
# PROMOTING FAIR COMPETITION IN THE DIGITAL ECONOMY

A Technical Brief for International Development Practitioners

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## WHO IS THIS BRIEF FOR?

This brief is for international development practitioners, such as USAID staff and partners, who design, manage, and/or implement activities that seek to strengthen the digital economy or support interventions—regardless of the sector(s) of focus—that are affected by the digital economy. This brief also discusses subjects relevant to programs that address broad economic development issues and targeted activities focusing on entrepreneurship, small businesses, or employment. The text does not advocate for or against any specific regulatory approach to managing competition in the digital economy.

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# EXECUTIVE SUMMARY

**Robust, fair competition matters. Market competition incentivizes firms to treat consumers fairly and provide products and services that respond to real customer needs.**

A marketplace in which firms can compete on a level playing field also fuels innovation. These dividends of competition apply as much to the digital economy as the analog economy. If the right market dynamics are in place, people can gain access to useful services online, engage with each other, pursue economic opportunities and ultimately have greater agency over their economic livelihoods. Beyond these individual- and firm-level dividends, an environment in which market actors have incentives to treat competitors and customers fairly can promote greater respect for the rule of law. This can instill greater confidence in democratic institutions that ensure both public and private sector actors respect the rights of users online.

**The development community can play a role in facilitating competition in the digital economy.** This brief offers a few concrete examples of how programs can stimulate market development, improve safeguards, and foster the rise of digital economies that advance development priorities. In this brief, readers will:

- **Understand how competition enables—and sustains—digital economies** that can then create economic opportunity for small- and medium-size enterprises (SMEs); offer useful, equitable services to end-users; and strengthen respect for the rule of law.
- **Review concrete examples and learn how USAID programs can stimulate fair competition** either as a primary focus of an activity or a component of a larger activity.

**The examples in the brief could, as appropriate, be integrated into a range of activities,** including those oriented towards e-commerce, trade and investment, women's economic empowerment, SME development, and "sectoral" efforts, such as digitizing agricultural value chains. The brief's illustrative interventions fall into one of three categories of potential influence: (1) foster an enabling environment for fair competition; (2) catalyze fair competition within the marketplace; and (3) strengthen the capacity of civil society and other watchdog groups.

Photo Credit: USAID El Salvador

**Development practitioners can engage on these issues in diverse ways.** Efforts to improve the enabling environment might include interventions to address legal foundations or regulatory safeguards, or to facilitate peer learning or regulatory coordination mechanisms among relevant authorities. In other cases, there might be opportunities to help authorities with a competition mandate to use technology more effectively to understand the marketplace. Activities to improve competition in the marketplace might include interventions to mobilize capital for small firms and investors seeking a foothold in some part of the digital economy, or to support business incubation efforts that equip digital entrepreneurs with resources they need to refine their business model. Lastly, initiatives to strengthen civil society capacity could focus on conducting independent research on the market practices within a country's digital economy, to facilitate dialogue among competition authorities, industry actors, and consumer groups affected by potentially anticompetitive practices in the digital economy.

**Regardless of the interventions supported, a market system approach can help.** Every market is different, and the digital economy in particular is distinguished by its rapid pace of evolution, diverse business models, and cross-border dimensions. As a result, this brief does not present an authoritative or exhaustive set of options for engagement. Instead, it offers a starting point for identifying whether these issues need attention, and if so, a set of questions to pursue, which can help guide programming decisions that ultimately reflect a sound understanding of how these issues are playing out in the community.

# DEVELOPMENT PROGRAMS FOR PROMOTING COMPETITION IN THE DIGITAL ECONOMY

Robust, fair competition is critical for all sectors of the economy to thrive; the digital economy—see the working definition below—is no exception.

**Defining "digital economy."** A range of definitions exist for "digital economy." This brief relies on the definition presented in the United States Agency for International Development's (USAID) Digital Strategy: "The use of digital and Internet infrastructure by individuals, businesses, and government to interact with each other, engage in economic activity, and access both digital and non-digital goods and services. As the ecosystem supporting it matures, the digital economy might grow to encompass all sectors of the economy—a transformation driven by both the rise of new services and entrants, as well as backward linkages with the traditional, pre-digital economy. A diverse array of technologies and platforms facilitate activity in the digital economy; however, much activity relies in some measure on the Internet, mobile phones, digital data, and digital payments." [1]

As more firms and people do business online and through digital means, competition in the digital economy is integral to achieving an inclusive, open, and secure digital ecosystem. However, establishing a competition environment that yields positive outcomes for businesses and individuals requires certain safeguards—including sound competition laws and regulations and well-governed authorities that are able to enforce the relevant legal and regulatory framework—that are lacking in many emerging markets and development economies (see Box 1).

As more developing countries leverage the benefits of digital media to diversify their economies, development partners like USAID can help partner countries establish and enforce fair competition rules and/or mitigate anticompetitive practices through development interventions.

1 *See* USAID Digital Strategy, 2020-2024, *available at* https://www.usaid.gov/digital-development/usaid-digital-strategy.

## BOX 1. Countries need sound competition laws and regulations and adequate enforcement mechanisms to address challenges in traditional and digital economies alike

**The case for fair competition—and the legal and regulatory framework to protect it—has economic, social, and governance dimensions.**[a] Competition (or antitrust) law is based on the premise that concentrated economic power can yield negative consequences for both economic and political institutions.[b] Within specific sectors, a(n) individual firm/group of firms that possesses a disproportionate share of power can cut off or undermine the ability of small, independent firms to grow or compete on a level playing field. At the national and local levels, this power concentration can also confer on the firm/group of firms notable political power that may undermine the integrity of regulatory bodies, democratic norms, and meaningful representation of communities that lack wealth or political connections.[c]

**Highly concentrated industries have particularly adverse effects in countries with weak governance structures.** In such places, industry hegemons can more easily maintain economic power. These incumbent firms do not maintain their power through productive innovation or by offering high-quality services to customers. They do so by influencing the development of policies that insulate them from open competition from local, independent entrepreneurs and/or international firms seeking to offer new and better services in the community.[d] Powerful incumbents may also resort to corrupt practices or coercive action to secure favorable policies or avoid oversight.[e]

**Whether a firm chooses to engage in fairplay is ultimately a function of whether the enterprise has the incentives** to treat customers responsibly, compete in the marketplace, abide by the law, and invest in the community. When firms face strong incentives to compete, they are more likely to invest in productive innovation, develop quality services that meet the needs of customers, and offer more affordable services. These incentives can then, among other things, contribute to a market system that provides greater economic mobility (by ensuring small firms also have pathways for growth) and improves household resilience. Over time, this may also shrink inequality, improve the responsiveness of public institutions to non-politically connected firms and households, and broaden the sense of inclusion and agency felt by underrepresented communities, and ultimately bolster economic growth.[f]

