

## **Summary of Proceedings: Side Event on Advancing Inclusive Digital Trade Through Multi-Stakeholder Cooperation**

**30 April 2025, 10:00AM – 11:15AM, UNOSSC New York and Hybrid**

**{2025 ECOSOC Forum on Financing for Development & 4<sup>th</sup> PrepCom for FfD4 Side Event}**

The Digital Cooperation Organization (DCO) and the United Nations Office for South-South Cooperation (UNOSSC) co-hosted a high-impact side event during the 4th Financing for Development Conference (FfD4) 4<sup>th</sup> Preparatory Committee and ECOSOC Forum on Financing for Development. This strategic gathering brought together policymakers, international organizations, civil society experts, and private sector leaders to explore how inclusive digital trade can serve as a catalyst for sustainable development. Set against the backdrop of growing global economic challenges, the event showcased pragmatic frameworks to mobilize financing, strengthen regional integration, and advance gender equality through digital cooperation. Participants examined innovative tools like Digital Trade Protocols and Public-Private Partnership frameworks that can help bridge infrastructure gaps and create interoperable digital ecosystems, particularly benefiting developing economies in the Global South.

The event was moderated by **Mr. Zanofer Ismalebbe, Chief of Knowledge Management** at UNOSSC. He welcomed participants and highlighted the recently signed statement of intent between UNOSSC and DCO, marking the beginning of a robust partnership aimed at advancing the digital economy through South-South and triangular cooperation, with focus areas including cross-border digital trade, secure data exchange, and cultivating a skilled digital workforce.

In his contextual remarks, Mr. Ismalebbe noted that digital trade is evolving rapidly, driven by trends such as the rise of e-commerce, proliferation of digital platforms, and increasing importance of data as a critical asset. According to the 2024 UNCTAD Digital Economy Report, global digital trade grew faster than overall trade in goods and services between 2015 and 2023 and is expected to account for nearly 25% of world trade by 2030. He also mentioned that according to a 2023-2024 UNDP mapping, over 130 countries have developed national digital transformation strategies, yet divergence in digital standards, data governance, and cross-border regulations could fragment progress. The 2023 UNCTAD Digital Economy Report was cited as noting that digital divides and lack of interoperability threaten the ability of developing countries to fully participate in global trade.

Mr. Ismalebbe highlighted the African Continental Free Trade Area's (AfCFTA) Digital Trade Protocol (DTP) as an example of regional success that can inspire replication. He stressed that the issue of digital skills is paramount in the context of emerging opportunities brought by intensified digital trade, as enhancing these skills can improve efficiency, reinforce transparency, and ensure workforce preparedness for new technologies.

Following the introduction, **Mr. Hassan Nasser, Special Envoy for Multilateral Affairs** at the DCO, delivered opening remarks. He thanked the UNOSSC team for their collaboration in activating the statement of intent signed in February 2025. Mr. Nasser acknowledged the mounting financial and fiscal pressures facing sustainable development, emphasizing the need for innovative and impactful financing approaches. He positioned digital innovation as a critical solution despite being critically underfunded, stating that digital economy and digital trade must be core pillars of any future global financing framework for development.

Mr. Nasser highlighted significant challenges, including the fact that more than 2.6 billion people remain offline, and 80% of SMEs in developing countries face significant barriers to engage in cross-border digital trade due to gaps in skills, payment systems, and policy fragmentation, with women-led businesses being disproportionately affected. He introduced two DCO initiatives: the Digital Economy Navigator, a flagship data-driven tool to support governments and investors in identifying strategic investments; and Digital Economy Agreements through the Digital Trade Cooperation Committee, established to discuss alignment, learn from experiences, and coordinate digital trade initiatives.

He further called for elevating the digital economy as a strategic pillar of global development financing dialogue, building new coalitions and partnerships with multilateral development banks and other institutions, and integrating new matrix systems for monitoring and evaluation of financing for development.

In a video message, **Ms. Dima Al Khatib, Director UNOSSC**, thanked the DCO for co-organizing the side event on advancing inclusive digital trade. The message emphasized that financing sustainable development requires bold, inclusive strategies rooted in homegrown innovations from the Global South. South-South cooperation was described as a cornerstone for solidarity among developing countries and a catalyst for transformation that enables countries to share knowledge and co-create scalable, high-impact solutions.

