ICT and e-business: what developing countries stand to gain

Taking advantage of information and communication technologies (ICT) is an increasing challenge for developing countries. There is now growing evidence that enterprises benefit substantially from e-business. New technologies, and in particular the Internet, transform economic sectors and allow them to do business faster and better.

In the tourism sector, local tourism providers use the Internet to market their offers directly online. Take, for instance, Thailand. The website www.tourismthailand.org markets Thailand's tourism and an online booking facility (www.thailandebooking.com) receives around 1.8 million visitors a year. But unfortunately, as is the case in most developing countries, Thailand's e-tourism websites do not allow online payment.

Outsourcing is another promising economic activity for developing countries. Companies in industrialized countries are taking advantage of the growth in ICT capacities in the developing world to commission online services. PrecissPatrol (www.precisspatrol.biz), for instance, is a successful Kenyan company that offers back-office services, such as data mining and specialized research, to customers worldwide. This kind of e-business is no longer an exception in Africa and every month new ones are being set up.

Governments are also benefiting from ICT for their own activities. The Government of Brazil, for example, saved US$ 1.5 million in the first two years of using its web-based online procurement system, and reduced delays from over two months to less than 15 working days.

More and more developing countries are now aware of what they stand to gain from ICT and are making vigorous efforts to encourage their dissemination and use. Yet, the gaps are still far too wide. For example, while the number of Internet users in Africa grew by 56% in 2003, only 1% of Africans had access to the web, compared with 55% of North Americans.

ICT have spin-off effects, and the more people use ICT, the greater the impact. Thus, governments should introduce ICT policies in all spheres of society. This requires:

- Raising public awareness of the role of ICT in development and providing training in ICT skills;
- Providing affordable and quality access to the Internet and other technologies;
- Promoting ICT among small and medium-sized enterprises;
- Putting in place a legal framework for online transactions;
- Ensuring that governments use ICT and encourage local business to do the same;
- Supporting open content and open technology approaches, such as free and open source software;
- Measuring and monitoring the current use of ICT and its economic and social impact.

An ICT strategy in keeping with national development strategies can help to achieve a global information society and its associated social and economic benefits. But this will only happen with the commitment and cooperation of national governments, the business sector, civil society and the international community.

What does UNCTAD do to assist developing countries?

Besides raising awareness, the emphasis today is on helping countries to create an ICT-friendly environment. While developing countries are generally eager for their enterprises to adopt ICT solutions, there are numerous obstacles. Some are well known: low income levels, lack of know-how and inadequate ICT infrastructure. Some are more subtle: cultural resistance to electronic trading, conservative business practices and lack of security for online transactions.

UNCTAD helps countries formulate their own ICT policies through its analytical work, technical assistance programmes and the promotion of international debate.

Supporting the design and implementation of e-strategies for development

E-business and ICT in general can be powerful development tools, but their potential cannot be achieved unless certain conditions are met and basic policies are established. UNCTAD's role is to help developing countries diagnose the obstacles they face in adopting ICT and introduce measures to remove them:

- Legal and regulatory reforms to accommodate e-business;

- Institutional reforms to facilitate access and connectivity;

- Promotion of open technologies and open content approaches;

- Reform of financial systems to enable e-payments;

UNCTAD participates in the Partnership on Measuring ICT for Development (http://measuring-ict.unctad.org/) and in specific initiatives to support smaller enterprises. The E-Tourism Initiative (http://etourism.unctad.org/), for instance, was launched in 2005 to encourage developing countries to use ICT to benefit more from international tourism.

Training courses on the legal aspects of e-commerce are being organized for government officials to help them draft national e-commerce legislation. A number of workshops have also been held for policymakers and local entrepreneurs to introduce trade and e-business services to the business community.

Information Economy Report

The annual *Information Economy Report* – the former *E-Commerce and Development Report* – reviews the status of the information economy throughout the world, particularly in developing countries, and examines selected issues and innovations in the field. Earlier editions have dealt with a variety of topical subjects, such as outsourcing online, e-government, free and open source software, and how ICT has changed the tourism, music and insurance industries.

The 2005 report, published in November 2005, takes a close look at Internet backbone connectivity and at why Internet access in developing countries is so expensive. It also addresses Internet security (how should enterprises deal with ICT security?) and cybercrime (how should developing countries alter their legal framework to combat cybercrime?).