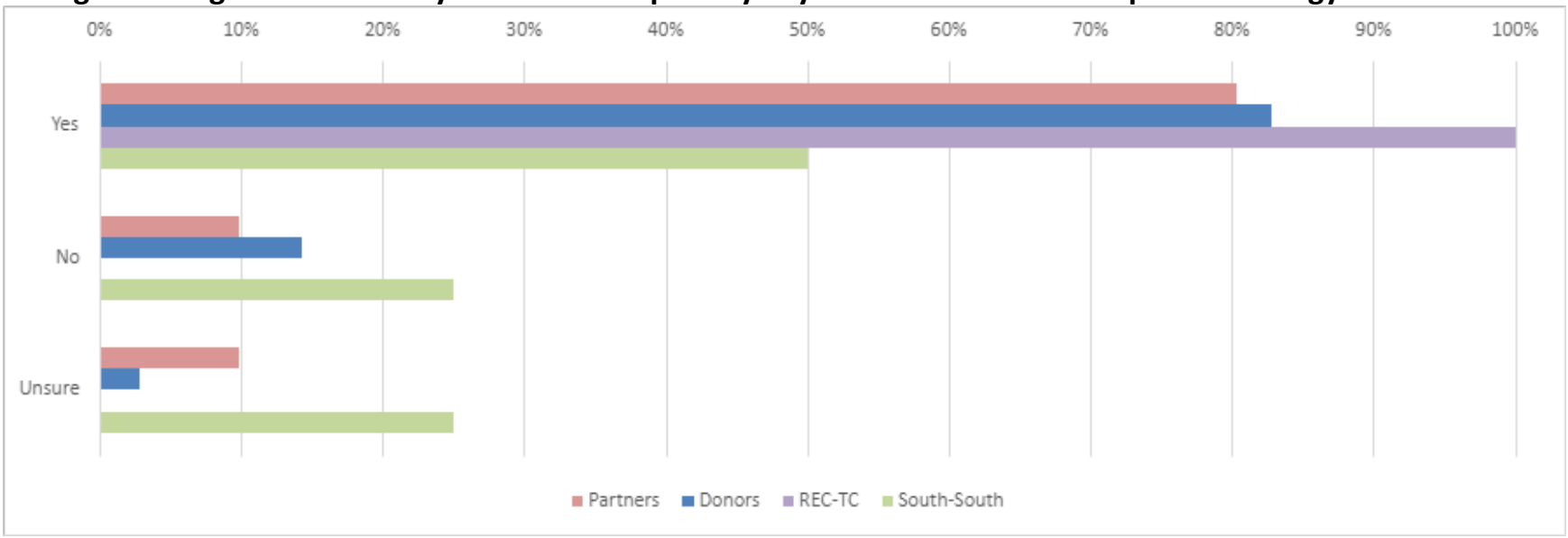
- Lack of affordability for devices and internet connection.
- Stifled demand for digital connectivity in many countries where digital coverage exists.

"More than 1 billion people live in countries where 1GB of data is simply to expensive." – OECD Development Cooperation Report 2021

"Almost 2.5 billion people live in countries where the most affordable smartphone costs more than a quarter of the average monthly income" - A4AI and WWW Foundation 2020

Digital connectivity objectives are increasingly integrated in national or regional policies

Figure: Is digital connectivity reflected as a priority in your sustainable development strategy?

