

Anita Gurumurthy's Inputs at

UNGA79 Side Event:

**Seizing the Opportunities for Building
Inclusive Digital Economies**

IT for Change

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Seizing the Opportunities for Building Inclusive Digital Economies

Input by Anita Gurusurthy

What policies and strategies at national and international levels foster a more inclusive digital economy?

A. What is the context of the exclusion? These are about systemic capabilities.

How do you orchestrate markets – how do you reinvent public institutions and governance systems for both private and public innovation?

While discussing cross-border data flows and interoperability, we need to exercise some caution and wisdom.

The International Telecommunication Union (ITU) estimates that 5G penetration will be around 59% in developed economies by 2025, whereas the 5G connectivity during the same period will be around 8% in Latin America and 3% in African countries. So, as smart manufacturing and Internet of Things (IoT) tech moves to 5G, we will see the innovation divide deepen. The real risk is that they are trapped in low-income levels in services sectors and end up in low-value manufacturing and services sectors in global value chains.

There is little to gain for digital late comers in the form of inward foreign direct investment (FDI) by foreign digital multinational enterprises (MNEs).

Most countries are net data exporters, supplying data for analysis and commoditization.

The question for national and international policy for inclusive digital economies is therefore about how to avoid a situation of cross-border data flows that will intensify distributive inequity. The lens needs to shift from rather tired debates about data flows and restrictions on data flows to how innovation dividends in the data economy can be generated without hollowing out local capacity.

We know that innovation dividends are controlled heavily in a winner-takes-all data economy through preemptive and aggressive patents, we know public data is locked up in private enclosures.

B. What are the axiomatic directions for international governance?

1. The digital economy urgently requires significant reforms, including the reinvention of multilateralism and enhanced cooperation in data governance. Furthermore, both taxation and competition in the digital era [urgently need](#) a common base of global consensus, stable cooperation, and binding rules.

2. UNCTAD's recommendation that every country has its own pathway to digital development is important. The Mandela Institute report also refers to the inclusion of special and differential treatment rules for state parties to allow less-than-full reciprocity commitments or by extending transition periods for specific obligations to allow state parties in 'catching up.'

3. Today, intellectual property regimes facilitate data enclosures, raising the question of how the global data commons for achieving the Sustainable Development Goals (SDGs) can be protected. Cross-border data flows in a global data market lead to further concentration, with implications for digital sequence information (DSI), synthetic biology, and biopiracy.

C. National governance

1. We need a capabilities approach (productive capacities) that is not only to have technologically literate populations but a readiness for data-intensive firms and industries to develop over time.

There is a need for national governance frameworks on tax, competition, and social security policies that will, among others, be adopted alongside any rules on cross-border data flows as these policy domains will have an impact on the extent to which regulatory interventions aimed at cross-border data flows are, or are not, beneficial on balance.

2. We need innovation public goods, which go beyond digital public goods. For example, how did the New York Drivers' Cooperative break even? It was achieved through public procurement. This highlights the importance of public licensing for access to company-held data, as well as the use of petty patents or utility models to support small and medium-sized enterprises (SMEs).

3. Digital industrial policy should focus on adopting computationally less intensive AI models through public-private-community partnerships in sectors like health, education, and public computing. Such strategies are necessary to optimize energy distribution, while implementing guardrails for public datasets to prevent free-riding and value capture.

4. Policy experimentation and sequencing should be approached from a distributional perspective, carefully assessing who benefits from each outcome.