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Research Article

LEGAL MECHANISMS FOR THE STIMULATION OF THE DIGITAL ECONOMY IN DEVELOPING COUNTRIES

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ABSTRACT

Background: *The digital economy has become a significant driver of economic growth in developing countries. However, to fully realise the benefits of the digital economy, legal mechanisms must be put in place to create an environment for its growth.*

Methods: *This article provides an overview of legal mechanisms that can be implemented to stimulate a digital economy in developing countries. These legal mechanisms include the development of appropriate legal frameworks for e-commerce, intellectual property rights protection, privacy and data protection laws, and cybersecurity laws. Additionally, legal mechanisms that promote innovation and entrepreneurship, such as tax incentives, venture capital financing, and business incubators, are also essential.*

Results and conclusion: *The implementation of legal mechanisms can help developing countries build a vibrant digital economy, create jobs, and improve the standard of living for their citizens.*

1 INTRODUCTION

The digital economy has a huge impact on the global economy and plays an increasingly important role in the daily lives of individuals and businesses. Here are some examples of the importance of the digital economy:

- 1) **Contribution to GDP:** The digital economy contributes significantly to the Gross Domestic Product (GDP) of many countries. According to the European Union, the digital economy represents approximately 4.8% of the European Union's GDP, and this proportion is expected to increase further in the future.²
- 2) **Job creation:** the digital economy generates many jobs in the technology, communication and innovation sectors. According to the European Union, the digital economy employs more than 10 million people in the European Union, and this proportion is expected to continue to grow.³
- 3) **Improved productivity:** information and communication technologies (ICT) can help companies improve their productivity by enabling them to work more efficiently and better communicate with their customers and employees.
- 4) **Business growth:** the digital economy enables businesses to grow by offering them new opportunities for trade and innovation. It also allows them to connect with customers and suppliers all over the world, which can contribute to their long-term growth.⁴
- 5) **Access to new markets:** the digital economy allows companies to connect with new customers and open up new markets by using online platforms such as

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- 2 Hodžić, Sabina. «Tax Challenges in the Digital Economy: EU Perspective.» *The New Digital Era: Digitalisation, Emerging Risks and Opportunities.* (2022) Vol. 109. Emerald Publishing Limited, 191-211.
 - 3 Oğuz Başol and Esin Cumhur Yalçın, 'How Does the Digital Economy and Society Index (DESI) Affect Labor Market Indicators in EU Countries?' (2021) 40 (4) *Human Systems Management* 503, doi: 10.3233/HSM-200904.
 - 4 Mullabayev Baxtiyarjon Bulturbayevich and Mahmudov Baxriddin Jurayevich, 'The Impact of the Digital Economy on Economic Growth' (2020) 1 (1) *International Journal of Business, Law, and Education* 4, doi: 10.56442/ijble.v1i1.2.

social networks and e-commerce sites. This can allow them to develop and grow significantly.⁵

In their article "Digital Economy Policy in Developing Countries", Rumana Bukht and Richard Heeks conclude that the digital economy is increasingly important to developing countries. But the realities of the digital economy in these countries are not living up to their potential. Digital infrastructure is sometimes incomplete, expensive and underperforming. The wider digital ecosystem suffers from a lack of human resources, weak funding and poor governance. The growth of the digital economy exacerbates digital exclusion, inequality and negative inclusion.⁶

Mention should also be made of Vinnyk et al's article titled "Economic and Legal Policy of the State in the Field of Digital Economy", in which they discuss the legal aspects of the subject. They declared that digitalisation of the Ukrainian economic sphere is one of the priority areas of social development and should be reflected in the country's economic and legal policies.

Therefore, there are major gaps in the legal consolidation of the basic principles of such a policy, in particular the absence of relevant provisions in the Ukrainian Commercial Code on the digital transformation of the economy.⁷

Methodology: We have used the descriptive approach, which, involves describing and interpreting the legal ramifications of a subject or issue. This approach typically involves examining relevant laws, regulations, and legal precedents, as well as analysing the ways in which they apply to the specific subject or issue being studied. The goal of the descriptive approach is to provide a clear and accurate understanding of the legal landscape surrounding the subject, and to identify any potential challenges or issues that may need to be addressed.