**Competition policy and its enforcement are central to building strong economies**.[g] However, not all countries have a competition or antitrust policy framework or enforcement authority.[h] Of those countries that have a general competition framework, the local authorities tasked with implementing it often lack sufficient resources, skills, systems, and institutional independence to ensure effective implementation.[i] The degree to which these authorities protect competition may also be colored by complex political economy dynamics, corruption, and the interplay between large firms, concentrated industries, and political leadership.[j]

**Long-standing anticompetitive practices apply to traditional industries and sectors and the digital economy alike**. More specifically, while the media may differ, collusive (bid-rigging, price-fixing, and geographic allocation of markets among competing firms, etc.) and monopolistic (exclusive-dealing arrangements, horizontal mergers, vertical mergers, bundling of products, or denying competitor access to "essential facilities" controlled by the dominant firm, etc.) behaviors exist in the digital economy as much as in the traditional economy.[k] This reality is prompting authorities to develop the policies, enforcement approaches, and skills needed to address these practices, as they take on new forms (i.e, digital) within the economy.

**When policing anticompetitive practices in the digital economy, authorities may face difficulties.** Many firms in the digital economy operate globally, which can make investigations into illegal conduct difficult, slow, or impossible if cross-border mechanisms for coordination and information sharing among authorities are inexistent or inadequate. Many of these practices, when executed by firms using sophisticated technologies or algorithms, may be difficult or impossible for authorities, civil society watchdogs, or competitors to detect and respond to before irreversible harm occurs. Stakeholders have raised, for example, the possibility that price-fixing could occur among firms using algorithms to track competitor prices and respond in kind, with the collusion only ever being tacit, not overt.[l] Finally, the digital economy's pace of evolution and dynamics of investment and innovation may outstrip the ability of authorities to respond quickly before anticompetitive effects set in.[m] Certain authorities might choose to simply extend their existing approaches to the digital economy. Others might conclude that new tactics or authorities might be necessary to protect competition within the digital economy. How authorities react will reflect their unique legal mandates and local market dynamics.

**Sound competition policy goes hand-in-hand with consumer protection.** These domains are complements, not substitutes. Consumer protection policies generally limit the behavior of firms regardless of size. (Although there can be a relationship between how large a firm is and how poorly it treats its customers: a dominant firm might feel it can treat its customers with some degree of impunity if those clients cannot go elsewhere.) While policies vary by jurisdiction, protections for consumers in the digital economy commonly relate to data protection, false advertising, data-enabled discrimination, scams, and fraud.[n] As with competition policies, authorities have developed consumer protection frameworks that apply to conduct across industries, and the digital age has raised the question of how these frameworks need to be adapted to ensure consumers are not exposed to harm unnecessarily.[o]

# A ROADMAP FOR PROGRAMMING

| 1 | 2 | 3 | 4 |
|---|---|---|---|
| **— Understand —** | **— Scope Out —** | **— Design —** | **— Implement —** |
| Understand Competitive Dynamics in the Digital Economy and Implications for Development | Identify Stakeholders, Market Dynamics, and Relationships | Clarify Key Competition Issue(s) and Theory/ies of Change to Respond Appropriately | Pursue Intervention(s) to Address Competition Issues in the Digital Economy |

Perhaps the most critical **first step to take is to acknowledge the influence the international development community might already have on the degree and quality of competition**. Regardless of whether influence on competition was a conscious choice, local competitive dynamics can be influenced by: (a) helping to develop regulations that determine which firms, under what circumstances, can enter a market; (b) providing capital or financing to start-ups or mentorship to promising digital entrepreneurs; (c) procuring digital services from information technology (IT) vendors for operational needs; and (d) forming partnerships with individual firms in the digital economy.

To a degree, these types of influence are not unlike in other sectors; competition is a crucial element for driving investment, innovation, and growth in agriculture, health, energy, and education, as well. Indeed, lessons from those sectors may apply to how the development community can promote competition in the digital economy. In taking a more proactive, affirmative approach to promoting competition, the development community can collaborate with local stakeholders to better understand how their technology ecosystem is shaped by market dynamics and maintain incentives for fair competition even as the ecosystem grows and evolves.

## 1. Understand: Identify Competitive Dynamics in the Digital Economy and Implications for Development

Taking the time to understand the digital economy is critical, even if your primary goal is not to support programs or partnerships that promote competition, specifically. If you do not do this, you might inadvertently have a negative effect on competition, such as by reinforcing a firm's local monopoly. You might even jeopardize the odds of achieving your main objective, be it deploying capital to women-owned micro-, small and medium-sized enterprises (MSMEs) or introducing digital platforms for smallholder farmers. Your approach to understanding the market can take many forms, whether ad-hoc consultations of key stakeholders, market-wide surveys, or a combination of tools intended to uncover primary dynamics that could then enable you to pursue more targeted analysis.

As an initial matter, consider drawing upon insights that you might derive from the following tools. For a market analysis at the country level, you might consider tools like those listed below, which can amplify assessments already done by local stakeholders.


Photo Credit: Power Africa

- **Digital Ecosystem Country Assessment (DECA) Framework.**[2] The DECA framework from USAID yields high-level insights that enable development stakeholders to scope out programming that might address targeted issues within the digital ecosystem (see box 2). The DECA framework has three parts: digital infrastructure and adoption; digital society, rights, and governance; and digital economy.

- **Digital Economy for Africa (DE4A) Diagnostic Tool.**[3] The diagnostic tool from the World Bank yields in-depth market insights, particularly on policy and regulatory frameworks affecting the digital economy.

- **Systems Analytic Framework for the Digital Economy (SAF-DE) Diagnostic Tool.**[4] The SAF-DE tool from USAID yields findings and intervention recommendations based on a modular review of the marketplace, with an emphasis on enabling environment issues. The modular framework covers nine subject matter areas (e.g., digital finance, cyber security, trade logistics, SME preparedness, and private commercial law).