The message highlighted stark digital divides: 2.7 billion people worldwide (mostly in the Global South) remain offline, only 35% of people in least developed countries use the internet compared to 93% in high-income countries, and globally there are 244 million fewer women than men online. Despite these challenges, the digital economy represents a tremendous opportunity to leapfrog development, reduce inequalities, and empower communities—if access is equitable and necessary infrastructure is in place.

Ms. Al Khatib described its partnership with the DCO to advance digital inclusion through South-South and triangular cooperation, mobilizing knowledge and partnerships to build digital ecosystems that unlock trade, jobs, and gender-equitable growth. She highlighted initiatives supported by the India-UN Development Partnership Fund, including digital health infrastructure in Samoa and Papua New Guinea, which empower young entrepreneurs through digital skills and innovation. UNOSSC's new South-South and Triangular Cooperation Solutions Lab is building digital linkages and scaling up innovative solutions among Member States, UN agencies, and partners.

The message concluded with a call to move beyond dialogue toward action by: expanding cooperation in research and development through connecting Global South think tanks; sharing practical experiences and testing innovative solutions for bridging the digital divide; supporting digital literacy and capacity building; and leveraging triangular cooperation to utilize expertise and financing from development banks, foundations, and the private sector. The Director closed with a call for collective commitment to "co-invest, co-innovate, and co-deliver results for people and planet through South-South and triangular cooperation."

## Panel Discussion

The opening session was followed by a panel discussion focusing on how multi-stakeholder partnerships can accelerate digitalization funding and implementation.

**Ms. Nshuti Mbabazi, Managing Director, Better-than-Cash Alliance**, a UNDP-hosted alliance reflected on the current status of digital trade in Africa, noting that Africa is a pioneer of mobile financial services, with mobile money being widely utilized and becoming more interoperable. Digital commerce is growing, but significant investment opportunities remain, particularly in connectivity infrastructure.

Ms. Mbabazi emphasized that interoperability of mobile money wallets and bank wallets is essential, as it provides users with choice and enables service providers to compete on quality and cost. Regarding digital identity, she noted that with 55 countries each having their own national identity systems, the Protocol on Digital Trade represents a "moonshot" for uniting these systems. She referenced a visit to India with the AfCFTA Secretary General, where they learned that the Aadhaar system cost \$1.8 billion to build and \$120 million annually to operate, emphasizing that such investments cannot come solely from development support but require private investment and public-private partnerships.

Ms. Mbabazi explained that the foundation of interoperable ID systems, payment systems, and trusted data sharing established in the Protocol on Digital Trade should end the fragmentation that hinders the movement of goods, people, and services across the continent. She noted the remarkable speed of developing the Digital Trade Protocol, completed in just 18 months, demonstrating the political will behind it. Looking forward, she anticipated harmonized regulations and policies in the next year to actualize the digital trade foundations needed for infrastructure investments.

Ms. Mbabazi connected this work to the SDG Agenda and Africa's Agenda 2063, framing digitalization as fundamental to achieving goals related to peace, prosperity, and planet. She emphasized that digital public infrastructure enables people to access services and receive support in crisis situations, while digital payments and IDs facilitate financial inclusion, access to credit, and protective services. The improved government transparency and reduced tax leakage resulting from digital systems provide resources for better service delivery, which can contribute to lasting peace by reducing inequality in opportunity.

**Ms. Jane Munga, Fellow at the Africa program of the Carnegie Endowment for International Peace**, addressed key considerations in translating digital trade policy to practice. She approached the topic by suggesting a need to re-shift how policy is developed in the first place. Munga emphasized that digital trade is a nuanced policy regime with elements spanning different departments of government, including digital infrastructure, digital public infrastructure (DPI) foundations, digital ID, data movement, digital finance, and the movement of goods and services themselves.

From a policy perspective, Ms. Munga highlighted that these elements are typically governed by different government agencies – digital ID usually falls under Ministries of Interior, trade under Ministries of Trade, and digital connectivity under yet other agencies. She raised the critical question of whether these different policy elements are actually speaking to each other and building synergies. While DPI is built on an architecture where components build upon each other

(digital ID, digital finance, and data), she questioned whether policy development follows a similar coherent architecture.

Ms. Munga's first key takeaway was the need to change the architecture of how governments develop policy perspectives. She referenced a recent policy piece she wrote about African policy on DPI infrastructure, calling for policymakers to develop national guidelines for governance frameworks for DPI – policy frameworks that cast a vision for cohesive, well-designed policies that complement each other. Her second point emphasized the need for visibility of policies and regulations to those interacting with them. She mentioned her work on the Africa Technology Policy Tracker, which attempts to compile different policies, laws, and regulations forming the digital economy, noting the difficulty in locating these documents.