2 STATUS AND CHALLENGES OF THE DIGITAL ECONOMY IN DEVELOPING COUNTRIES

2.1 The reality of the digital economy in developing countries

The digital economy can represent a significant opportunity for developing countries, but they can also face challenges in taking full advantage of it. Here are some examples of the reality of the digital economy in developing countries:⁸

a. Limited internet, information and communication technology (ICT) access:

In many developing countries, access to the internet and information technology may be limited due to factors such as the availability, cost, and quality of telecommunications infrastructure. This can make it difficult for businesses and individuals to fully participate in the digital economy. Limited access to the internet and to information and communication technologies (ICT) can be a challenge for developing countries wishing to participate fully

5 CLNg Irene, *Creating New Markets in the Digital Economy: Value and Worth* (CUP 2014).

6 Richard Heeks and Rumana Bukht, *Digital Economy Policy in Developing Countries* (Development Implications of Digital Economies, Centre for Development Informatics; University of Manchester 2018).

7 Oksana M Vinnyk et al, 'Economic and Legal Policy of the State in the Field of Digital Economy' (2021) 10 *International Journal of Criminology and Sociology* 383, doi: 10.6000/1929-4409.2021.10.46.

8 Vujica Lazović and Tamara Duričković, 'The Digital Economy in Developing Countries-Challenges and Opportunities' (2014 37th International Convention on Information and Communication Technology, Electronics and Microelectronics (MIPRO), Opatija, Croatia, 26-30 May 2014) 1580.

in the digital economy. Indeed, the internet and information technologies are key tools for accessing new business and communication opportunities, and their absence can make it difficult for businesses and individuals to participate fully in the digital economy.⁹

Several factors can contribute to the limited access to internet and information technologies in developing countries, such as the availability, cost and quality of telecommunications infrastructure. For example, in some developing countries, there may be a lack of a telecommunications infrastructure, which makes it difficult to access the internet. Similarly, in other countries, the high costs of internet access can make it difficult for individuals and businesses to connect. Finally, the quality of telecommunications infrastructure may be insufficient in some countries, which can lead to connection and data transmission speed problems.¹⁰

b. Low level of technology skills:

In developing countries, it can be difficult for individuals and businesses to acquire the technology skills needed to take full advantage of the digital economy. This may be due to a lack of training programs or limited access to higher education institutions. Low levels of technology skills can be a challenge for developing countries wishing to participate fully in the digital economy.¹¹ Indeed, technology skills are essential for working in the technology industry and for using information and communication technology (ICT) effectively. Several factors can contribute to low levels of technology skills in developing countries, such as a lack of training programs and limited access to higher education institutions. For example, in some developing countries, there may be a lack of vocational technology training programs, which can make it difficult for individuals to obtain the skills needed to work in the technology industry. Similarly, limited access to higher education institutions can make it difficult for students to pursue higher-level technology training programs.¹²

There are, however, initiatives to improve access to technology training programs in developing countries, such as the provision of online training programs that allows individuals to take courses remotely and at their own pace. Similarly, there are initiatives to improve access to higher education institutions in these countries, for example by setting up scholarships or creating cooperation programs with foreign universities.¹³

c. Regulatory barriers:

In some developing countries, there may be regulatory barriers that make it difficult for businesses to fully participate in the digital economy. For example, there may be restrictions on importing information technology, or licensing requirements which may be costly and complex to obtain. Regulatory barriers can be a challenge for developing countries wishing

- 9 Christian Fuchs, 'The Implications of New Information and Communication Technologies for Sustainability' (2008) 10 (3) *Environment, Development and Sustainability* 291, doi: 10.1007/s10668-006-9065-0.
- 10 SJ de Boer and MM Walbeek, 'Information Technology in Developing Countries: A Study to Guide Policy Formulation' (1999) 19 (3) *International Journal of Information Management* 207, doi: 10.1016/S0268-4012(99)00014-6.
- 11 Shabir Hussain Khahro et al, 'Digital Transformation and E-Commerce in Construction Industry: A Prospective Assessment' (2021) 20 (1) *Academy of Strategic Management Journal* 1.
- 12 Valentina Ndou, 'E-Government for Developing Countries: Opportunities and Challenges' (2004) 18 (1) *The Electronic Journal of Information Systems in Developing Countries* 1, doi: 10.1002/j.1681-4835.2004.tb00117.x.
- 13 Robert B Kozma and Wayan Surya Vota, 'ICT in Developing Countries: Policies, Implementation, and Impact' in J Michael Spector et al (eds), *Handbook of Research on Educational Communications and Technology* (Springer 2014) 885, doi: 10.1007/978-1-4614-3185-5.

