



**Civil-20 Contribution**  
**3<sup>rd</sup> G20 Digital Economy Task Force**  
**18 May 2021**

1. This Issue Note on the digital economy, shown by the Government of Italy, widely and ambitiously features digitalization's diverse potentials. It covers key issues on digitalization that **G20** should address in a comprehensive manner and emphasizes the importance of openness and transparency. At the same time, it mentions the necessity of consumer protection and child protection in the context of digitalization following the outcomes of the process of policy development of digitalization in G20.
2. The efforts of **Civil-20** in the digital economy started from G20 Japan Summit in 2019. Civil society fully recognized the importance of the digital economy, both from the perspective of potential and risks in the context of the 2030 Agenda. Especially, when the hosting country Japan highlighted the agenda of social transformation of fully-digitalized “Society 5.0” and “Data Free Flow with Trust”, civil society constituted its own Digital Economy Task Group to ensure the G20 digitalization agenda is based on human rights and leaving no one behind. That is, economic imperatives should not be its sole goal. Then in 2020 the C20 Digital Economy Working Group proposed a human centered approach to digitalization, speaking of “Cyber Resilience 2.0” including enhancing civic use of technology, protecting cyber safety of children, functional digital literacy, ethical technology and applying measurement of Digital Economy which is aligned with SDGs.
3. The digital economy is expected to provide **enormous opportunity to achieve SDGs**, therefore it is not limited to **People, Prosperity** and **Planet**, as G20 DETF Issue Note states, but also all 5P, including **Peace** and **Partnership**. Given that digital economy affects the agenda of G20 Finance Track such as infrastructure (see the Riyadh InfraTech Agenda) and digital taxation, G20 needs to strengthen the relationship between G20 DETF and Finance Track. Similarly, in the wake of the COVID-19 pandemic, the introduction of digital technology to health sector has been drastically accelerated. Closer alignment of G20 DETF and G20 health agenda is critical to define the role of G20 to develop a series of appropriate policy and implementation on digital health to overcome COVID-19 pandemic and realize a healthier and pandemic-resilient world for everyone. Moreover, **policy coherence** has to cover several other dimensions where digitalization plays a relevant role, like education, knowledge sharing, etc. But at the same time, we need to recognize that the risks of digitalization are real, while its potential is profound. The **dangers coming from the misuse or the concentration are enormous**, with potential consequences on human rights, dignity and the quality of our political democratic life. Thus, strengthening **governance of digital technologies** and the data they generate should be prioritized, including an urgent need for a participatory, inclusive, transparent global and regional mechanism for evaluation of digital techs before they are fully developed and deployed<sup>1</sup>.
4. In the context of profound potentials on digitalization, we promote the potential benefit of digitalization for whole society. For example, digitally-enabled health systems and data-driven personalized therapies can be beneficial for patients in the condition that equal access is ensured for all in the world, and personal data protection is fully functioned. **Ensuring digital inclusivity for all** is key, especially **people with disabilities and for women and girls in the Global South** who are left behind in accessing digital opportunities, including **affordable and quality internet**. We express our concern on social media taxation that may hamper the affordable access of internet.

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<sup>1</sup> See Digital Economy part of C20 Policy Pack 2019

Adding to the above, we need to focus on digital education and culture for citizens to be digitally-responsible through functional digital literacy. To deliver the benefit of digitalization for whole society, not to limit it to privileged few, we need to focus on closing the digital divide whilst at the same time minimizing the potential negative impacts of digitalization, particularly for the **most vulnerable people and communities**. For example, certain age-assurance systems should be established to protect children from potentially harmful technology use and content, considering their evolving capacity and other guidelines provided in UNCRC's General comment No. 25 (2021) on children's rights in relation to the digital environment<sup>2</sup>. Furthermore, we need to fill the gap of access to digital technology between transnational mega-IT firms and mSMEs, with a proactive role played by the public authorities.

5. Reviewing the proceeding digital revolution, we recognize progress being made on access to open data, especially disaggregated data to evaluate the state of each goals and targets of SDGs, as well as the transparency and accountability. On the other hand, we also have found that the **key principles of civil society on good governance, including democracy and human rights, have been eroded by digitalization**, including the drastic **increase of the misinformation**, stigmatizing, social fragmentation and isolation. Also there is reduced opportunities of constructive dialogues among groups of different opinions, empoisoning the political debate, and **fueling violence**.
6. In the context of governance, the greatest challenge of current trend of digitalization is that it has been led by transnational **mega-IT platforms that are outside the control of current democracy governance mechanisms** based on nation-states or global conventions. The power to promote digitalization is only guided by the capital. In this context, we provide the following examples of global challenges;
  - **Society**: In recent years, the adoption of Artificial Intelligence (AI) has been progressing at a rapid pace. However, at the current level of technology, AI cannot eliminate social discrimination and bias; AI worsens existing discrimination and bias in our society since deep learning reflect or even amplify these socially-existing discrimination and stigma. This is a major risk factor in the use of AI, especially in the health and education sectors.
  - **Environment**: current digital technologies consume overwhelming amount of energy. For example, the annual quantity of electric power used for "mining" crypto currency is larger than the annual quantity of electric power used in Argentina<sup>234</sup>. Likewise, there is a risk that the demand for certain rare metals will increase, leading to a deterioration of the environment and/or societal instability and security issues in the extractive community areas
  - **Economy**: global economic gap has been widened by digitalization; transnational mega-IT platforms gathers their wealth globally, while the re-distribution system, such as tax systems and social welfare schemes are based on nation-states. Currently, global digital taxation mechanisms are still uncompleted and not well-developed, starving nations of resources. Therefore, state-based public funds that were invested in people's health and welfare, which made the welfare state possible, have dried up, and the poor are no longer able to support themselves in the absence of state cushion.