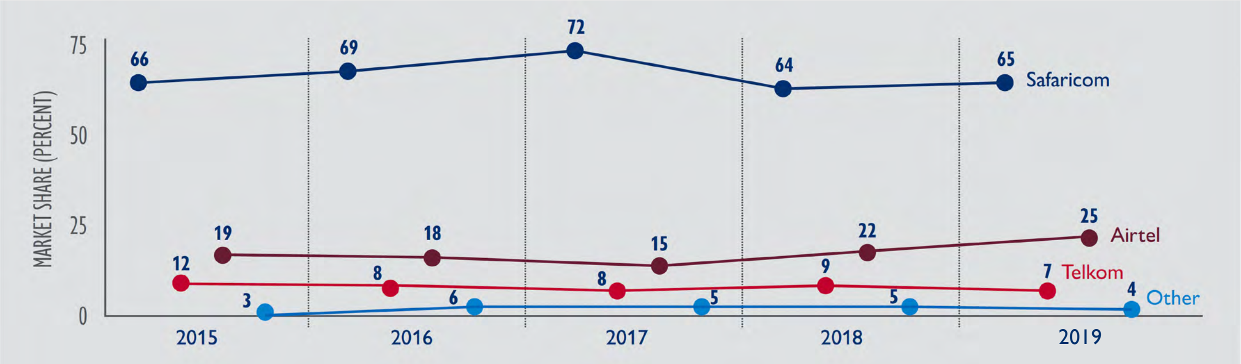
- **United Nations Development Fund (UNCDF) Inclusive Digital Economy Scorecard (IDES).**[5] UNCDF developed the IDES to help economies better understand and track their digital transformation, with the goal of ensuring more inclusion throughout the transition. The methodology is designed to unveil major challenges to the development of an inclusive digital economy, and the research outputs aim to help policymakers and other stakeholders make informed decisions about accelerating inclusive digital economy development.

2 Digital Ecosystem Country Assessment (DECA) Framework, *available at* https://www.usaid.gov/digital-strategy/implementation-tracks/track1-adopt-ecosystem/digital-ecosystem-country-assessments.
3 Digital Economy for Africa (DE4A) Diagnostic Tool, *available at* https://www.worldbank.org/en/programs/all-africa-digital-transformation/country-diagnostics.
4 Systems Analytic Framework for the Digital Economy (SAF-DE) Diagnostic Tool, *available at* https://www.marketlinks.org/resources/systems-analytic-framework-digital-economy-saf-de.
5 United Nations Development Fund (UNCDF) Inclusive Digital Economy Scorecard (IDES), *available at* https://ides.uncdf.org/.

**BOX 2. The USAID Digital Ecosystem Country Assessment (DECA)[p] for Kenya identified Safaricom's market dominance as a notable constraint for firms operating in the Kenyan digital economy**

Kenya is the home of the regional giant M-Pesa,[q] a digital payment service offered by the mobile network operator Safaricom, making the country one of the leading digital economies in sub-Saharan Africa. Because of its advanced and longstanding digital ecosystem, Kenya faces unique challenges as compared to its regional peers. One such challenge is its leading telecommunication company's dominance in the digital space. The 2020 USAID DECA for Kenya identified Safaricom as a marketplace juggernaut whose market stature dwarfs competitors. And as Safaricom—the preeminent holder of market shares for mobile subscriptions (see figure below)—continues to grow, it may progressively compromise the development of a more diverse set of digital services for the economy. In essence, this sort of market concentration may give the incumbent undue influence over government policy and its enforcement, limit the marketplace entry of smaller, local businesses and international companies, and stymie competitive innovation overall.

**Safaricom consistently held more than two-thirds of the market share of mobile subscriptions from 2015 to 2019**




*Source*: Communications Authority of Kenya - Sector Statistics Report Q1 (for years 2015-2019) and 2020 USAID Digital Economy Country Assessment for Kenya.
*Note*: Telekom was previously Orange prior to 2016. "Other" mostly represents FinServe (Equitel) shares.

The DECA notes that Safaricom partly owes its dominance to M-Pesa. Broad market dependence on M-Pesa has made it difficult for other mobile network operators to penetrate the digital economy in the way Safaricom has. The report found that "with the M-Pesa mobile money platform linked to almost all payment systems across Kenya, technology companies can easily build upon Safaricom's ... business model, but new innovation and competition outside of this is largely disincentivized." The assessment report goes on to provide recommendations for addressing the challenges resulting from Safaricom's market power.

These types of insights about market dynamics—made possible through robust assessments like the DECA—help practitioners understand the nature of competition challenges and make informed decisions about how best to support reforms intended to diversify and grow the digital economy. Practitioners can look to the DECA Toolkit for a how-to guide on undertaking a similar exercise in the partner country where they work.

**Analysis should begin—not end—with broad assessments.** Your analysis might start with determining whether a lack of competition is the leading root cause of the development challenge you seek to address (see box 3). For competition-specific analysis, whether at the country, community, or sectoral level, you can introduce questions such as the following (see next page). You may need to conduct in-depth, technical analysis of competitive issues to fully understand the nature of any problems or issues to address in the development context you are working in. The following questions are indicative of the issues you might identify and develop interventions to address.

**BOX 3. Using a systems lens can help practitioners determine whether a lack of competition is one of the leading challenges firms face**

When assessing certain economic growth constraints, practitioners might infer that a lack of fair competition is to blame. However, further inquiry may reveal that other issues are at play. Being systems-oriented can help practitioners diagnose the root cause of the challenges and assess what, if anything, you might do to address or account for them through international development programs. The hypothetical scenarios presented below are inspired by real-world situations and serve to help you determine whether a lack of fair and enforced competition—or something else—is among the top constraints firms face in your local economy.

- Do **non-bank digital payment providers** struggle to gain traction in your market because their services are inherently inferior to what banks offer? **Or** is it because the regulator imposes restrictions that have the effect of increasing operational and capital costs on non-banks to the point that wallets are not cost-efficient for customers?
- Does a **single e-commerce platform** maintain its dominance in your market because of its superior customer service? **Or** is it because it relies on exclusivity agreements that prevent multi-homing?
- Does the **competition authority** in your market decline to investigate (or pursue enforcement actions related to) price-fixing in online advertising because it lacks staff expertise to address this anticompetitive conduct? **Or** is it because the competition authority has weak institutional independence and is wary about pursuing enforcement actions against firms that might be well-connected?
- Does **employment discrimination** based on algorithmic bias in your market occur because of the low quality of data used to train algorithms? **Or** is it because the **leading jobs platform** lacks meaningful competitive incentives to improve its data, audit its algorithms for bias, or set performance metrics that do not reinforce inequality?
- Do cyber security vulnerabilities at the **largest digital wallet provider** persist in your market because of inherent technological limitations, low digital literacy, or limited resources of the provider? **Or** is it because the wallet provider lacks a viable competitor that might offer customers a more secure alternative?

### Marketplace Considerations

- Does the local, digital economy have pockets of market concentration, where one or a few firms control most of the particular market in question? Is there a geographic dimension to this concentration (like one internet service provider in a province)? What factors have influenced this market concentration? Organic growth? Regulatory arbitrage? Anticompetitive practices, and if so, how?

- Do new, small, or mid-sized firms within the digital economy report difficulty in securing a foothold or path for growth in the market due to practices of larger competitors? What practices have they reported? How do they differ based on the particular market in question?

- To what degree does the local environment for digital entrepreneurship and innovation support new market entry, responsible innovation, and diverse investor-exit options? How do large or established firms engage with the "innovation ecosystem," if at all?

- To what degree do consumers, MSMEs, or communities that are underserved or underrepresented report having a sense of agency, influence, or control over the nature or quality of services accessible through the digital economy? What factors drive these perceptions, either positive or negative?