to participate fully in the digital economy. Indeed, certain regulations can make it difficult for businesses to procure the information and communication technologies (ICT) needed to work efficiently and innovatively.¹⁴

Regulatory barriers can take many forms, such as restrictions on the import of information technology, which can make it difficult for companies to obtain the equipment and software needed to operate effectively. Likewise, there may be licensing requirements that can be costly and complex to obtain, which can be a barrier for companies wishing to use certain information technologies. There are, however, initiatives aimed at reducing regulatory barriers in developing countries in order to facilitate access to information and communication technologies (ICT).¹⁵

2.2 Mechanisms for stimulating the digital economy

There are several ways to stimulate the digital economy:

a. Invest in information and communication technology (ICT) infrastructure:

This can include building data centers, improving telecommunications networks, and expanding internet access. Investing in information and communication technology (ICT) infrastructure is an important way to stimulate the digital economy. Building data centers can help support business growth by providing them with secure and reliable data storage. Improved telecommunications networks can also play a key role in making internet access faster and more reliable, which can help businesses be more competitive in the global marketplace. Finally, expanding internet access can help increase the participation of businesses and individuals in the digital marketplace, allowing them to connect and communicate with other people and businesses around the world.¹⁶

b. Encourage innovation:

This can be done by supporting research and development in digital technology, creating start-up incubators and accelerators, organising hackathons and encouraging collaboration between businesses and universities. Fostering innovation is another important way to stimulate the digital economy. There are several ways to support research and development in digital technology, such as providing grants and funding for research projects, creating scholarship programs for students and technology researchers, or the organisation of conferences and colloquia to promote the latest advances in this field.¹⁷

Start-up incubators and accelerators can also be an effective way to support innovation by providing workspace, advice and financial support to innovative start-ups.¹⁸ Hackathons are

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- 14 Jason Dedrick and Kenneth L Kraemer, 'Information Technology in India: The Quest for Self-Reliance' (1993) 33 (5) *Asian Survey* 463, doi: 10.2307/2645313.
- 15 Stephen P Magee, 'Multinational corporations, the industry technology cycle and development' (1977) 11 (4) *Journal of World Trade* 297, doi: 10.54648/trad1977033.
- 16 Rima Untari, Dominicus Savio Priyarsono and Tanti Novianti, 'Impact of Information and Communication Technology (ICT) Infrastructure on Economic Growth and Income Inequality in Indonesia' (2019) 6 (1) *International Journal of Scientific Research in Science, Engineering and Technology* 109, doi: 10.32628/IJSRSET196130.
- 17 Shiyue Luo et al, 'Digitalization and sustainable development: How could digital economy development improve green innovation in China?' (2022) *Business Strategy and the Environment*, doi: 10.1002/bse.3223.
- 18 Oonagh Murphy, 'Coworking Spaces, Accelerators and Incubators: Emerging Forms of Museum Practice in an Increasingly Digital World' (2018) 70 (1-2) *Museum International* 62, doi: 10.1111/muse.12193.

also a great opportunity to promote innovation, bringing together developers, designers, and other industry professionals to work on collaborative technology projects.¹⁹ Finally, encouraging collaboration between businesses and universities can help highlight the latest advances in technology and foster the transfer of knowledge between the world of research and the world of industry.²⁰

c. ICT education and training:

