



Regional: Enabling a Conducive Environment for the Digital Economy

Project Name	Enabling a Conducive Environment for the Digital Economy		
Project Number	54395-001		
Country	RegionalGeorgiaKyrgyz RepublicMongolia		
Project Status	Active		
Project Type / Modality of Assistance	Technical Assistance		
Source of Funding / Amount	TA 6618-REG: Enabling and Conducive Environment for E-Commerce		
	Technical Assistance Special Fund		US\$ 225,000.00
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Strategic Agendas	Inclusive economic growth Regional integration		
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development		
Sector / Subsector	Information and communication technology - ICT industries and ICT-enabled services - ICT strategy and policy, and capacity development		
Gender Equity and Mainstreaming	No gender elements		
Description	The TA is aligned with ADB's regional/subregional cooperation strategies and operational plans. Furthermore, the TA supports Strategy 2030's goal of expanding private sector development as well as fostering regional cooperation and integration and promoting digital transformation by helping in the harmonization or standardization of policies and practices relating to global standards proposed by the United Nations. With a focus on strengthening the legal and regulatory framework for e-commerce, the TA will also complement other ongoing TAs. The TA is also aligned with the United Nations Sustainable Development Goal (SDG) 8.2 on achieving higher levels of economic productivity through technological upgrading and innovation, and SDG 9 on fostering innovation.		

Project Rationale and Linkage to Country/Regional Strategy

The TA's objective is to deepen knowledge and enhance national and regional expertise on legal and regulatory framework for e-commerce in select ADB developing member countries (DMCs), to provide capacity building to private sector and government officials, and to promote policy dialogue to enable the expansion of the digital economy. The TA is consistent with ADB's Strategy 2030, in particular, Operational Priorities 6 and 7, where ADB will proactively promote the use of advance technologies in DMCs while assisting them to develop policies, facilities and capacities, improve regulatory environment for the digital economy, and thereby expand global and regional trade opportunities, reaffirming its commitment to improving governance and institutional capacity.

First coined in the mid-1990s, the term "digital economy," "internet economy" or "new economy" has evolved through time, highlighting the expansion of the digital landscape and the ever-changing nature and use of technology by businesses and consumers. A component of the digital economy, e-commerce includes goods and services sold and bought online and largely drives GDP growth for countries that have chosen to take advantage of its many benefits. The United Nations Conference on Trade and Development (UNCTAD) estimates that the value of global e-commerce has reached \$26 trillion in 2018 or 30% of global GDP.

Many studies also establish the positive correlation between Internet use and cross-border trade. Wide Internet adoption increases the potential to produce new goods and services as well as access new markets. Electronic transactions or e-commerce facilitate both domestic and cross-border trade, by (i) improving the economic efficiency of trading partners, (ii) streamlining the supply chain, (iii) creating jobs, (iv) fostering competition, (v) reducing transaction costs, (vi) promoting the availability and affordability of related goods and services, (vii) increasing inclusiveness, and (viii) narrowing the rural-urban divide.

While many Asia-Pacific DMCs have adopted laws on electronic transactions, electronic documents and electronic signatures, there remain gaps and inconsistencies. For example, nearly all of the Central Asia Regional Economic Cooperation (CAREC) countries have not adhered to the UN Convention On the Use of Electronic Communication in International Contracts (UN ECC). Although most CAREC countries have laws recognizing electronic transactions and signatures, such are based on different models that reflect different approaches to regulating the subject. Varying, and sometimes diverging, laws and regulations in different jurisdictions leave ambiguity as to the legality and enforceability of a cross-border electronic contract, and increases the risks and costs for parties, especially for small- and medium-sized enterprises. Transparent, predictable and enforceable legal and regulatory framework is a key prerequisite to a strong enabling environment. Lack of awareness or understanding of the basic legal requirements may also hinder the broader adoption of electronic means of transacting, namely the development of platforms and websites for e-commerce and electronic payment systems, that are particularly important for private sector development. These factors create inefficiencies and barriers to electronic trade within a given country, as well as cross-border, and as a result hinder economic development in relevant countries and regions.

The constraints placed by the coronavirus disease (COVID-19) pandemic on traditional modes of sales transactions emphasizes the need to quickly address these gaps and barriers in the legal framework governing electronic trade. In May 2020, the World Bank and the World Trade Organization (WTO) noted the stringent restrictions placed by the pandemic on economic activities which require physical interaction, and the proliferation of e-transactions. The World Bank highlighted the benefits of e-commerce particularly how it benefits firms and consumers alike by helping to (i) decrease the risk of new infections by minimizing face-to-face interactions through online purchases and payments, (ii) preserve jobs by enabling businesses to maintain their revenue streams, and (iii) increase social acceptance of extended physical distancing by offering the public alternatives, such as online shopping, services and classes, during the pandemic. WTO underscored the challenges brought about by the pandemic and the need for stronger international cooperation and policies that enable online sales and purchases. The Organisation for Economic Co-operation and Development (OECD) also highlighted the significant increase in year-on-year online orders by the end of May 2020 - over 100% in North America and 50% in Europe - many of which are shipped across borders in individual consignments in what is called parcel trade. OECD identified the importance of parcel trade in supporting economies in times of crisis; the enabling role of e-transaction legislation, e-payments, digital certificates and signatures; and the need for countries to invest more in a regulatory framework governing these digital tools.

This TA aims to conduct in-depth assessment to identify legal and regulatory barriers to effective and efficient development of e-commerce in select DMCs. The proposed diagnostics would help determine areas for harmonizing legal regimes and streamlining applicable standards and requirements, facilitate information sharing on best practices, and provide opportunities for regional integration and cooperation. Based on TA findings, it will provide capacity building to private sector and relevant government officials on international conventions and bilateral treaties concerning e-commerce, relevant national laws and how they are intended to work from a business perspective, as well as internationally accepted best practices. The TA will build upon extensive research materials and datasets developed by the Asian Development Bank, United Nations Commission on International Trade Law (UNCITRAL), UNCTAD, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), CAREC Institute and other content providers.

Impact	Greater penetration of e-commerce in participating DMCs.
Project Outcome	
Description of Outcome	Recommendations on improvements to legal and regulatory framework governing electronic transactions in participating DMCs developed.
Progress Toward Outcome	
Implementation Progress	
Description of Project Outputs	Legal and regulatory barriers to effective and efficient e-commerce identified and recommendations for improvement developed E-Learning Modules Developed Policy Dialogue Network Established
Status of Implementation Progress (Outputs, Activities, and Issues)	
Geographical Location	Georgia - Nation-wide; Kyrgyz Republic - Nation-wide; Mongolia - Nation-wide
Summary of Environmental and Social Aspects	
Environmental Aspects	
Involuntary Resettlement	
Indigenous Peoples	
Stakeholder Communication, Participation, and Consultation	
During Project Design	
During Project Implementation	
Responsible ADB Officer	Konysbayev, Baurzhan
Responsible ADB Department	Office of the General Counsel
Responsible ADB Division	Office of the General Counsel
Executing Agencies	Asian Development Bank 6 ADB Avenue, Mandaluyong City 1550, Philippines
Timetable	
Concept Clearance	-
Fact Finding	30 Sep 2020 to 30 Sep 2020

MRM	-
Approval	25 Nov 2020
Last Review Mission	-
Last PDS Update	27 Nov 2020

TA 6618-REG

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
450,000.00	0.00	0.00	0.00	0.00	0.00	450,000.00	-	0.00

Project Page	https://www.adb.org/projects/54395-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=54395-001
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