- What consumer or business complaints are prevalent in the digital economy? Which types of firms or what types of services appear to be most affected? How well understood are the causes of consumer complaints?

- If a development agency, non-governmental organization (NGO), or development finance institution were to partner with a large firm in the community (such as to test a new financial service or expand infrastructure), how would the partnership affect the large firm's competitive prospects? Would the partnership potentially have negative indirect effects, such as reinforcing the large firm's dominance in the market? How could the risk of these indirect effects be mitigated? Are there smaller firms that could serve as viable partners or vendors?

### Enabling Environment Considerations

- How well developed is the competition and consumer protection legal and regulatory environment? Are there competition laws and regulations on the books? Are there any competition-related laws or regulations that are specific to issues raised by the digital economy? How well are competition laws and regulations implemented or enforced by the relevant authorities?

- How do sectoral and general authorities responsible for competition issues coordinate with each other to share information, conduct investigations, or pursue enforcement actions? To what degree are these things done with international counterparts, and via what institutional or legal arrangements?

- How responsive do small firms and consumers perceive these authorities to be to competition concerns?

- How suited are the authorities' skills, tools, and techniques for ensuring fair competition within the digital economy, such as by understanding more complex digital businesses, fielding a higher volume of competition complaints from businesses, or addressing cross-border investigation or enforcement needs?

- Do local advocacy or watchdog groups that represent the interests of small businesses or consumers have a meaningful role in shaping the development and implementation of competition policy? Do these groups have the institutional capacity or tools necessary to effectively represent their interests?

## 2. Scope Out: Identify Stakeholders, Market Dynamics, and Relationships

As you improve your understanding of the nature and quality of competition issues in the digital economy, you will also start to identify how stakeholders (see box 4) interact with each other. The more you understand these dynamics, the more effective you will be in crafting interventions that can tap into local resources and incentives to influence the market system. In this step, political economy questions are particularly important, since competition issues can often involve inquiry into how large, dominant, or well-connected firms use their privileged position in potentially negative ways.[6] These tactics vary, but in countries where governance institutions are weak or poorly resourced, certain firms can use political influence to undermine the degree, integrity, or independence of regulatory oversight and competition policy enforcement. In some cases, firms may also resort to collusion or other corrupt practices, whether at the local, regional, or national levels. Your approach to understanding these dynamics in the digital economy (or in a particular subset of it) should reflect your circumstances. The following resources can help you scope out the stakeholders, market dynamics, and relationships:

- **Competition Assessment Toolkit (OECD).[7]** This toolkit helps diagnose the impact of or quality of regulations that influence the level of competition in a given market or sector.

- **A Framework for Inclusive Market System Development (USAID).[8]** This brief anchors stakeholder-mapping in a markets-systems approach to interventions, which can increase the likelihood of achieving systemic change.

- **The 5Rs Framework in the Program Cycle (USAID)**.[9] This brief provides illustrative questions for understanding 5 dimensions of any system: results, roles, relationships, rules, and resources.

6 Indeed, if competition within concentrated industries can introduce political economy dimensions, competition enforcement certainly will. It is "inherently deeply political in that it entails the use of public authority to constrain private actors' exercise of market power." Büthe, Tim. "The Politics of Market Competition: Trade and Antitrust in a Global Economy." Oxford Handbook of the Politics of International Trade, edited by Lisa Martin, Mar 2014, https://leitner.yale.edu/sites/default/files/files/resources/papers/Buthe_chapter_all_2014-03-20.pdf.
7 Competition Assessment Toolkit (OECD), available at https://www.oecd.org/competition/assessment-toolkit.htm.
8 A Framework for Inclusive Market System Development (USAID), available at https://www.marketlinks.org/resources/framework-inclusive-market-system-development.
9 The 5Rs Framework in the Program Cycle (USAID), available at https://usaidlearninglab.org/library/5rs-framework-program-cycle.

## BOX 4. Stakeholders in Sustaining Robust Competition in the Digital Economy

### Digital Society, Rights, and Governance

- Competition authority and consumer protection authority
- Telecommunications authority
- Central bank
- Data protection authority
- Ministry of economic development, trade, and/or ICT
- Consumer advocacy groups
- Small business associations
- Civil society and government watchdog groups
- Industry groups
- Standards-setting organizations

### Digital Infrastructure and Services

- Mobile network operators and tower companies
- Internet service providers (fixed, mobile, satellite)
- Hardware and telecom equipment providers
- Digital ID providers
- Mobile handset manufacturers
- Distributors (e.g., airtime, handsets)

### Digital Economy

- E-commerce platforms and service providers
- Data centers and cloud-computing platforms
- Digital finance providers (payments, banking, lending, advisory)
- Digital trade, logistics, and shipping providers
- Social media and messaging platforms
- Online search and advertising providers
- Artificial intelligence and data analytics providers
- Software developer communities
- Incubators, accelerators, boot camps, and innovation hubs
- Entrepreneur networks, impact investors, and venture capital
- Digital agriculture providers
- Digital health providers
- Digital education providers
- Internet-of-things providers

### Users and Community Stakeholders (varies by context)

- Individual consumers and households
- MSMEs
- Local and international NGOs
- Universities
- Women, youth, rural communities
- Under-represented and under-served groups
- Development actors (e.g., bilateral, multilateral partners)

## 3. Design: Clarify Key Competition Issue(s) and Theory/ies of Change to Respond Appropriately

To have a reasonable chance at facilitating systems change through an intervention, the development community first needs a clear understanding of ongoing (or emergent) competition problems. The due diligence in steps 1 (understand) and 2 (scope out) should give insight for identifying a shortlist of problems to address with local stakeholders. This will then simplify the task of crafting a theory of change that outlines the link between the problem(s) identified and the development outcomes pursued. As the theory of change and problem statement(s) are refined, it will become more clear which intervention(s) would be most effective at addressing the underlying causes of the problem(s). Additionally, working through the theory of change—and its associated logic model—can be useful in determining whether the intervention can build on any existing efforts and relationships to advance the development objective(s) (see box 5).

**BOX 5. Programmatic example: USAID is leveraging the U.S. Federal Trade Commission's expertise and network of relationships to strengthen competition safeguards across Africa**

USAID has—for more than 20 years—leveraged its relationship with the U.S. Federal Trade Commission (FTC)[r] to support partner countries as they improve their competition policy environment. In the digital age, the FTC's support in USAID partner countries has included technical assistance focused on addressing anticompetitive practices in the digital economy. In 2022, USAID and the FTC started an initiative designed to promote competition policy and enforcement in digital economies across Africa, working with regional and national government authorities and other stakeholders.[s] The overarching objective is to "strengthen legal and regulatory frameworks and [develop] the institutional capacity [needed] to ensure that the benefits of the digital economy are not undermined by anticompetitive, unfair, or deceptive practices."