This can mean offering professional training programs online or face-to-face, or integrating technology into school curricula. Promoting ICT education and training is another important way to boost the digital economy. By providing career technology training programs, individuals can learn the skills needed to fill jobs in the technology industry and contribute to its growth. There are several options for delivering ICT training, such as online training programs, which allow individuals to take courses remotely and at their own pace, or face-to-face training programs, which allow live interaction with an instructor. Integrating technology into school curricula can also be an effective way to promote ICT education and training, giving young people the opportunity to learn basic technology skills from an early age and prepare for work in the technology industry in the future.²¹

d. Encourage the adoption of digital technologies by companies:

This can be done by setting up tax incentives to encourage investment in information technology, creating mentorship programs to help companies adopt new technologies, or organising awareness events to showcase the benefits of the use of digital technologies. Encouraging the adoption of digital technologies by businesses is another way to boost the digital economy. By providing tax incentives to encourage investment in information technology, governments can encourage businesses to adopt new technologies and improve their productivity.²² Mentorship programs can also be useful in helping companies adopt new technologies, by providing them with the opportunity to work with experienced professionals who can provide advice and guidance on how to implement new technologies in an efficient manner. Finally, organising awareness events can help introduce companies to the benefits of using digital technologies and show them how they can help them be more competitive in the market. These events can be in the form of conferences, seminars or workshops, and can be organised by governments, professional associations or other organisations.

e. Facilitate access to venture capital:

This can be done by setting up venture capital funds dedicated to technology companies, by encouraging private investments in these companies, or by facilitating access to bank financing for start-ups. Facilitating access to venture capital is another way to stimulate the digital economy. Venture capital is a type of financing that is often used by start-ups to finance their growth and development.²³ There are several ways to facilitate access to venture capital,

19 Fotis Kitsios and Maria Kamariotou, 'Digital Innovation and Entrepreneurship Transformation Through Open Data Hackathons: Design Strategies for Successful Start-Up Settings' (2023) 69 *International Journal of Information Management* 102472, doi: 10.1016/j.ijinfomgt.2022.102472.

20 Nataliia Kholiavko, Olha Popelo and Svitlana Tulchynska, 'Priority Directions of Increasing the Adaptivity of Universities to the Conditions of the Digital Economy' (2021) 14 (33) *Revista Tempos e Espaços em Educação* e16383, doi: 10.20952/revtee.v14i33.16383.

21 *ibid.*

22 Stéphane Sorbe et al, 'Digital Dividend: Policies to Harness the Productivity Potential of Digital Technologies' (2019) 26 *OECD Economic Policy Papers*, doi: 10.1787/2226583X.

23 C Christopher Baughn and Kent E Neupert, 'Culture and National Conditions Facilitating Entrepreneurial Start-Ups' (2003) 1 (3) *Journal of International Entrepreneurship* 313, doi: 10.1023/A:1024166923988.

such as the creation of venture capital funds dedicated to technology companies, which can provide financing to innovative companies in the field of technology. Encouraging private investment in these businesses can also be a way of providing them with the start-up capital needed to grow. Finally, facilitating access to bank financing for start-ups can also be useful, providing them with another source of funding that can help them start and grow. This can be done by setting up special loan programs for start-ups or by creating loan guarantees that can help start-up businesses obtain financing from banks.²⁴

2.3 Role of the legal system in promoting the digital economy

A legal framework can help stimulate the digital economy in several ways:

a. Reinforcement of legal security:

A strong and predictable legal framework can help companies plan and invest with confidence, offering them protection against legal uncertainties and allowing them to focus on their core business. A strong legal framework can also foster entrepreneurship and innovation by creating an enabling environment for start-ups. For example, a legal framework that facilitates business creation and protects intellectual property rights can encourage people to start their own business and develop new products and services.²⁵ In addition, a legal framework that encourages transparency and accountability can help companies build trust with their customers and stakeholders. This can be particularly important in the area of the digital economy, where businesses often have to deal with sensitive data and where consumer trust can be crucial to their success.²⁶

b. Intellectual Property Protection:

A legal system that protects intellectual property rights and encourages research and development can help businesses innovate and develop new products and services. Intellectual property is a key element of innovation because it allows companies to protect their ideas and creations from unauthorised use by others. A legal framework that protects intellectual property rights can thus encourage companies to invest in research and development, offering them protection against imitation and allowing them to profit from their investments.²⁷ In addition, a legal framework that encourages research and development can help companies to innovate and develop new products and services by offering them incentives to invest in research, for example in the form of tax credits or subsidies. This can encourage companies to embark on research and development projects that might otherwise be considered too risky or expensive.²⁸

c. Trade facilitation:

