



**Inclusive Economic Development and the Key Role of UNCITRAL
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UNCITRAL takes its operation as a subsidiary of the UN General Assembly. It is tasked to unify and harmonise international trade law by promoting sustainable development, financial inclusion and cross border trade that minimises cost of engagement. It improves regulation by promoting equitable and just legal frameworks that are technologically neutral and promote efficiency and human dignity through fair and equal treatment.

UNCITRAL's work particularly in the fields of Micro Finance and Electronic Commerce, which are the subject of my paper, assist development and financial inclusion by providing internationally recognised legal frameworks with clear rules that are stable and predictable.

UNCITRAL's Microfinance Working Group has been developing a free standing legislative approach for what is likely to be termed a *United Nations Limited Liability Organisation*. Work has also covered developing a cost effective and simplified legal framework for incorporation of these types of entities.

The legal form of incorporation being developed by this Working Group is intended to be consistent with an adopting States' existing domestic legal framework and is aimed at reducing legal obstacles to incorporation into the formal marketplace. An information paper provided by the Secretariat of UNCTAD to UNCITRAL in 2016 stated that *Greater formalisation is essential to inclusive economic growth and provides workers with the dignity of lawfulness and greater access to social and financial services protections.*

The World Bank's International Finance Corporation and the Global Partnership for Financial Inclusion estimate that over 90% of MSME's in developing countries operate in the informal sector, so there is currently a huge gap and an urgent need for standard and internationally recognised laws of incorporation and registration to promote human and economic development in emerging and developing markets.

If we consider the UN's 2020 Sustainable Development Goal *to alleviate poverty in all its forms everywhere* and the World Bank' Digital Dividend Goals of *inclusion, efficiency an innovation in developing nations*, the potential of the work of UNCITRAL in the areas of microfinance and electronic commerce is amplified. As Governor Ernesto Gove from the Bank of Mocambique recognised at the Maputo Accord in 2015, *SMEs are the industries of tomorrow, they are [potentially] the largest employers and the greatest innovators.*

The implementation of a modernised legal framework for incorporation and registration of an MSME in Columbia in 2008 heralded a revolutionary turn around in its corporate law. It contributed to the regularisation of thousands of businesses who would previously remained in the informal marketplace.

Further ancillary benefits to the Columbian economy included increased government revenues through taxation benefits and mercantile fees, new jobs and enhanced access to credit and investment. Within the first 5 years of enactment, over 200,000 simplified stock corporations were incorporated. These benefits were all expressed to the UNCITRAL Secretariat in an observation paper by the Columbian government in 2014.

The Electric Commerce Working Group is currently bringing to a close their work on a standard legal framework for electronic transferable records. This work has addressed the need to recognise and encapsulate into legal rules, uniqueness, integrity and reliability in electronic records. These were identified as the key factors for countries to have confidence in electronic transactions and to maintain authentic records.

The Electronic Commerce Working Group is now seeking to harmonise the current regime of international standards for identity management systems and trust services.

The Working Group has identified that is critical for developing nations to be able to manage identification, authentication and authorisation of individuals, legal entities and devices in an online context so that legal rights can be transferred and enforced.

UNCITRAL may also extend this work to create a system for secure, reliable and trustworthy digital identity credentials that can be used remotely across different 'federated' systems, where multiple unrelated relying parties can rely on a single identity credential. This system potentially could make international transactions in financing and commerce more cost effective, interoperable and inclusive and enhance knowledge sharing globally.

The new work on trust services is expected to include a service for creating an electronic signature to ensure the origin and integrity of a document, electronic time stamping to ensure existence of data at a certain time and provision for secure transmission of that document. The OECD has said *that digital identity management is fundamental to the further development of the internet economy. It is a foundational requirement for all substantive forms of ecommerce.*

It is intended that UNCITRAL's work in this area will provide developing nations with the opportunity to collectively analyse the legal issues in an international forum and have the opportunity to develop standardised frameworks that have cross boarder recognition and enforcement by adopting States.

Other benefits of these legal frameworks will be that they are more cost effective to develop and implement and are framed to mitigate international ecommerce risk including enforcement, recognition and legal validation of rights.

These mandates furthered by UNCITRAL address these issues in a harmonised and facilitated manner to ensure that developing and emerging nations and their end beneficiaries all have the opportunity to obtain greater economic and social benefit to improve quality and standards of living for the benefit of all mankind.

To read the full paper, please visit:

http://www.uncitral.org/pdf/english/congress/Papers_for_Congress/140-CHAPMAN-Developing_Nations_and_the_Key_Role_of_UNCITRAL.pdf