Consultations with country-level stakeholders prompted USAID practitioners to consider a theory of change and set of interventions that involved using regional fora and organizations as an entry point for addressing a number of competition-related development constraints. This led USAID to consider engagement with the FTC. African countries are not a heterogeneous group, and each jurisdiction with a competition policy and enforcement authority has its own strengths and challenges. Across most of the Continent, competition policies and enforcement could be further developed—for traditional and digital sectors alike. In some jurisdictions, competition policy and law are yet to be applied to markets and in economies undergoing rapid digital transformation. The development and implementation of sound competition law and policy is consequently of primary interest for the initiative. The FTC—through its Office of International Affairs—has rich experience providing technical assistance in emerging markets and a longstanding relationship with many regional and national competition and consumer protection authorities across the African continent. This makes it particularly well-placed to support and/or facilitate convenings among relevant African governmental and non-governmental stakeholders. These dialogues may pave the way for follow-on technical assistance, capacity-building, and other engagements that strengthen institutional capacity.

## 4. Implement: Pursue Intervention(s) with Local Stakeholders to Address Competition Issues

As a practitioner, you may still find that you have questions about whether a competition-focused intervention is appropriate for your development context and what sort of activity would address your development objectives (see box 6). As you think through these questions, also consider some illustrative interventions (tables 1, 2, and 3) designed to help inform your decision making about how to address competition challenges. Whether these are appropriate for any particular digital economy is highly context-specific. Rarely will a single intervention, at a single level of the marketplace, be fully responsive to competition issues you identify. Meaningful competition depends on more than just supporting start-ups or passing a law. It requires sustained attention and understanding of how it can be promoted at different levels.

By taking a market-systems approach—in which you first understand issues and their root causes before developing a set of interventions to address them with an eye toward systemic change—you can improve the likelihood that you will make progress to achieve the direct objective of fair competition in the digital economy. This will enable you to also better understand how advancing fair competition will be a means to also advance development priorities that are reliant on a competitive digital economy, like improving gender equity and equality in the digital economy or promoting the respect for human rights online.

**BOX 6. As a development practitioner, you may still have some lingering questions about whether to undertake an intervention focused on improving the competition environment**

### "Can I just leave competition in the digital economy to economists and lawyers?"

**No!** Of course, certain regulators have a competition mandate and often rely on economic or legal analysis to understand complex dynamics. But other types of analysis and stakeholder perspectives are important. Regulators rarely have all the tools needed to identify—or fully understand—the indirect or long-term effects of (limited) competition, particularly outside the context of specific complaints lodged against specific firms. To promote competition means more than statistical or legal analysis. It means examining how actors with power use it in your community. Regardless of whether you are a small firm, watchdog, researcher, ethicist, entrepreneur, or community activist, you can shed critical light on if and how power in the digital economy is used in harmful ways. You can also shed light on whether longstanding tools or techniques for sustaining competition—whether from a competition policy standpoint or development standpoint—are suited to the dynamics and business models common to the digital age.

**"In the country where I work, large firms in traditional sectors protect commercial interests using corrupt practices or applying coercive pressure on notionally independent regulators or judges. I'm nervous."**

**Your concern is valid.** Competition issues can often have a political-economy dimension, such as in countries in Central Asia, where oligarchic economies emerged in the 1990s. Countries with powerful state-owned enterprises also can exhibit the effects of a monopoly insulated from competitive forces. If parts of the economy become deeply concentrated, including at the community level, you may observe a corrosive effect on governance and accountability. So, how might you safely engage? First, assess local competitive dynamics in the digital economy. Second, map out relationships that influence competitive dynamics and confer with stakeholders, including the competition agency. By doing these two things, akin to taking a market-systems lens to these issues, you can better understand less obvious—yet critical—political economy aspects to competition. This understanding might then reveal viable pathways (or partners) for change.

**"A second firm just started to offer cloud-computing services in my market, so I don't need to pay attention to competitive dynamics, right?"**

**Wrong.** "More than one" is likely a floor for the level of competition you want to achieve, not a ceiling. Moreover, competitive dynamics aren't static; they constantly evolve. The entry of a second firm might *initially* force the incumbent monopoly to improve its services or lower prices. But a two-firm market is still highly concentrated. So, what might go wrong? The incumbent might try to maintain market power with tactics that raise antitrust concerns, like bundling arrangements to force Internet services customers to also buy cloud services. Now, what if the second firm is an international competitor? The local incumbent might wield its market power in the political arena to get data-localization regulations adopted that render market-entry difficult or impossible for the second firm. (This possibility shows how monopoly can intersect with trade concerns.) Now, consider what happens over time. The two firms might try to block further market entry through anticompetitive, collusive, or cartel-like behaviors, whether in the form of overlong non-compete agreements for ex-employees, price-fixing, or bid-rigging in procurements for cloud infrastructure. If an economy relies on just two cloud providers, the question of systemic operational risks also might arise. Cybersecurity vulnerabilities, if exploited, could destabilize entire industries or critical infrastructure. Competition promotes resilience.

### "Wait, I already foster digital innovation. Isn't that basically the same thing as competition?"

**No.** Competitive pressure is a powerful incentive to be more innovative. But depending on a firm's place in the marketplace, it might approach innovation quite differently from another firm. Both small firms and large (or dominant) firms invest in innovation. Indeed, the globe's largest digital firms have among the largest research and development (R&D) budgets. But from a competition standpoint, the question is: toward what end?  A new fintech firm might see its innovative payments product as a means to enter the market and secure a foothold for future growth. Meanwhile, a dominant bank might see digital innovation as a means to keep small FinTech firms at bay, whether by focusing on innovative new digital banking products or anticompetitive tactics that prevent market entry. So the bank also favors innovation, but for different reasons. If you want to promote digital innovation that results in a more inclusive digital economy, and you recognize the role that competition plays in achieving that outcome, you should consider how your efforts (and your partners) play into competitive dynamics. Otherwise, you might risk supporting innovation that reinforces a particular firm's dominance instead of innovation that unlocks new services, expands opportunity, or deepens inclusion.

### "In my country, 80 percent of people use the same local messaging app. This is bad, right?"

**It depends.** But it's good you at least recognize that the firm that operates the app possesses market power. Consider two angles. First, under most competition frameworks, it is not a problem if a firm owes its market power to a superior product or legitimate practices like R&D spending or having good user-interfaces. Instead, antitrust concerns would occur if the dominant player undertook certain behavior that local rules define as anticompetitive practices given its market power; this can include bundling products, giving loyalty rebates and undertaking predatory pricing. Second, what might raise concerns with authorities from a competition enforcement standpoint is not always the same as what might be problematic from a development or governance standpoint. For example, consider a country in which the government has a track record of abusing human rights through the use of artificial intelligence (AI) for mass-surveillance purposes. In this case, civil society might be concerned if the dominant local messaging app is also owned by allies of the governing party. The dominant firm might not be engaged in anticompetitive practices under local rules, but civil society might nevertheless favor market entry by new, possibly more secure messaging apps.