A well-established legal framework and adequate regulations can indeed help to facilitate trade by offering legal certainty to companies and allowing them to better understand the

24 Marijn van Weele et al, 'Start-EU-up! Lessons from International Incubation Practices to Address the Challenges Faced by Western European Start-Ups' (2018) 43 (5) *The Journal of Technology Transfer* 1161, doi: 10.1007/s10961-016-9538-8.

25 Andrew D Mitchell and Neha Mishra, 'Data at the docks: Modernizing international trade law for the digital economy' (2018) 20 (4) *Vanderbilt Journal of Entertainment & Technology Law* 1073.

26 Merit E Janow and Petros C Mavroidis, 'Digital Trade, E-Commerce, the WTO and Regional Frameworks' (2019) 18 (S1) *World Trade Review* S1, doi: 10.1017/S1474745618000526.

27 Baxrom Xaydarov, 'Impact of Intellectual Property Protection on the Digital Economy' (2022) 1 (11) *Journal of Academic Research and Trends in Educational Sciences* 163.

28 Andreas Wiebe, 'Protection of Industrial Data – A New Property Right for the Digital Economy?' (2017) 12 (1) *Journal of Intellectual Property Law & Practice* 62, doi: 10.1093/jiplp/jpw175.

rules and obligations to which they are subject. It can also help protect consumers by assuring them that the products and services they buy meet certain quality and safety standards, and providing them with a redress mechanism in the event of problems.²⁹

d. Encouragement of competition:

A legal system that protects fair competition is also important for facilitating trade. Fair competition is key to ensuring businesses can compete fairly in the marketplace, which can help ensure that prices are reasonable for consumers and encourage innovation and efficiency. By protecting fair competition, the legal framework can prevent businesses from engaging in unfair trading practices or colluding to fix prices or exclude competitors from the market.³⁰

It is also important to protect the digital economy by establishing a legal framework that regulates online activities and protects the rights of consumers and businesses in the digital world. This may include regulations on online privacy, data security and the fight against online fraud.

2.4 Role of judicial guarantees in the promotion of the digital economy

There is a close link between judicial guarantees and the digital economy. In the digital world, it is often difficult to assert one's rights and find a recourse mechanism in case of problems, especially when companies and individuals are located in different jurisdictions. Judicial safeguards are therefore essential to ensure that consumers and businesses have access to a fair and equitable system of justice in the event of disputes related to online activities.³¹ In addition, judicial guarantees can also help protect businesses and encourage investment and growth in the digital economy by providing legal certainty and ensuring that intellectual property rights, such as patents and commercial trademarks, are protected. This can encourage innovation and the creation of new businesses and technologies, which can have a positive impact on the whole economy. There are several ways to ensure that individuals and businesses have access to a fair and equitable justice system in the event of disputes related to online activities:

a. The establishment of laws and regulations that govern online activities:

By establishing a clear legal framework and providing adequate protection for consumer and business rights, these laws and regulations can help ensure that disputes related to online activities are handled fairly. It can also help foster consumer and business confidence in the digital economy and encourage innovation and growth in the sector.³²

Bureaucracy can certainly also pose a challenge to stimulating the digital economy in developing countries. This is because bureaucratic processes can be slow, complex, and difficult to navigate, which can discourage entrepreneurs and businesses from investing in digital technologies and conducting e-commerce activities. Furthermore, bureaucracy can also result in a lack of coordination among government agencies, which can lead to

29 Sinta Dewi Rosadi and Zahra Tahira, 'Consumer Protection in Digital Economy Era: Law in Indonesia' (2018) 7 (1) *Yustisia Jurnal Hukum* 81, doi: 10.20961/yustisia.v7i1.20144.

30 Hana Kováčiková and Ondrej Blažo, 'Slovakia' in D Mándrescu (ed), *EU Competition Law and the Digital Economy: Protecting Free and Fair Competition in an Age of Technological (R)evolution: The XXIX Congress in The Hague, 2020 Congress Publications* (Eleven 2020) vol 3, 469.

