

The Internet and development

Information and communication technologies (ICT) as an engine for growth

- » The Information Society has become an important model for fostering economic and social development. As a consequence the availability, quality and cost of access to broadband networks and Internet services has become an integral part of the broader debate on economic development. E-commerce, e-education, e-health and e-governance are powerful contributors to development. Internet access can provide important information, communication and knowledge on economic opportunities, improved nutrition and health care, healthy environments and education.
- » At the 2003 World Summit on the Information Society, world leaders set a series of targets for extending the benefits of ICT to all the world's inhabitants. The targets aim at an ICT connection in every village, every school, every hospital etc, and ICT within easy reach of at least half the world's population by 2015. The investment required to achieve such targets is relatively modest compared with current levels of ICT investment globally, which peaked at around \$200 billion in 2000. For instance, it would be possible to achieve the global target of a "telephone in every village" with an expenditure of less than \$1 billion, if it were targeted appropriately.
- » Technological innovation increases the productivity of land, labour and capital, reducing costs of production and improving the quality of outputs. Knowledge and creativity are becoming increasingly important for competitiveness. The Internet is a key technology in this regard.
- » ICT can drive economic growth. They hold the potential to open up new markets in online sales and purchases; create new employment opportunities in manufacturing, services and business; increase exports, particularly in the service sector; and open new paths for foreign trade and investment.
- » Job creation in the ICT sector can have long-term effects in reducing poverty. Although technological change is removing the need for certain jobs, it is creating many new types of jobs and opportunities, for instance in call centres, web design, teleshops etc. Many of the new jobs are being created in developing countries, as ICT permits greater use of outsourcing.
- » The 'digital divide' continues to separate wealthy and developing countries. If the developing world does not become more connected, the gap will be exacerbated. In the past decade, the digital divide has been narrowing in terms of fixed telephone lines, mobile phone subscribers and Internet users.
- » Africa is the region where telecommunication service revenues as a percentage of gross domestic product (GDP) have grown fastest. Today, they represent almost 5% of GDP, compared to 4.5% in Oceania, 3.8% in Asia, 3.3% in Europe and 2.9% in the Americas.



- » Between 1990 and 2003, 122 of 154 developing countries financed telecommunications infrastructure projects with foreign investments. More than half of these projects were related to mobile phones. Telecommunication projects accounted for 12% of foreign direct investment (FDI) in developing countries during 1990-2003.
- » During 1990-2003, Latin American and Caribbean countries were recipients of about 55% of global FDI in telecommunications. Five of the world's top ten recipients in telecom FDI were South American. Central Asian and Eastern European nations together accounted for about 25% of telecom FDI.
- » Access to the Internet is gradually improving. In 1997, nearly three-quarters of the world's population living in low-income and lower-middle income economies accounted for just 5% of the world's Internet users. Ten years on, they now account for over 32% of all Internet users.
- » However, less than 4% of Africans have Internet access, broadband penetration is below 1%, and 70% of all continental traffic goes outside Africa.

Issues

- » A key question is how to facilitate an appropriate Internet infrastructure. In many cases an ICT policy environment that stimulates investment and competition is critical in ensuring that a national Internet infrastructure is well developed. Such a policy environment includes an array of institutional structures, ranging from private-sector and market-based activities to public and private partnerships, nationally as well as locally.
- » Access to and use of local content and the local language will ensure that the development benefits are widespread. Again, a policy environment that facilitates diversity of use and the production of local content stimulates the diffusion and use of the Internet, creating a cycle that reinforces its use.
- » The price of services, especially Internet connectivity, remains a problem for many developing countries. A variety of policy initiatives, including stimulating demand, increasing competition and fostering public-private partnership to address market failures, all contribute to delivering low-cost services.
- » Sustaining and enhancing local capacity-building initiatives remains a critical area of investment. The rapid evolution of the information society and its technological infrastructure places high levels of demand on local institutions and capacity. Collaborative ventures and public-private partnerships are fundamental to enhance capacity.

Sources: International Telecommunication Union, World Information Society Report 2007; ICT and Telecommunications in Least Developed Countries, 2006; World Telecommunication/ICT Development Report 2006. UN Conference on Trade and Development, The Least Developed Countries Report 2007; Information Economy Report 2006. World Bank, Information and Communications for Development 2006.

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