# ILLUSTRATIVE INTERVENTIONS

## Table 1: How International Development Can Foster an Enabling Environment for Fair Competition

### Goal: Strengthen competition policy and enforcement—including for the digital economy

#### Illustrative Sub-Objectives

- **Stronger Foundations:** Improve legal, regulatory, supervisory, and enforcement mechanisms so that competition authorities can independently and vigorously promote and protect fair competition as applied to the digital economy
- **Improved Capacity:** Improve the skills and organizational readiness of competition authorities whose mandate is to promote competition, including as applied to the digital economy
- **New Tools:** Improve the tools, techniques, and systems used by competition authorities to fulfill their competition mandates, particularly to address oversight challenges posed by the digital economy
- **Better Linkages:** Foster relationships and collaboration among competition authorities, international counterparts, and civil society watchdog groups with the resources or mission of promoting responsible market conduct

#### Illustrative Interventions that Could Be Embedded in Development Programs

- **Identify Regulatory Gaps:** Conduct legal or regulatory diagnostics to assess the effectiveness of the overall competition framework, if it exists, as well as its relationship to sector-specific competition frameworks. To the extent relevant, assess the need for legislative, regulatory, institutional, or enforcement adjustments needed to address competition issues in the digital economy. For example, revisit the suitability of coordination mechanisms among authorities with a competition mandate and merger-notification thresholds.
- **Improve Local and International Coordination:** Establish or improve coordination and information-sharing mechanisms among authorities with a competition mandate, within and across jurisdictions. Provide technical assistance to support coordination among local authorities (e.g., between the competition authority and sectoral regulators) and with international counterparts. For example, support case-cooperation arrangements among authorities that enable the efficient pursuit of investigations and enforcement actions that involve cross-border conduct common in the digital economy.

- **Support Peer Learning and Staff Development on Digital Issues:** Facilitate greater participation by authorities with a competition mandate in international bodies, study tours, staff fellowships, and peer-learning initiatives that discuss insights and emergent good practices in promoting competition in the digital economy. Provide technical assistance to staff, support capacity-building efforts, and help address staffing plans that would equip authorities with a competition mandate with the in-house skills necessary to respond to competition issues in the digital economy. Strengthen consistent engagement by authorities with leading bodies that focus on competition issues, including the Organisation for Economic Co-operation and Development (OECD), United Nations Conference on Trade and Development (UNCTAD), and International Competition Network.

- **Help Authorities with a Competition Mandate Deploy Better Tools:** Work with authorities to assess institutional mechanisms used to monitor competition trends in the digital economy, identify anticompetitive conduct, field competition complaints, and pursue investigations and enforcement actions. Work with authorities to identify, test, and deploy tools, practices, or approaches (whether digital or analog) that are appropriate given the level of institutional readiness and local digital development. Work with authorities, technologists, and academia to study novel tools or practices that might facilitate more effective and efficient fulfillment of their competition mandates (e.g., greater use of AI-based data analysis, online complaint-reporting tools, use of public surveys, and use of regulatory technology ("RegTech").

- **Facilitate Dialogue with Innovators and Help Authorities Consider Institutionalized "Regulatory Innovation" Approaches:** Develop or support institutional arrangements within competition authorities to build familiarity with competition trends in the digital economy and the complex technologies or business models that drive them. Through these arrangements, also support recurring fora for dialogue with innovators, industry, and academia that help inform the policy-making process, particularly to promote responsible innovation, market entry by additional firms, and competition that would promote a more inclusive digital economy. If appropriate given the authorities' mandates and local market dynamics, help launch, refine, or institutionalize standing regulatory innovation initiatives that enable the introduction of new business models or market actors. For example, assess the potential for regulatory sandboxes, innovation hubs, innovation offices, technology accelerators, or targeted initiatives, such as to encourage responsible use of open data or interoperability.

## Table 2: How International Development Can Catalyze Fair Competition within the Marketplace

### Goal: Facilitate or promote fair competition among firms within the digital economy

**Illustrative Sub-Objectives**

- **Unlock Financing for Small Firms:** Deploy catalytic capital to reduce financing gaps and create pathways to sustainable finance for small firms competing in the digital economy
- **Facilitate Partnerships:** Facilitate linkages between small firms in the digital economy and investors, commercial partners, or local customers
- **Sponsor Responsible Innovation:** Support responsible innovation with small firms that results in digital services or business models that promote inclusion and empowerment
- **Equip Promising Digital Entrepreneurs:** Foster the skills and capabilities of digital entrepreneurs and small firms hoping to grow in the digital economy
- **Strengthen the Ecosystem:** Build the capacity of the local entrepreneurial and innovation ecosystem to promote fair competition in the digital economy and inclusive services

**Illustrative Interventions that Could Be Embedded In Development Programs**

- **Support Blended Finance Vehicles for Small Firms and Investors:** Work with investors and other development finance partners to map financing gaps for small firms operating in priority digital sub-sectors. Based on the gaps identified, develop financing arrangements that resolve gaps not filled by viable commercial options. Integrate the use of diverse financing tools based on local needs and deepen the pool or diversity of small firms that receive financing. Address gaps faced by small firms as well as firms whose owners or managers historically face greater barriers to finance (e.g., women entrepreneurs, rural firms).
- **Launch or Expand Initiatives to Support Promising Entrepreneurs:** Work with impact investors, universities, innovation hubs, incubators, angel networks, and small business associations to identify digital entrepreneurs that have the potential to develop services in the digital economy. Facilitate the provision of technical assistance, coaching, networking, or mentorship support to entrepreneurs, particularly those that historically face greater barriers to leadership in the digital economy (e.g., women entrepreneurs). To the extent possible, work with and through existing groups that have established networks. Support skills-strengthening in both critical business and digital topics.
- **Sponsor Pro-Competitive Open-Data and Interoperability Initiatives:** Work with industry, innovation hubs, investors, and academia to expand the effective support of open-data ecosystems, including the sustainable, secure development of application programming interface (API) ecosystems that enable small firms to develop data-enabled services. If appropriate under local circumstances, work with stakeholders to improve interoperability within the digital economy (e.g., interoperability of digital payment systems). Provide technical assistance or sponsor gap analyses, feasibility studies, or pilots that equip firms to successfully invest in and deploy APIs or other arrangements that facilitate the secure, responsible use of data.