31 Shukhrat Nuralievich Ruzinazarov and Mokhinur Bakhranova Bakhramovna, 'Legal Regulation of E-Commerce Guarantees Digital Economic Development in Uzbekistan' (2022) 6 *Spanish Journal of Innovation and Integrity* 330.

32 Brittany A Martin, 'The Unregulated Underground Market for Your Data: Providing Adequate Protections for Consumer Privacy in the Modern Era' (2019) 105 (2) *Iowa Law Review* 865.

fragmented policies and inefficient implementation. This can create uncertainty and risk for businesses, as they may not be able to predict the outcome of their investment decisions or plan for the long term.

b. The establishment of alternative dispute resolution mechanisms:

Establishing alternative dispute resolution mechanisms,³³ such as mediation and arbitration, can be an effective way to resolve disputes amicably and quickly, without having to go to court.³⁴ Mediation is a dispute resolution process in which a neutral third party, called a mediator, helps the parties reach a mutual agreement. Arbitration is a dispute resolution process in which the parties submit their dispute to one or more arbitrators who render a decision that has the force of law.³⁵ Alternative dispute resolution mechanisms can be particularly useful for disputes related to online activities, as they often resolve issues cheaper and faster than the courts. They can also be more flexible and more responsive to the needs of the parties than traditional court proceedings. However, it is important to ensure that these mechanisms are fair and just, and that the parties have the right to appeal the decision rendered.³⁶

c. Training of judges and other legal professionals on legal issues related to online activities:

It is important to educate judges and other legal professionals on legal issues related to online activities so that they are able to make fair and just decisions in the event of disputes. Indeed, disputes related to online activities can often involve complex and emerging legal issues that require in-depth knowledge of the digital environment and its particularities. By providing continuing education to legal professionals, one can ensure that they are up to date on the latest developments in this field, and that they are able to make fair and just decisions in the event of related disputes in online activities. This can help build parties' confidence in the justice system and ensure that consumer and business rights are adequately protected.

d. Strengthening of international cooperation:

The establishment of international cooperation structures can be an effective means of facilitating the resolution of disputes that involve parties located in different jurisdictions. Indeed, disputes related to online activities can often involve parties located in different countries, which can make resolving them more complicated. International cooperation structures can include international treaties and bilateral agreements that establish rules and mechanisms for resolving international disputes. Establishing structures for international cooperation can help ensure that disputes related to online activities are handled fairly and justly, regardless of the jurisdiction in which the parties are located. It can also help build business and consumer confidence in the digital economy and encourage innovation and growth in this sector.³⁷

33 Zlatan Meskic et al, 'Transnational Consumer Protection in E-Commerce: Lessons Learned from the European Union and the United States' (2022) 13 (1) *International Journal of Service Science, Management, Engineering, and Technology* 1, doi: 10.4018/IJSSMET.299972.

34 Mohamad Albakjaji et al, 'The Legal Dilemma in Governing the Privacy Right of E-Commerce Users: Evidence From the USA Context' (2020) 11 (4) *International Journal of Service Science, Management, Engineering, and Technology* 166, doi: 10.4018/IJSSMET.2020100110.

35 Dona Budi Kharisma and Nadzya Tanazal E Ar, 'Online Dispute Resolution as an Alternative Model for Dispute Settlement in The Financial Technology Sector' (2022) 17 (1) *Pandecta Research Law Journal* 137, doi: 10.15294/pandecta.v17i1.25267.

36 Maria Claudia Solarte-Vasquez, 'Reflections on the Concrete Application of Principles of Internet Governance and the Networked Information Society in the European Union Institutionalization Process of Alternative Dispute Resolution Methods' in T Kerikmäe, *Regulating eTechnologies in the European Union: Normative Realities and Trends* (Springer 2014) 251.

