

**WSIS follow-up and implementation: Action Line Facilitation meeting
"E-business and e-employment"**

ICTs, GLOBAL SUPPLY CHAINS AND DEVELOPMENT

**Palais des Nations, Geneva, Room XXIII
24 May 2007**

*Jointly organized by UNCTAD, ITC and ILO
Open to all WSIS stakeholders*

REPORT

1. As mandated by Paragraph 108 and by the Annex of the Tunis Agenda for the Information Society, UNCTAD, ILO and ITC jointly organized the second WSIS Follow-up Action Line Facilitation Meeting on "E-business and e-employment" on the theme of "*ICTs, Global Supply Chains and Development*". The meeting was held in conjunction with other WSIS follow-up events and with the 10th session of the Commission on Science and Technology for Development.
2. The meeting brought together about thirty WSIS stakeholders to explore the role of technology and innovation in supply chains, the measures that policy makers and enterprises can adopt to exploit the opportunities of greater market access and strengthen enterprise competitiveness, the labour market implications and the costs and benefits of such changes. The meeting was organized in such a way that short presentations on different aspects of the theme were followed by interactive group discussions that allowed participants to share their experience and reflect their viewpoint as representatives from government, NGO, private sector and civil society. In each group, a rapporteur, selected on a voluntary basis, reported the outcome of the discussions in the plenary session, and proposed suggestions for action/recommendations to improve the participation of developing countries in global supply chains.
3. Opening statements were made by Mr. Supachai Panitchpakdi, Secretary-General, UNCTAD, Mr. Stephen Browne, Deputy Executive Director of ITC and Mr. Michael Henriques, Director, Job Creation and Enterprise Development Department, ILO
4. Mr. Panitchpakdi welcomed the participants and highlighted the instrumental role of ICTs in the conduct of trade. He recalled the ICT-led major global economic transformations of the past decade. These include shifts in both manufacturing and services from developed to developing countries; a shift towards FDI in services; growth in services exports; and growth in South-South trade and investment flows. Mr. Browne spoke about the importance of ICTs for the increased participation of SMEs in supply chains, and singled out mobile telephony which can provide low cost solutions. ICTs can help give visibility to SMEs, facilitate linkages between them, access information, leapfrog the traditional barriers and facilitate financial transactions. Mr. Henriques said that despite the significant changes in the geography of production and the subsequent global employment growth in all parts of the world, many workers lack the skills to use the technology productively, and many countries

that lack the infrastructure and the resources to join in the rapid transformation of production and logistics resulting from technological advances. He further stressed the need to empower the labour force to face these changes.

5. The first session of the meeting focus on the theme of ICT policies and global supply chains in developing countries. It was chaired by Mr. Roberto Zachmann, ICTs focal point, ILO. Ms. Claudine Bichara de Oliveira, Director, Netune (Brazil) presented the policies that developing countries need to deploy in order to enable their companies to participate in global supply chains and which should aim to:
 - foster an enabling business environment and mechanisms to promote the structuring of clusters, including IT ones;
 - create an enabling ICT environment including among others, broadband communications infrastructure, electronic business, and support services online.
 - disseminate the intensive use of ICTs and promote entrepreneurship and innovation within SMEs.

She mentioned the case of countries in Latin America which have taken advantage of the size and dynamism of their domestic markets and adopted a combination of political measures, concrete infrastructure and support services to facilitate local SMEs participation in global business.

7. Paul Bailey, Senior Technical Specialist, ILO, spoke about the high growth and investment in the electronic components sector of the IT industries. He recalled that the IT sector is among the most dynamic and innovative sectors worldwide, including in some developing countries, but pointed out the related social and labour issues. He stressed the need for SMEs to build capacity in order to create the skilled workforce required for their operation and a better integration in the global supply chains. He also spoke about the industry initiatives adopted by multinational companies in response to social and labour challenges such as the Corporate Social Responsibility and the Global e-Sustainability Initiative and the Electronic Industry Code of Conduct, which aim to explore ways in which ICT sector companies can cooperate to manage social and labour issues in their supply chain more effectively.