- **Strengthen the Sustainability and Inclusiveness of Innovation Hubs:** Work with industry, academia, investors, and civil society to strengthen the institutional capacity of innovation hubs and accelerators to support entrepreneurs, identify investors, improve skills, and develop inclusive services. Provide technical assistance or sponsor analyses that identify sustainable financing models or close gender divides among the entrepreneurs supported or services developed. Strengthen linkages between the supply of promising entrepreneurs and engineers and sources of demand.

## Table 3: How International Development Can Strengthen Civil Society and Oversight Groups for Competition

### Goal: Improve civil society efforts to shape policies that promote fair competition in the digital economy

**Illustrative Sub-Objectives**

- **Improve Capacity:** Work with stakeholders to equip civil society the skills and organizational readiness necessary to engage effectively in the policy-making, policy advocacy, watchdog, or industry-engagement process
- **Address Knowledge Gaps:** Expand awareness and understanding of competition issues within the digital economy through independent research and strengthened mechanisms for dialogue across government, civil society, and industry
- **Catalyze Partnerships:** Support partnerships and coalitions among stakeholders that promote grassroots engagement in fair competition issues, including with respect to the digital economy
- **Support Standards:** Promote industry awareness or adoption of industry standards, best practices, or codes of conduct that reduce the risk of harm to consumers or competitors in the digital economy

**Illustrative Interventions That Could Be Embedded In Development Programs**

- **Build Institutional Capacity for Civil Society:** Work with NGOs, academia, consumer advocacy groups, and small business associations to build institutional capacity of civil society to understand and engage on competition issues, including as applied to the digital economy. Support linkages with watchdog groups and media that study, monitor, or report on corruption or anticompetitive practices within industry. Support capacity-building efforts that improve staff skills on competition issues and organizational resources that enable sustained engagement with policymakers, the public, and industry. Collaborate with donors and other funders to improve the sustainable financing of civil society groups that focus on competition and consumer protection issues. Help civil society test, refine, and deploy digital tools to monitor the digital economy and overcome informational asymmetries with industry regarding business models and their impact in the local digital economy.

- **Conduct Independent Research:** Conduct independent, rigorous research on competitive dynamics within the digital economy or subsectors of the digital economy, including peer reviews using tools available from the OECD and UNCTAD. For example, support efforts to: (a) assess the potential or nature of actual competitive harms in the community from the perspective of small firms, consumers, and under-represented or under-served groups; (b) fill in knowledge gaps on how digital business models function in developing country contexts, particularly complex AI-based services that may not be well understood outside the firms offering them; (c) identify and test new methods to understand long-term impacts of competitive dynamics on economic growth, economic inequality, labor, corruption, and governance; and (d) study the long-term effects on the community of local competition policies and their implementation.

- **Facilitate Inclusive Dialogue on Competition:** Collaborate with and convene civil society groups to discuss competition issues in the digital economy. Work with civil society to elevate the voice of under-served or under-represented groups and stakeholders (e.g., women, rural communities, the urban poor), so that community impacts (direct or indirect, short-term or long-term) from competitive dynamics in the digital economy are more fully understood. Organize events or support public campaigns to share findings from studies or to discuss emergent problems (and their potential solutions) related to competition issues in the digital economy.

- **Catalyze Relationships and Coalitions for Fair Competition:** Work with civil society groups, academia, and other actors committed to fair competition to support grass-roots efforts or form new coalitions for fair competition in the digital economy. Facilitate linkages between local organizations and international peers, including consumer advocacy groups, human rights groups, or universities sponsoring independent research on competition issues. Work with small business associations and industry to support industry codes of conduct or the implementation of standards or best practices that might mitigate the risks of certain competition issues in the digital economy (for example, work with industry to foster effective use of APIs and open-data frameworks, or promote industry use of due diligence practices that reduce the risk of algorithms having unintended effects).

- **Raise Awareness of Common Anticompetitive Practices Among Industry and Ways to Secure Redress:** Work with academia, authorities, civil society, and small business groups to improve awareness across the marketplace of commonly employed anticompetitive or unfair practices in the digital economy. Build awareness among industry actors of how to identify these practices, report them to authorities, or secure other forms of redressal that might apply.

# ENDNOTES

## BOX 1

a For an in-depth explanation of the evidence that demonstrates development impacts that flow from robust competition and sound competition policy enforcement, *See* World Bank. *A Step Ahead: Competition Policy for Shared Prosperity and Inclusive Growth.* 2017, https://openknowledge.worldbank.org/handle/10986/27527.

b *See* Fox, Eleanor. "Antitrust and Power: The State, the Market, and the Virus." *North America Column. Competition Policy International,* Apr 2020, www.competitionpolicyinternational.com/antitrust-and-power-the-state-the-market-and-the-virus/.

c *See* Beneke, Francisco. "Competition Law and Political Influence of Large Corporations – Antitrust Analysis and the Link between Political and Economic Institutions." *Competition Forum*, no. 0020, Jun 2021, https://competition-forum.com/competition-law-and-political-influence-of-large-corporations-antitrust-analysis-and-the-link-between-political-and-economic-institutions/.

d *See* Acemoğlu, Daron. "Oligarchic Versus Democratic Societies." *Journal of the European Economic Association,* vol. 6, no. 1, Mar 2008. JSTOR, www.jstor.org/stable/40005150. See also, Büthe, Tim. "The Politics of Market Competition: Trade and Antitrust in a Global Economy." *Oxford Handbook of the Politics of International Trade,* edited by Lisa Martin, Mar 2014, https://leitner.yale.edu/sites/default/files/files/resources/papers/Buthe_chapter_all_2014-03-20.pdf; and Fox, Eleanor. "Antitrust and Power: The State, the Market, and the Virus." *North America Column. Competition Policy International,* Apr 2020, www.competitionpolicyinternational.com/antitrust-and-power-the-state-the-market-and-the-virus/.

e Of course, firms frequently play a role in influencing the political process or economic policy, particularly in the case of large firms. This might take the form of lobbying or making campaign contributions, but it can also take the form of regulatory capture or corruption, including the payment of bribes or use of threats to coerce certain actions. If economic growth depends on competitiveness, then competitiveness depends on the stability and integrity of both economic and political institutions. They are mutually reinforcing. Indeed, "the degree of competition in markets depends on political decisions." *See* Beneke, Francisco. "Competition Law and Political Influence of Large Corporations – Antitrust Analysis and the Link between Political and Economic Institutions." *Competition Forum*, no. 0020, Jun 2021, https://competition-forum.com/competition-law-and-political-influence-of-large-corporations-antitrust-analysis-and-the-link-between-political-and-economic-institutions/.