37 Michael E Schneider and Christopher Kuner, 'Dispute resolution in international electronic commerce' (1997) 14 (3) *Journal of International Arbitration* 5, doi: 10.54648/joia1997019.

e. Strengthening the right of access to lawyers and other legal professionals:

It is important to ensure that all parties have access to lawyers and other legal professionals to enforce their rights in the event of disputes related to online activities. In fact, when a person or a company is involved in a dispute, it is often difficult to defend their rights and put forward their arguments without the help of a legal professional. It is therefore important to put mechanisms in place to allow parties to be represented by a lawyer or other legal professional, even if they cannot afford the usual fees. This may include setting up legal support programs for low-income parties or creating guarantee funds to cover legal costs. By providing affordable access to lawyers and other legal professionals, all parties are sure to have the opportunity to assert their rights and defend themselves adequately in the event of disputes related to online activities. This can help build parties' confidence in the justice system and ensure that disputes are resolved in a fair and just manner.³⁸

3 CONCLUSIONS

From a theoretical perspective, legal mechanisms can be seen as a crucial element in creating an environment that fosters innovation, investment, and growth in the digital economy. A legal framework provides a stable and predictable environment for businesses, investors, and consumers, and it can help to build trust in online transactions. Moreover, legal mechanisms can help to address concerns around data privacy and intellectual property rights, which are key issues in the digital economy. In practice, the role of legal mechanisms in stimulating the digital economy requires a coordinated effort between different stakeholders, including governments, private sector organisations, and civil society. Governments have a key role to play in establishing legal frameworks that support the growth of the digital economy while ensuring the protection of consumer rights and privacy. They can do this by implementing policies and regulations that promote competition, encourage innovation, and facilitate cross-border e-commerce.

One main key lesson that can be cited about the role of legal mechanisms in stimulating the digital economy is that they play a critical role in creating an enabling environment for businesses, investors, and consumers. Legal frameworks provide the necessary certainty and predictability for these stakeholders to engage in e-commerce, innovation, and investment in digital technologies. Another lesson is that legal mechanisms need to keep up with the fast-paced nature of technological innovation in the digital economy. This requires a flexible and adaptable legal framework that can respond to new technological developments and business models.

One of the difficulties for researchers is that developing countries may not have robust data collection systems, which can limit the availability of data to analyse. This can make it difficult to draw conclusions about the effectiveness of legal mechanisms in stimulating the digital economy

The current article focuses on legal mechanisms that can stimulate the digital economy in developing countries, while a future article may explore financial instruments that can also be leveraged to support the growth of digital businesses and industries. Some potential

38 OECD, 'Report on Consumer Protections for Payment Cardholders' (2002) 64 OECD Digital Economy Papers, doi: 10.1787/233364634144; OECD, 'Resolving E-Commerce Disputes Online: Asking the Right Questions about ADR' (2002) 63 OECD Digital Economy Papers, doi: 10.1787/233468177136; George van Leeuwen, 'Linking Innovation to Productivity Growth Using Two Waves of the Community Innovation Survey' (2002) 8 OECD Science, Technology and Industry Working Papers, doi: 10.1787/620221544571.

topics for a future article might include investment strategies, tax incentives, government subsidies, venture capital funding, and other financial tools that can help to drive innovation and economic growth in the digital sector. Finally, both legal and financial mechanisms are important for fostering a thriving digital economy in developing countries.

Developing countries are increasingly recognising the potential of the digital economy to drive economic growth, create jobs, and improve access to services such as healthcare and education. To realise these benefits, it is important for developing countries to combine legal and economic mechanisms that can effectively stimulate the growth of the digital economy. On the legal side, developing countries need to establish an appropriate legal framework that supports the development and growth of the digital economy. This includes regulations that provide protection for intellectual property, facilitate e-commerce, and protect consumer rights. In addition, countries need to establish data privacy and security regulations to build trust among consumers and businesses and promote the safe and secure use of digital technologies. On the economic side, developing countries need to create an enabling environment for the digital economy to flourish. This includes developing the necessary infrastructure, such as broadband internet and mobile networks, to support the growth of digital technologies. It also includes creating incentives for investment in the digital economy, such as tax breaks and other forms of financial support for startups and small and medium-sized enterprises. By combining legal and economic mechanisms, developing countries can create an environment that fosters innovation, attracts investment, and creates new opportunities for growth and development in the digital economy.

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