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CONCEPT NOTE

Regular meeting of THE

Inter-American Council for Integral Development (CIDI)

29 JUNE 2021

(Prepared by the Executive Secretariat for Integral Development)

THEME: **DIGITAL TRANSFORMATION IN THE AMERICAS**

INTRODUCTION

This regular meeting of the Inter-American Council for Integral Development (CIDI) will consider the theme of “Digital Transformation in the Americas.” It will address the main challenges and opportunities arising from the increased pace of digitalization in all aspects of society in response to COVID-19. The session will also highlight options to close the widening digital and opportunity gaps deepened by the pandemic and how to leverage digital technology in the economic recovery and resiliency agendas of the member states of the Organization of American States (OAS).

1. **Background**

The COVID-19 pandemic has continued to affect the health, economic, and social structures of OAS member states. According to U.N. Economic Commission for Latin America and the Caribbean (ECLAC), Latin America and the Caribbean (LAC) suffered the worst average regional contraction ever, reaching -7.1% for 2020.[[1]](#footnote-1)/ Poverty is estimated to have increased by 29 million people, and inequality, as measured by the Gini coefficient, worsened by 5 percent compared to pre-crisis levels, per the IMF calculations.[[2]](#footnote-2)/

Among the main challenges looming ahead for OAS member states are the prospects of uneven recovery among countries and between different sectors of society within each nation. Economic declines in 2020 markedly affected certain sectors, such as tourism, entertainment, sharing and informal economies, small and medium-sized-enterprises (SMEs). Unemployment was unequally concentrated in women, minorities, and less skilled workers. The unemployment rate increased 3.4 percentage points versus 2019 (reaching 11.5%, or 37.7 million unemployed persons). For instance, in the United States, the labor participation of women in 2020 was at its lowest point in more than 30 years.[[3]](#footnote-3)/ Job losses have been particularly pronounced among minorities and working mothers. Across the developing world, women have borne the brunt of the pandemic challenges in a disproportioned percentage.[[4]](#footnote-4)/

Although most of LAC is expected to start the recovery in 2021, the IMF’s 4.6% growth projection for the region lags behind the expectations for other areas of the world. The World Bank projects that only about one-third of developing nations will be able to regain their pre-pandemic per-capita income levels by 2022, in part because of uneven access to COVID-19 vaccines. Income per capita may not return to pre-COVID levels for several developing countries before 2024.

One of the most influential transformations for LAC may result from the accelerated digitization brought on by the pandemic, which covered all sectors of the economy and society. Every activity and function that was able to pivot to an online environment did. From education, health, professional services, commerce, governments and companies (large and SMES), moved as fast as possible to use digital tools and technologies. The transitions were 20 to 25 times faster than previously thought possible.[[5]](#footnote-5)/ E-commerce grew 2 to 5 times faster than before the pandemic with a strong focus on the delivery economy. The transitions in every sector were focused on technology (Internet connectivity, equipment (devices), software, platforms) but the changes also required significant upgrades in new ecosystems, skills, training and plenty of adaptation by necessity. Not all sectors or people achieved the same level of access, support or capabilities. Lower income households and disadvantaged communities faced more financial, health, learning, social and emotional hardship and uncertainties.

As countries recover from the pandemic, leveraging the accelerated digitization and the digital economy can make an important difference for OAS member states to achieve a faster and more inclusive recovery. Furthermore, it is a unique opportunity to address historic and new widening gaps on access to technology, skills for the jobs of the future, social mobility and economic opportunities.[[6]](#footnote-6)/

1. **The OAS and the Inter-American Committee on Science and Technology (COMCYT)**

COMCYT and the Meeting of Ministers and High Authorities of Science and Technology (REMCYT) serve as the highest hemispheric fora on issues related to Science, Technology and Innovation. At the last Ministerial Meeting, which took place in Medellin, Colombia, in November 2017, Ministers and High Authorities adopted the Declaration of Medellin, recognizing that science, technology, and innovation are essential elements for improving the quality of life of people and the economic performance of member states in an inclusive, enduring, and environmentally sustainable way, as well as a solution to the great challenges that we face as a society.

**Relevance to CIDI**

“Promoting inclusive and competitive economies” is one of the strategic lines for Integral Development in the OAS Comprehensive Strategic Plan. **(AG/RES.1 (LI-E/16)**. One of its Strategic Objectives (1.3) is to: “Increase cooperation for strengthening member States institutional capacities onincorporating innovation and transformative technology to create added value and diversification in their economies in a sustainable and inclusive fashion.”

**Resolution "Advancing Hemispheric Initiatives on Integral Development" (AG/RES.2916 (XLVIII-O/18)** instructs member states to: “Endorse the Declaration of Medellín, "Science, Technology, and Innovation as Pillars of Transformation in the Americas" (CIDI/REMCYT-V/DEC.1/17 rev.1), adopted at the Fifth Meeting of Ministers and High of Authorities on Science and Technology in the framework of CIDI, held in Medellin, Colombia. The “Declaration of Medellin” recommends to “incorporate into the work of the four Working Groups the value of the impact of transformative technologies in the economic and social development of the Americas, as a commitment to allow the member states to face the main challenges and opportunities of our region.”

1. **Purpose of the meeting**

The purpose of the meeting is to review the main challenges and opportunities provided by the digital transformation in the Americas and to share recommendations to advance collaboration among member states on digital transformation, closing the digital and opportunity gaps, leading to the VI REMCYT to be held virtually under the leadership of Jamaica in December 2021.

The session will include presentations from regional experts to share visions, experiences and good practices in the Americas with respect to digital transformation.

* José Manuel Salazar-Xirinachs, International Competitiveness Expert, Costa Rica, “Digital Transformation and Economic Recovery in Latin America and the Caribbean;”
* Jaime Díaz, Executive Vice-President, Central American Bank for Economic Integration (CABEI): “Digital Transformation Priorities in Central America;
* Kim Malialieu, Senior Lecturer and Principal Investigator of the Caribbean ICT Research Programme, The University of the West Indies, St. Augustine Campus, Trinidad and Tobago, W.I., “Future of Digital Transformation in the Caribbean.”

1. **Outcome of the meeting**

It is expected that the session will contribute to:

1. Providing information on main trends, challenges and opportunities on digital transformation for OAS member states;
2. Identifying priorities and areas of regional cooperation on digital transformation for COVID-19 recovery;
3. Encouraging member states to present good practices with opportunities for cooperation to reduce existing gaps on digital transformation;
4. Receiving feedback and recommendations of member states for strengthening the work of the Executive Secretariat for Integral Development (SEDI) in the area of digital transformation and pursuing concrete actions and proposals leading to the VI REMCYT.

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1. . <https://www.cepal.org/en/pressreleases/labor-markets-region-will-be-slow-recover-severe-impact-covid-19-pandemic-2020> [↑](#footnote-ref-1)
2. . <https://blogs.imf.org/2021/04/15/short-term-shot-and-long-term-healing-for-latin-america-and-the-caribbean/> [↑](#footnote-ref-2)
3. . National Women’s Law Center, <https://nwlc.org/resources/january-jobs-day-2021/> [↑](#footnote-ref-3)
4. . McKinsey Global Institute, March 2021. [↑](#footnote-ref-4)
5. . McKinsey Global Institute, June 2021. [↑](#footnote-ref-5)
6. . <https://www.worldbank.org/en/region/lac/overview>. Pursuant to the World Bank’s analysis, digitization could boost financial services, job opportunities for workers through electronic platforms and support job formalization [↑](#footnote-ref-6)