f The interaction between market (i.e., monopoly) power and economic inequality or the distribution of wealth has been much discussed. One study estimated that by reducing economic inequality, certain countries could realize a 20 percent GDP gain. Further, market power can play a role in promoting inequality, which would imply that robust competition policy that addresses the abuse of market power plays an indirect role in promoting inclusive economic growth. In a study that looked at data across eight countries, an estimated one-tenth to one-quarter of the wealth of the top 10-percent was attributable to gains from market power (i.e., gains from highly concentrated markets). See Ennis, Sean and Kim, Yunhee. "Market Power and Wealth Distribution" and *A Step Ahead: Competition Policy for Shared Prosperity and Inclusive Growth.* World Bank, 2017, https://elibrary.worldbank.org/doi/10.1596/978-1-4648-0945-3_ch5. Another project has attempted to better define the relationship between competition policy and the extent of economic inequality. Limited data and certain trends in how competition policy has been enforced over the last 30 years have appeared to contribute to ambiguous findings. *See The Effect of Competition Policy on Economic Inequality Project*. Oxford University, Faculty of Law, accessed 28 Nov 2021, www.law.ox.ac.uk/effect-competition-policy-economic-inequality. *See also* Ezrachi, Ariel; Zac, Amit; Decker, Christopher; Casti, Carola. "The Effects of Competition Law on Inequality – Incidental By-Product or a Path for Societal Change?" *CCLP(L)55 Working Paper,* Jun 2021. SSRN: https://ssrn.com/abstract=3870375 or http://dx.doi.org/10.2139/ssrn.3870375.

g *See* Ivaldi, Marc; Jenny, Frédéric; and Khimich, Aleksandra. "Cartel Damages to the Economy: An Assessment for Developing Countries." *A Step Ahead: Competition Policy for Shared Prosperity and Inclusive Growth.* World Bank, 2017, https://elibrary.worldbank.org/doi/10.1596/978-1-4648-0945-3_ch3.

h The U.S. Federal Trade Commission maintains a list of the competition and consumer protection authorities and their jurisdictions. As of 31 Dec 2021, it listed just over 150 authorities. See www.ftc.gov/policy/international/competition-consumer-protection-authorities-worldwide.

i For a discussion on institutional challenges of newly established authorities, which may share many of the challenges faced by authorities in developing countries with limited resources. *See* ICN Steering Group - Vice Chair. *Lessons to Be Learnt from the Experience of Young Competition Agencies.* International Competition Network, 2019, www.internationalcompetitionnetwork.org/portfolio/lessons-to-be-learnt-from-the-experience-of-young-competition-agencies-2019/

j Ukraine has famously struggled with monopolized industries, cartels, and widespread corruption that has sustained concentrated industries. This has extended to oligarch efforts to undermine the strength of antitrust policies and the power of the competition authority. *See, e.g.*, Lough, John; Dubrovskiy, Vladimir. *Are Ukraine's Anti-corruption Reforms Working?* Research Paper. Chatham House, Nov 2018, www.chathamhouse.org/2018/11/are-ukraines-anti-corruption-reforms-working; and OECD. *OECD Reviews of Competition Law and Policy: Ukraine 2016.* OECD, www.oecd.org/daf/competition/competitionlawandpolicyinukraine2016.htm. For a local perspective, *See* Shavalyuk, Lyubomyr. *The Daily Life of Cartels.* The Ukraine Week, 5 Dec 2016, https://ukrainianweek.com/Economics/180154.

k For a summary of key concepts in competition policy, *See Guide to Antitrust Laws. FTC*, accessed 28 Nov 2021, www.ftc.gov/tips-advice/competition-guidance/guide-antitrust-laws. For a glossary of key terms used in competition policy, *See* OECD. *Glossary of Industrial Organisation Economics and Competition Law.* OECD, accessed 28 Nov 2021, www.oecd.org/competition/publicationsdocuments/glossary/.

l *See, e.g.*, ICN Cartel Working Group. *Big Data and Cartels.* Scoping Paper. International Competition Network, 28 Apr 2020, www.internationalcompetitionnetwork.org/portfolio/big-data-cartels-scoping-paper/.

m Much debate centers on the potentially anticompetitive effect of dominant technology firms acquiring large volumes of nascent competitors, including the disincentive this might create for investors to develop competing services in the dominant firms' so-called "kill zones." Whereas this could give investors a welcome exit, as opposed to an initial public offering or remaining independent, a spectre argued by some is the consequences faced by a firm that declines the advances of the dominant firm. *See* Schechter, Asher. *Google and Facebook's 'Kill Zone': 'We've Taken the Focus Off of Rewarding Genius and Innovation to Rewarding Capital and Scale.'* ProMarket Blog, 25 May 2018, https://promarket.org/2018/05/25/google-facebooks-kill-zone-weve-taken-focus-off-rewarding-genius-innovation-rewarding-capital-scale/; and Kamepalli, Sai Krishna; et al. *Kill Zone*. Working Paper No. 2020-19. Becker Friedman Institute for Economics at University of Chicago, Mar 2020, https://bfi.uchicago.edu/wp-content/uploads/BFI_WP_202019.pdf. This might operate differently than other acquisition strategies of dominant firms, which might view acquisitions or investments as expedient ways to enter a market. In Asia, for example, Tencent and Alibaba together had stakes in over 1,000 foreign firms, including 43% of all Asian unicorns (firms valued over $1 billion) as of 2018 (See Ferenzy, Dennis. *A New Kind of Conglomerate: Bigtech in China.* IIF, Nov 2018, www.findevgateway.org/paper/2018/11/new-kind-conglomerate-bigtech-china).

n For a discussion of consumer protection issues in the digital economy, *See* Dermish, Ahmed; Gillani, Seharish; Grossman, Jeremiah. *The Role of Consumer Protection in the Digital Economy. Brief.* UNCDF Policy Accelerator and Macmillan Keck, 2021, https://policyaccelerator.uncdf.org/policy-tools/brief-consumer-protection-digital-economy.

o For a discussion on potential policy responses, *See* OECD. T*oolkit for Protecting Digital Consumers: a Resource for G20 Policy Makers.* OECD, 2018, www.oecd.org/sti/consumer/toolkit-for-protecting-digital-consumers.pdf.

## BOX 2

p USAID Digital Frontiers Projects. Digital Ecosystem Country Assessment: Kenya. September 2020, *available at* https://www.usaid.gov/sites/default/files/2022-05/DECA_Report_KENYA_EXTERNAL_2OCT2-2-_2.pdf.

q M-PESA—meaning Mobile-Pesa ("money," in Swahili)—is Kenya's leading mobile money platform. *See* https://www.vodafone.com/about-vodafone/what-we-do/consumer-products-and-services/m-pesa.

## BOX 5

r The U.S. Federal Trade Commission is a U.S. government agency responsible for enforcing antitrust and consumer protection laws and regulations.

s USAID and the Federal Trade Commission Launch Trust and Competition in Digital Economies Initiative to Promote Consumer Protection and Competition in Africa's Digital Economy, https://www.usaid.gov/news-information/press-releases/oct-3-2022-usaid-and-the-ftc-launch-trust-and-competition-in-digital-economies-initiative.

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