

Workshop on e-commerce, Development and SMEs
Session D - 9 April 2013 (PM)
Opening remarks by the moderator, Mr. Francisco Rivadeneira,
Vice-Minister of Foreign Trade of Ecuador

Before giving the floor to the distinguished speakers for this afternoon session, allow me to underscore two important issues:

First, the "Information Economy Report" of 2010, published by UNCTAD, emphasizes that poverty has an important informational dimension, since poor people often lack access to information that is vital to their lives and livelihoods, which increases their vulnerability.

The report indicates that in the past decade, the scope for ICTs to affect development and poverty has expanded in several respects and there are currently more opportunities for these technologies to contribute positively to development. At the same time, the involvement of developing countries and poor people and communities as consumers and producers of ICTs is also evolving. The report highlights the importance of exploring every opportunity to boost the development impact of this new situation.

Business growth can contribute significantly to poverty reduction by generating income through the diversification or upgrading of existing economic activities and the establishment of new undertakings. The contribution of ICTs in this area lies in their power to give poor women and men access to improved information and better communications so as to help them generate and accumulate livelihood assets.

From the perspective of poverty reduction, it is important to focus on enterprises that are of most interest to the poor, usually micro enterprises which typically provide income to one third or half of the working population in developing countries¹², and small and medium-sized enterprises. Evidence shows that small enterprises tend to be the main engine for job creation, despite also being the sector with the highest rate of job destruction.

The UNCTAD report states that the opportunities created by electronic commerce have not yet had a major impact on small producers in low-income countries; that there is little evidence to show that producers in developing countries trade significant quantities of goods and services online; and that, in general, both B2B (business-to-business) and B2C (business-to-consumer) electronic commerce have largely failed to deliver the considerable potential benefits predicted in the earlier part of the decade. The overall picture is one of slow progress for electronic commerce directly benefiting small producers and micro-entrepreneurs.

Second, according to a number of studies and reports, innovation and technological change is an important factor for economic development. Information technology has been among the fastest growing innovations in both production and use in the second half of the last century. In the last decades, a particular type of information technology, the Internet, has been changing business processes, organizational and industrial structures and given form to new communication and business forms as for example e-commerce. That specialized literature also highlights that government intervention has been historically important in creating economic growth and in

fostering diffusion of technological innovations and that government intervention is especially important at sustaining technological development in SMEs.