

**Preparatory consultation for the Fifth UN Conference on the Least Developed Countries
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Respected Co-Chairs

Digital technologies have emerged as an unprecedented force re-ordering social power and reshaping global development. However, as things stand, [LDCs](#) are entering the digital epoch on an extremely bleak note.

Three critical issues are of concern here.

Issue No. 1 is about the barriers LDCs face in benefitting from the fourth industrial revolution

- In data-based global value chains, LDCs are locked into lower value segments. As the colonies providing the raw material of data to powerful tech companies from the global North and China, the productive capability of LDCs stands hugely threatened.
- The lack of affordable connectivity, payments and logistics infrastructure already prevents enterprises in LDCs from capitalising on ecommerce opportunities. The winner-take-all digital economy deepens and hastens this exclusion, delivering a devastating blow on a whole-of-economy scale.¹
- Intelligent automation of manufacturing is reshoring jobs. And emerging gigs in e-commerce markets only exacerbate precarity.
- The UN Technology Bank for LDCs has launched [platformised services in sectors](#) such as agriculture. But such efforts do not break the data enclosures through which value is captured.

Issue No 2 is about the capture of public interest in private partnership initiatives in LDCs

- If implemented in citizen-centric ways, digitalisation of public service delivery can be a vital measure to address the multidimensional vulnerabilities of LDCs and LLDCs. However, most efforts in this direction are a slippery slope – hollowing out the public sector, transferring control of public data systems to opportunistic private entities, preventing local accountability for data and algorithms, and disregarding the human rights of citizens.²

1 The UNCTAD Business-to-Consumer E-commerce Index 2020 finds that LDCs make up 18 of the 20 lowest positions in the index. Africa, home to 33 of the LDCs, accounts for less than 5% of the world co-location data centres. See <https://www.alainet.org/en/articulo/211268?language=en>

2 In the case of [Bangladesh](#), the partnership with GAVI that tied a vaccination program to enrolment in the digital identity program,; and in the case of Bhutan, the launch of a citizen biometric identification system with the Turkish biometrics company [Papilon Savuma](#), with a very inadequate data protection law.

Issue No 3 is about the democratic deficit in global governance of the digital economy

- Global rules in digital trade and TRIPS-plus provisions in FTAs perpetuate the laissez faire regime of cross-border data flows, pushing for unrestricted access of digital companies to LDC markets and preventing LDCs from developing their own technological capability.
- The absence of a fair global regime on digital taxation prevents developing countries from raising the fiscal resources they so badly need for their development priorities.³

Today's digital wildwest and its extractive impulse will destroy everything that is irrelevant to profit.

We would therefore call for a programme of action that focuses on reclaiming the promise of STI for LDCs:

- As argued by the 170+ CSOs in their [response](#) to the [UN SG's Roadmap for Digital Cooperation](#), a multilateral and democratic 'global governance mechanism' in line with WSIS principles is urgently needed to end the corporate lobby-backed, multistakeholder model of rule-making that holds a just and equal digital economy and society to ransom. A 'global cooperation framework' to assist UN agencies in deploying digital technologies in programmatic terms cannot be a substitute for this.
- Other imperatives include:
 - A moratorium on digital trade agreements at the WTO and e-commerce chapters in regional FTAs
 - A fair global digital taxation regime that enables LDCs to tax digital companies operating in their territories.
 - Extension of the transition period for LDCs to implement the TRIPS.⁴
 - Global to local policies to guarantee a "decent future of work for all", with a central role for the ILO
 - An overhauled 'Digital Solidarity Fund' – an idea mooted during the WSIS – backed by Official Development Assistance, to catalyse universal broadband access and sovereign public digital infrastructures in LDCs.

³ Not only do LDCs have to contend with an anachronistic [moratorium](#) on customs duties on electronic transmissions, but also suffer the monumental costs of base erosion and profit shifting by digital behemoths.

⁴ The current deadline expires on 1 July 2021. A request submitted by Chad on behalf of the LDC Group in the WTO (IP/C/W/668) in October 2020 argues for an extension of the LDC transition period, for as long as a country remains an LDC, and an additional period of 12 years as a country graduates from its LDC status, to ensure smooth transition, must be honored at once by the TRIPS Council. See <https://twn.my/title2/wto.info/2021/ti210514.htm>