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Parallel event

**THE DIGITAL ECONOMY: INTEGRATING THE LDCS INTO THE
DIGITAL ECONOMY**

Summary prepared by the Conference secretariat

1. Participants in the parallel event acknowledged that technology and infrastructure were not the most demanding challenges facing LDC enterprises as they embraced e-commerce. The real difficulties lie in changing the business culture and practices to make them consistent with successful e-business strategies. For this, old ideas have to be abandoned and changes made in the perception of what LDC enterprises might be capable of achieving in e-commerce. The success stories presented prove that LDC enterprises could do much more in e-commerce than many people credited them for.
2. The biggest challenge facing LDC enterprises is not the technology aspect of e-commerce, but dealing with the business culture and changes in business practice that are required within the enterprise to successfully adopt an e-commerce strategy, hence the need for strong leadership from the top.

3. The proliferation of privately owned Internet cafes came as a surprise to many and provided access options for those enterprises/individuals not having their own computers and telecommunications access.
4. Several of the presented enterprises are already conducting online services particularly to small niche markets in industrialized countries. LDC enterprises that have, over a period of time, developed consumer trust, either by creating a loyal subscriber base, or by developing agent networks in target markets, are successful.
5. Offline medical transcription and an online “data scrubbing” provided examples of the potential of teleservicing for LDCs. Other attractive options for LDC enterprises were the various forms of offline teleservicing. These include transcription services, data input, software development, remote access server maintenance, web development, creation of databases, digitalization of old documents (e.g. architectural drawings), translations, editing etc.
6. The LDC physical e-commerce infrastructure was limiting but not prohibitive. Availability and quality of telecommunications have improved dramatically in LDCs, although most of them report relatively high local telecommunications costs. Even in the current environment, LDC enterprises are able to engage in e-commerce strategies. New technologies (web enabling, cellular applications) offer exciting new opportunities to leapfrog development of a local e-commerce infrastructure.
7. Very few LDCs have an e-commerce policy in place. Some are at the early stage in their e-commerce strategies and IT policy development. They do not as yet have e-commerce laws (e.g. legalizing digital signatures, addressing cyber crime, protection of databases, copyright issues, etc.) local e-commerce was non-existent in LDCs mainly due to the unavailability of credit cards, smart cards and other online payment systems.
8. There is an urgent need for enterprises (particularly exporting enterprises) to educate themselves about e-commerce and to become aware of international business-to-business opportunities. There is a lack of awareness among business executives regarding the importance of e-commerce. Leadership in e-commerce is therefore not forthcoming from top management, in particular from exporting industries who have the most to gain or lose the most in adopting e-commerce strategies due to its direct link to international competitiveness. Many of the national LDC universities offer grounding in the Internet, IT and e-commerce issues. The level of IT skills development in LDCs is related to the local demand for such skills and to the level of awareness of opportunities in this field.
9. Most African LDCs lack the domestic capacity to tackle the Internet economy by themselves. There is therefore a real need for development agencies to integrate LDCs in this field immediately, in order to guard against further degrading their position in the global economy.

10. There are many initiatives currently underway to conduct e-readiness assessments in African LDCs. Many countries have already been subjected to more than one assessment, although many of the results have not been made publicly available or easily accessible. Surveys found that significant duplication of effort has occurred in some countries, while others were devoid of useful data.

11. Promising developments in low bandwidth cellular applications such as “short message service” (SMS), content push and pull technologies, platforms allowing interface between mobile handsets and computers/databases and mobile payment solutions could enable the current GSM networks in LDCs to carry a local e-commerce infrastructure. Growth in cellular networks has expanded telecommunications and placed handsets in the hands of thousands of people. This implies that there are potentially thousands of “points of access” for e-commerce in LDCs.

12. The development of XML (eXtensible Markup Language) standards will allow LDC suppliers and buyers easier access to B2B market places and exchanges. This is a significant development for LDCs, since current EDI systems are the domain of larger companies as the cost of acquiring customized software and IT management is far too high for smaller business.

13. The most important e-commerce developments for LDCs are in the business-to-business (B2B) sector. Viable B2B portals hold promise for LDC enterprises that are e-commerce enabled as they will be able to tap into a highly efficient international procurement system, thereby saving themselves high marketing and market development costs and providing them with improved market penetration.

14. There is no doubt that business was moving in the direction of e-commerce. Estimates of the volume of e-commerce for 2003 range from US\$3.6 trillion to US\$6 trillion. It is clear that business is moving online at a rapid pace. Enterprises in LDCs cannot afford to miss out on these developments.

15. A number of companies and international organizations have announced activities that will have a direct impact on the development of e-commerce activities in LDCs.

16. The session concluded by affirming the need for Government, business sector and civil society partnerships. Furthermore, in terms of policy and regulatory frameworks, many Governments still need to elaborate national strategies to take advantage of the opportunities created by e-commerce. Prohibitive regulations such as foreign exchange and telecommunications laws that are directly restrictive of e-commerce development need to be reviewed urgently. The development of e-commerce in LDCs is directly linked to their extensive human resources base, but which requires the infusion of investment in education, training and all knowledge- and information-based activities to bring it in line with required expertise.