Ms. Munga commended the AfCFTA for creating an e-Tariff book, suggesting similar repositories should address other aspects of digital trade, such as rules of origin certification. She concluded by emphasizing the imperative to move quickly, noting AfCFTA's recent launch of the annexes to the digital protocol as a huge step, but calling for bold policy leadership to turn policy into action.

**Ms. Priya Vora, CEO of Digital Impact Alliance (DIAL)** built upon Jane Munga's points, focusing on the importance of peer learning in digital development. She emphasized that no single country has completely figured out how to implement digital solutions in a way that fosters massive participation, creates competitive innovation ecosystems, and gives people rights, transparency, and full agency. Rather than seeking a single recipe for success, she advocated for countries learning from each other's experiences.

Ms. Vora described DIAL's partnership with Smart Africa and the UN Economic Commission for Africa (UNECA) on the Africa Data Leadership Initiative, which provides a platform for practitioners who design systems and policies to collaborate with peers from government, private sector, and civil society. She shared examples of questions that emerged during a recent session on AfCFTA and digital trade, including technical questions about pricing digital ID authentication, operational questions about running data protection authorities with independence, and questions about involving civil society.

The key insight Ms. Vora gained from observing this peer learning platform was that most questions fundamentally relate to trust. Civil society organizations frequently ask about data protection and redress mechanisms, while governments express concerns about trading partners' cybersecurity practices and data protection approaches. She emphasized that while South-South cooperation and peer learning are important for overcoming technical and operational knowledge gaps, investing in mechanisms that build trust – relationship building, transparency mechanisms, metrics like the Digital Economy Navigator – is essential for creating resilience. Ms. Vora concluded by noting that trust isn't built in a day but is easily lost, making this a long-term investment that cannot be ignored despite the need for bold and decisive action.

**Ms. Liz Kiehner, Chief Growth Officer North America, Nortal** began her remarks by observing that the Global South stands at a pivotal moment in its digital transformation journey. While there is recognition of what digitization holds for economic growth, service delivery, and citizen empowerment, many countries still face persistent gaps in policy design, implementation capacity, and access to best practices.

Ms. Kiehner outlined several key needs and challenges facing the Global South. First, she highlighted the need for policy and regulatory frameworks, including foundational digital strategies and legal frameworks focusing on data privacy, interoperability, cybersecurity, and public-private partnerships. Without clear policies, digital transformation projects often stall or operate in silos. Second, she emphasized implementation capacity, stressing the importance of technical expertise, procurement flexibility, and cross-sector coordination to deliver large-scale digital services. Third, she mentioned funding and infrastructure gaps, noting that reliable internet, cloud infrastructure, digital ID systems, and secure payment networks, especially for people in rural areas, are the bedrocks of digital inclusion. Finally, she echoed previous speakers on the importance of trust and change management, describing digital transformation as not just a technological shift but a cultural and political shift that requires transparency, stakeholder engagement, and visible public value to earn citizens' trust.

Addressing how countries in the Global South can move forward and create their own homegrown solutions, Ms. Kiehner recommended starting small and scaling smart. She suggested beginning with pilot solutions like digital business registration or e-taxation that deliver quick wins, build credibility and trust, and create demand for broader platform reforms. She emphasized investing in digital talent and governance, referencing Estonia's Digital Governance Academy as an example of centralizing leadership. Ms. Kiehner advised thinking in terms of ecosystems rather than just e-government, being inclusive of education, fintechs, startups, and social services, and adopting open standards like the X-Road framework for data interoperability. Through these approaches, she suggested the Global South could leapfrog legacy systems and build resilient homegrown digital solutions.

She further shared examples from her company's work, including a public finance management project in Nigeria that implemented a government integrated financial management information system. This project improved Nigeria's reputation with the IMF and World Bank, saved the government 21 billion euros, saved citizens 13 million euros on bank transaction fees, and removed 60,000 ghost workers from the government payroll. She also mentioned a tax management system reform in Botswana that allowed citizens to file tax returns in less than five minutes, creating goodwill among citizens and building trust.

She concluded by suggesting that countries don't always need to hire big global technology firms for such projects, or if they do, they could request co-creation models where projects are staffed with 50% external experts and 50% local citizens, providing on-the-job training while learning from experienced implementers. Kahina expressed optimism about the future of digital transformation in the Global South.