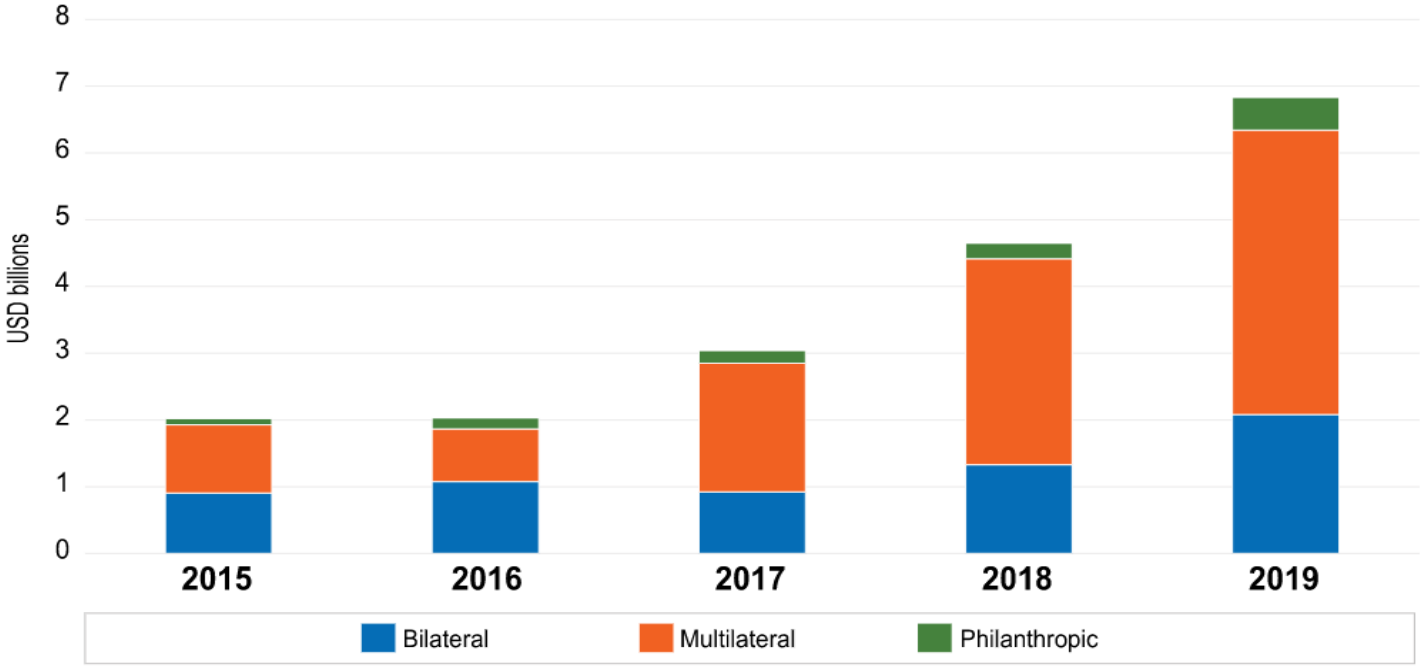


- Greater prioritization of digital issues in national development strategies.
- Growing number of national digital strategies.
- Greater participation of trade officials in national policymaking mechanisms on digital connectivity and e-commerce.
- Digitalization is facilitating engagement in international trade.
- Increased integration of digitalisation adds complexity to policy issues.

Aid-for-Trade for Digital Connectivity

- More Aid for Trade is going into digital connectivity and e-commerce.
- Development finance for digital activities tripled between 2015 and 2019.
- Aid-for-Trade providers invested USD 18.6 billion.
- Private philanthropy mobilised another USD 4.2 billion.
- There is a scope to expand PPP partnerships to boost digital connectivity.