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2. <https://docstore.ohchr.org/SelfServices/FilesHandler.ashx?enc=6QkG1d%2fPPRiCAqhKb7yhsqlkirKQZLK2M58RF%2f5F0vEG%2bcAAx34gC78FwvnmZXGFUI9nJBDpKR1dfKekJxW2w9nNryRsgArkJgKelqeZwK9WXzMkZRZd37nLN1bFc2t>

3. <https://www.bbc.com/news/technology-56012952>

- **Governance:** Digitalization is increasingly poisoning the foundation of state-based democracy through misinformation. Current trend of digitalization is based on super-centralized mega IT platforms and the power has not been sufficiently distributed to the people and communities. Risks come from the dimension reached by the biggest player in digital field, not governed nor adequately regulated. This concentration of power creates unprecedented risks for economic freedom, open society, political system and democracy. Tech giants can directly and indirectly influence political life and the lack of regulation creates fertile grounds to foster extremely dangerous unscrupulous rapid spread of fake news and cyber-attacks.
7. We express our concern on the trend of digitalization that is characterized with excessive centralization and monopolization, driven by transnational IT platforms. Given the digital economy has strong nature of transboundary, it requires **global governance mechanisms with universal state membership to ensure accountability, transparency and liability among actors**. We recommend a global governance mechanism, from centralized digitalization model to a different paradigm led by synergy and cooperation that respects individual sovereignty. On data governance, an alternative idea of digital data co-ownership between citizen who acts to generate them and company that own the technology where data run, is proposed by cooperative sector, that can be studied and shared. We are now fully aware about the necessity of our rights to choose a set of appropriate technologies that can achieve sustainable development that satisfy our needs and potentials without destroying the resources required future generation. We need to make strong collective efforts to develop a society with an appropriate set of high, middle and low technologies that ensures human rights and people's sovereignty to govern themselves, develop their ability and ensure their full rights of self-determination.
  8. The private sector's contribution to digital inclusion and hence sustainable development is uneven across industries in the digital sector. **While a few leading companies demonstrate best practices, most have yet to embrace digital inclusion as a core responsibility**. In order to effectively address the above-mentioned global challenges, an effective accountability mechanism is needed to promote sustainable and inclusive progress on global sustainability objectives. Due to the global nature of many IT companies, this system needs to connect global, regional and national policy environments, with the Sustainable Development Goals as ultimate destination. Transparent disclosure and integrated reporting by digital companies will stimulate such accountability and progress towards the SDGs and should be encouraged by sound global standards and policy.
  9. Digital transformation must be accessible and targeted to **local business communities such as SMEs and entrepreneurs, especially women, marginalized and underserved communities outside capital cities**, in order to achieve an inclusive digital economy. Creating enabling environments and ecosystems for widespread economic participation requires **public-private cooperation and dialogue** on issues such as ICT infrastructure, access and cost, digital skills and literacy, digital rights, data protection and privacy, as well as targeted policy frameworks on cybersecurity, taxation, data flows, among many others. Longstanding barriers to financial inclusion and access to credit further undermine the adoption of digital technologies, e-payments, or cross border e-commerce for the majority of small businesses in developing economies. Coherence and application of democratic and market institutions and values are fundamental to ensuring the digital economy is hospitable to local business ecosystems, inclusive growth, the future of jobs and dignified work, and achieving the SDGs.



10. Digitalization, providing opportunities for **e-commerce** can provide a robust contribution to the improve market relations between producers and consumers. Ecommerce can widen the access to market for small and micro-producers and can multiply the available information for the consumers. In particular the development of **geographic and ethic traceability** can give a robust contribution to orient production and consumption toward the respect of SDG 12 and 8. But these results won't be reached without a **strong governance, with rules issued by states and public authorities** about the proper use of the net. The lack of rules is fueling enormous risks, from the space occupied by illegal and **criminal activities**, using the development of unauthorized parallel monetary markets, to the **invasion of the privacy**, with consequences on the free democratic political process, and to the creation of **monopolistic position** of actors that are even occupying the space of states and public authorities in creating platforms for e-commerce and setting their rules. This way all actors, and in particular the smallest, are forced de facto to use them, with a potential power to discriminate the access, a power that nobody should have. **The role of states and public international multilateral institutions is fundamental and urgent to fill the legislative gap.**