**Ms. Grace Wang, Trust Funds Director, UNOSSC**, addressed how South-South and triangular cooperation can support digital trade and what modalities and mechanisms can be leveraged to achieve impact at scale. She framed her discussion around moving beyond sporadic cooperation to systemic collaboration, describing this as a historic opportunity.

Ms. Wang illustrated the interconnected nature of modern trade by describing an electric vehicle produced across multiple Asian countries: loaded off an assembly line in Thailand, with battery cells from Indonesia, software programming from China, and semiconductors from Malaysia. She emphasized that what ties this production ecosystem together is logical cooperation and data – from design specifications to logistics, standardization, and certification. Data is shared across borders in real-time, enabling diagnostics and facilitating systems like the ASEAN transit system for fast cross-border customs clearance. Ms. Grace Wang noted that this digitally-enabled trade

is happening not only in modern industries but also in traditional sectors like agriculture and energy, asserting that "the future of trade is no longer just simply exchanges of products; it is data-driven digital value chains."

She highlighted three pathways for South-South and triangular cooperation to achieve systemic collaboration. The first pathway is regional integration, citing examples like the Regional Comprehensive Economic Partnership (RCEP) in Asia-Pacific, which includes ASEAN member states plus China, Republic of Korea, Japan, Australia, and New Zealand. Vane emphasized that this is not just a trade deal but a digital alignment. She also mentioned the Africa Continental Free Trade Agreement's digital protocol and efforts by Pacific Alliance countries in Latin America, noting that 35 countries reached an agreement through the Astana Ministerial Declaration to promote ecosystems for digital economy. She positioned policy integration at the regional level as especially important at a time when globalization faces severe challenges.

The second pathway Ms. Grace identified was a value chain approach across strategic sectors. This approach naturally builds multi-stakeholder partnerships from government-to-government policy dialogue and negotiation to industrial association standardization and certification, to private sector production and bank financing mechanisms. She emphasized that this is where South-South and triangular cooperation in a multi-stakeholder approach can deliver larger impact.

The third pathway is capacity development. Ms. Wang cautioned that digital cooperation and digital trade do not automatically lead to inclusive growth or benefit women and micro, small, and medium enterprises due to the digital divide. She emphasized that capacity development and skills training are fundamental for ensuring digital trade serves sustainable development. She shared examples from the UNOSSC's portfolio, including training for cross-border e-commerce for over a thousand participants from about 100 countries (with 45% being women) supported by China and the UN Fund for South-South Cooperation. She also mentioned support provided to small companies during the COVID-19 pandemic to leverage e-commerce platforms, funded by the India-UN Development Fund.

Ms. Wang concluded with a call to action, referencing the FfD outcome document draft, which emphasizes that triangular cooperation needs to be enhanced to connect everyone in today's world of fragmentation and division. She pointed to the DCO as a typical example of a mechanism that builds linkages, with most members from the Global South along with representatives from Europe. She called for partners to come together to form a thematic funding mechanism to tackle issues like policy harmonization, regulatory convergence, capacity development, and data-driven solutions, using a value chain approach to demonstrate and support regional and global efforts to achieve impact at scale. Ms. Wang referenced the 2024 UN General Assembly resolution on South-South cooperation, which specifically calls on the UNOSSC and the UN system to work with partners to support efforts in developing countries on digital cooperation and data.

**Mr. Amir Hamza of the Islamic Development Bank (IsDB)** highlighted the bank's efforts to advance inclusive digital trade across its 57 member countries. The IsDB operates as a "bank by the South" for the South, serving countries from Latin America to East Asia under the Organization of Islamic Cooperation. Mr. Hamza emphasized the critical digital divide challenge, with 820 million people remaining offline and nearly 60% lacking meaningful connectivity in OIC countries. Digital access costs remain prohibitively high, averaging 8% of income versus the UN's 2% affordability target.

Mr. Hamza identified key barriers to digital transformation financing: infrastructure gaps, a shortage of bankable projects (especially for last-mile connectivity), inadequate data governance frameworks, and limited access to blended finance. Regulatory fragmentation often deters private sector participation, while technological advancements frequently outpace regulatory development.

The IsDB has committed \$250 million for 2025-2027 under its Digital Inclusion Strategy Program to address these challenges, focusing on rural broadband and smart initiatives. The bank is implementing pilot projects including AI-driven village planning in Indonesia, e-governance systems in Pakistan, and digital ID systems in Maldives. Gender-responsive digital trade has been a priority, with the bank training 150,000 women in e-commerce across OIC states. This effort has yielded tangible results, such as a 35% increase in women-led SME exports in Pakistan and the launch of Sharia-compliant trade platforms in Indonesia that have provided \$50 million to 50,000 women entrepreneurs.