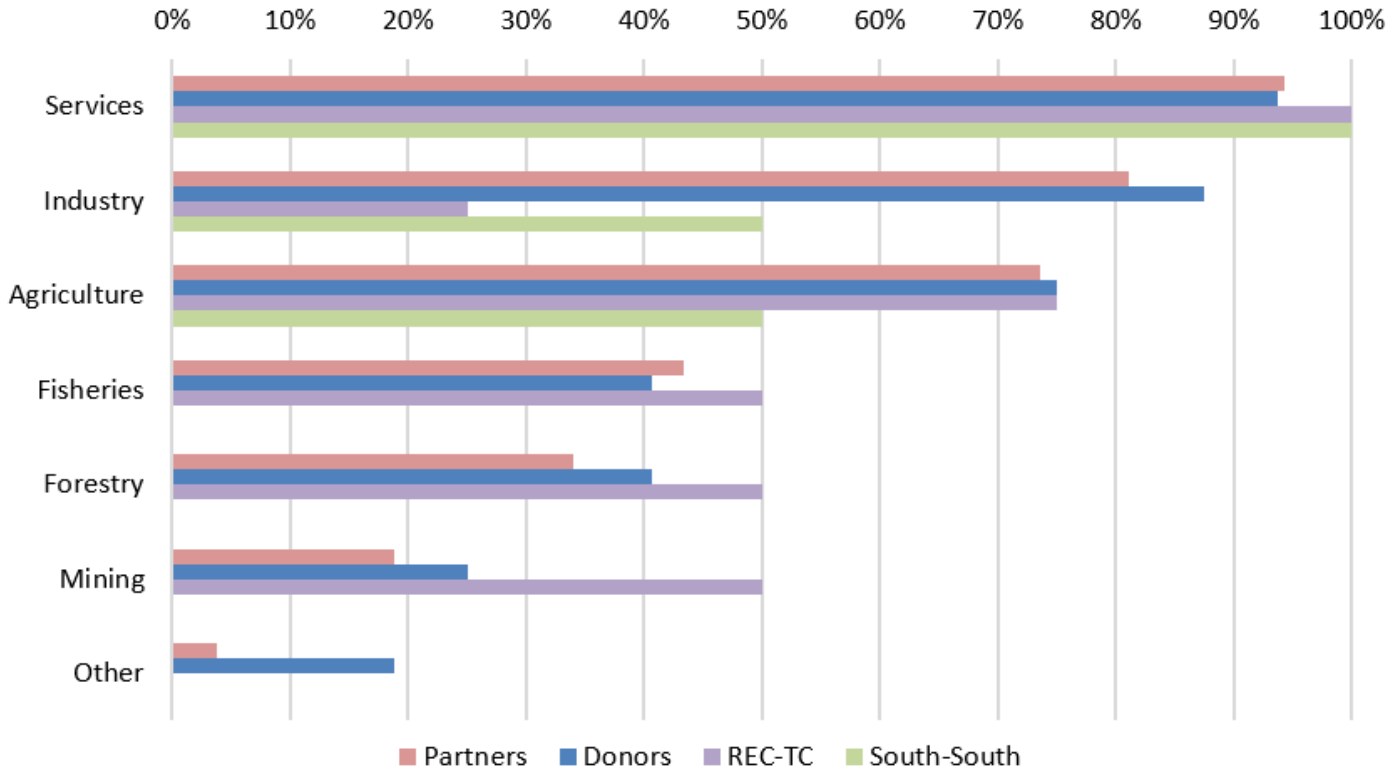
Figure 40.3. **Development finance for digitalisation more than tripled from 2015-19**



Source: OECD

Digitalization and Environmental Sustainability

Figure: Sectors in which digital connectivity could best support the transition to sustainable development



Source: OECD/WTO AfT M&E exercise (2022)