The first round of group discussions focused on the economic players who benefit from ICTs to position themselves in global supply chains, and public policies which have been adopted or could be promoted to foster the participation of enterprises in global supply chains. The results of the group discussions were presented during the subsequent plenary session. The participants acknowledged the huge potential of ICTs in developing countries to change the way in which business is carried out. They stressed the challenges ICTs pose, including in terms of awareness, ICT access and affordability (it was recalled that in many countries the cost of labour is cheaper than the cost of technology), and suggested the following:

- Public policies are needed to create *an enabling environment* for the development of ICT-related opportunities and e-business, including developing the access to ICTs, create an efficient institutional framework and a legal and regulatory framework for e-commerce, and e-government;
- Prepare a new ICT generation prepared to work in a technology empowered environment: *build capacity from basic education to life-long learning*, develop a skilled workforce, and make enterprises aware of existing ICT tools;

- Governments should *support SMEs*, by encouraging them to participate in government procurement, by providing time bound fiscal and financial incentives to enterprises producing ICT goods and services, or those investing in innovation;
- Favor the development of a *platform of cooperation* where all stakeholders can come together and share their ICT experiences;
- *Share best practices* at the regional level (through regional trade agreements?) and *build public private partnerships*;
- Pay particular attention to the creation of decent work since this is the main way of creating productive employment and reducing poverty and, at the same time combating a race to the bottom where both labour standards and budgetary resources could be severely affected;
- Develop *ICT services* to fulfill current and future needs of enterprises and more broadly the society (including youth, women, disabled)

The second session was dedicated to the role of innovation in supply chain. It was chaired by Geneviève Féraud, Head, ICT and e-business Branch, UNCTAD. It started with a discussion on the link between innovation, ICTs and value chains.

Mr. Raphael Dard, Associate Expert, International Trade Centre, talked about the potential of mobile phones for businesses. He presented the ITC's "Trade at Hand" initiative which uses mobile phones to send an SMS (short message service) every day to exporters in developing economies with the daily product prices on international markets. Local Trade Support Institutions also transmit business opportunities, contacts and market news. Exporters have thus access to targeted information in their sector, enabling them to react to demand, plan export volumes and negotiate fair prices. "Trade at Hand" was launched with fruit and vegetable exporters in Burkina Faso and Mali in 2006.

Mr. Daniel Salcedo, Founder and CEO, www.CatGen.org, showed a platform which helps 1400 SMEs in over 44 countries participate in e-commerce by enabling them to create and maintain their e-commerce catalogue benefiting from search engine optimization and credit card payment. He mainly addressed the issue of trust, which more than technology, is the main remaining challenge to enabling e-commerce to deliver on the potential of disintermediation. He explained that SMEs should focus on developing the necessary visibility and credibility and this can be done by collaborating with partners (in the case of CatGen, for instance with Paypal, and search engines)

Mr. Paul Donohue, E-Business Programme Manager, Universal Postal Union, recalled some hurdles that SMEs face preventing them from accessing international markets. These barriers are mostly of two kinds: first, they indicate a lack of valid information about foreign markets, how to act in case of disputes or how to collect payments from customers. Second, SMEs, especially in developing and least developed countries, might not have access to infrastructure at all, including transport facilities. He showed how the global postal network can offer innovative solutions to help SMEs overcome many of these hurdles and exchange more goods internationally by describing a few projects of various postal operators that use the key postal assets in an innovative, ICT-driven way in order to provide affordable supply chain solutions.

As in the first session, the presentations were followed by a group discussion that focused on innovative e-business solutions that enterprises can put in place to remain competitive

and the key factors of successful integration of SMEs in global supply chains. After the group discussions, the following conclusions and suggestions were presented to the plenary:

- A ***collaborative approach*** is needed for all stakeholders to benefit from supply chains. ***Social capital and dialogue*** between all operators needs to be enhanced for them to understand the benefits of ICTs, receive adequate ICT education and training.
- ***Clustering SMEs by sector*** is needed to break their isolation;
- With regard to ***public and private partnerships***, some examples of use of ICTs were mentioned, such as the Norway-Sweden gateway through which the economic operators can register with the customs authorities to facilitate cross border trade. Partnerships between universities and the industry for applied research should be developed;
- Governments should promote ***online public procurement***, and encourage the participation of SMEs;
- ***Innovation*** should be ***customer-centered*** and not technology-centered. Customer relationship management (CRM) systems are now relatively easy to implement;
- Ensuring ***trust*** is key to fostering e-business transactions; this required partnering with certified bodies (online payment systems, search engines, etc);
- With regard to developing skills, managers should be trained on new technologies and be capable to make the ***relevant choice of technology*** for their company (such as open source solutions);
- ***Broadband accessibility*** is critical to help e-business take-up.

Some participants acknowledged the work carried out by international organizations in particular regarding their research work that help them take strategic decisions regarding ICT deployment and related policy options and strategic measures in their countries.

Geneviève Féraud (UNCTAD), Roberto Zachmann (ILO) and Nicolai Semine (ITC) made some final remarks and informed the participants that the report of the meeting will be disseminated to WSIS stakeholders involved in implementing the Summit action lines.