Looking toward 2030, the IsDB plans to develop climate-smart digital infrastructure connecting 5 million small farmers to smart grids and renewable energy sources. The bank aims to establish over 50 digital finance hubs targeting 20 million unbanked women and youth. Additional initiatives include supporting 15 member countries in adopting national digital ID systems and interoperable e-payment networks to reduce cross-border trade costs by 30%, and creating digital corridors in Central Asia and MENA to cut customs clearance times by half.

Near-term plans include co-hosting the Global Islamic Fintech Summit in 2026 and launching ethical compacts in select member countries through partnerships with ITU, UNDP, and GSMA. With the Islamic fintech market valued at \$80 billion in 2023, the bank aims to digitally connect at least 100 million currently unbanked citizens.

**Ms. Aura Cifuentes, Fellow at the investment team at Co-Develop** (a global nonprofit fund accelerating safe and inclusive digital public infrastructure), shared insights on the LAC Digital Citizen Initiative. With ten years of experience in the Colombian government where she deployed digital public infrastructure projects, Ms. Cifuentes explained that Co-Develop supports countries in DPI adoption through diverse grantees including civil society organizations, startups with open-source solutions, multilaterals, regional banks, and academia.

Ms. Cifuentes described Latin America and the Caribbean as a unique "brownfield" region for digital public infrastructure, with strong legacy systems like digital ID and established ICT ministries across the 33 countries. These countries maintain a network for sharing best practices and have formed working groups, including one on interoperability now called "Interoperability and DPI." She highlighted a successful pilot project connecting digital IDs among Argentina, Uruguay, and Brazil—neighboring countries with significant cross-border movement of people and goods. The pilot created a broker connecting digital service providers across these countries, facilitating online services for citizens traveling between countries and simplifying import-export processes for businesses.

Following this success, six additional countries (Chile, Paraguay, Peru, Dominican Republic, Costa Rica, and others from both South America and the Caribbean) expressed interest in joining. Co-Develop, in partnership with the World Bank and the Inter-American Development Bank (IDB), is now supporting this country-driven initiative. A workshop held three weeks prior identified key use cases including migratory services, cross-border mobility, tax administration, and foreign trade. The project aims to deliver a broker by December 2025, integrating six countries. Although

the region lacks a unified "LAC stack" like the EU, this initiative is prompting important conversations around frameworks and standards, with the Organization of American States (OAS) helping facilitate these discussions. Ms. Cifuentes also mentioned Co-Develop's work with the University of West Indies organizing the Caribbean DPI Forum in Jamaica, where Latin American and African digital experiences were shared to promote exchange of best practices.

In the closing remarks, **Mr. Sameem Gaffar, Multilateral Partnership & Engagement Senior Manager, from DCO** thanked the audience and acknowledged the expert speakers for sharing wisdom "not from theory, but from policy to practice" on how they are shaping the narrative on the ground from different parts of the world. Summarizing the key takeaways from the discussion, Mr. Gaffar highlighted five main points:

- First, multi-stakeholder cooperation is shifting the needle, with alignment between governments, private sector, multilateral development banks, and civil society accelerating digital trade implementation, though more decisive coordination is needed.
- Second, scalable models already exist in the form of the AfCFTA digital trade protocol, digital corridors, and initiatives like "WE-Elevate" that demonstrate homegrown, practical, replicable solutions in motion.
- Third, financing innovation is key, with a need to support member states and project owners to develop more bankable and feasible digital financing projects that can tap into innovative pathways provided by MDBs and other financial markets.
- Fourth, digital trade is "a great equalizer" that must be inclusive and serve as a tool for reducing inequalities rather than widening them.
- Fifth, South-South and triangular cooperation is a catalyst that leverages peer learning, shared frameworks, and regional integration to fast-track digital transformation across the Global South, provided that transparency, resilience, and security are enhanced.

Mr. Gaffar emphasized that as stakeholders march toward FfD4, they must commit to transforming insights into partnerships and investments through pilots for cross-border digital trade frameworks, supporting gender-responsive initiatives, and mobilizing innovative financing mechanisms. The remarks concluded with appreciation for the leadership of the Secretary General of the DCO and the Director of UNOSSC, calling on participants to "break down the tyranny of silos" that threaten to divide their work—describing this as the essence of multilateral cooperation.

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