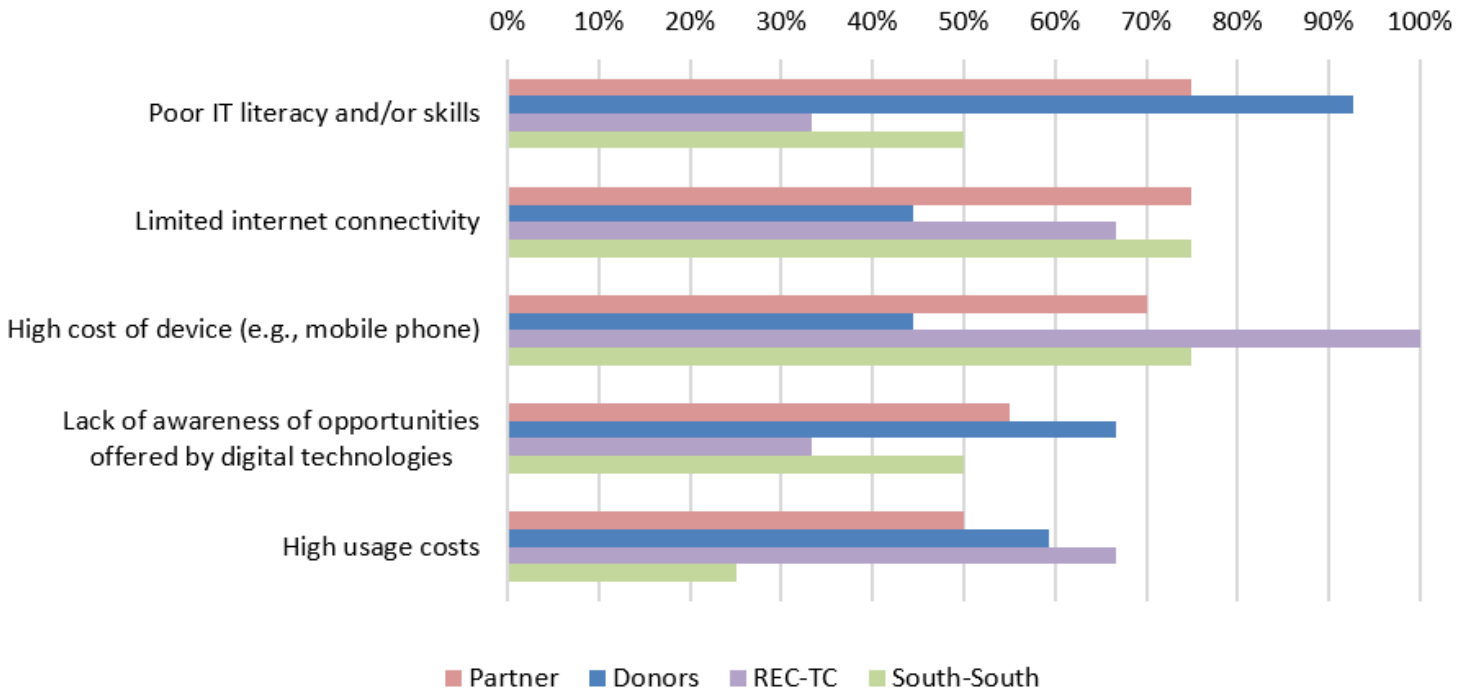
Digitalization and Environmental Sustainability

- ICTs can help address climate and environmental concerns.
- Digital connectivity contributes to trade and development outcomes.
- Examples:
  - Colombia's National Plan for Adaptation to Climate Changes seeks to use connectivity to promote use of ICTs for climate change mitigation and adaptation.
  - Pakistan support farmers with e-weather forecasting
  - Mali seeks to boost agricultural productivity with sensors on soil fertility and humidity
  - Donors like IMF and AsDB also researching platforms to use earth observations for sustainable outcomes

Digitalization and Empowerment

- Digital connectivity supports women's economic empowerment.
- Yet, 70% of respondents say women face difficulties in accessing digital technologies.

Figure: Most common cited barriers by respondents that prevent women from accessing digital technology



Source: OECD/WTO AfT M&E exercise (2022)

Conclusion

- COVID-19 has boosted digital connectivity.
- More attention is given to digitalization by developing countries and donors alike.
- The pandemic has also revealed shortcomings (internet coverage, affordability, digital skills).
- Digital divide exists across and within countries (particularly affecting women).
- Trade can help reduce the costs of access to ICT services, goods and networks.
- Trade policy plays a role in achieving these goals.
- More financing is becoming available, notably in the form of public-private partnerships.
- Considerable scope to expand Aid-for-Trade for digital connectivity.

Thank you for your attention