



United Nations Group on the Information Society Consultations on financial mechanisms for ICT for development

On 8–9 October 2009, ITU, which currently chairs the United Nations Group on the Information Society (UNGIS), hosted the group's open consultations on financing mechanisms for promoting information and communications technologies (ICT) to assist development. The meeting was convened in response to a resolution of the United Nations Economic and Social Council (ECOSOC). This body oversees the United Nations system-wide follow-up of the outcomes of the World Summit on the Information Society (WSIS).

One of the summit's outcomes, the *Tunis Agenda for the Information Society*, stresses that ways to finance ICT for development must take account of the growing importance of these technologies as a tool for achieving objectives such as the United Nations Millennium Development Goals. The *Tunis Agenda* also urges the international community to promote the transfer of technology and other programmes to assist developing countries.

The UNGIS meeting was open to all WSIS stakeholders (governments, international organizations, the private sector and civil society). It reviewed progress and discussed the approaches being taken at national, regional and international levels to finance ICT for development. The meeting was jointly organized by ITU, the United Nations Educational, Scientific and Cultural Organization (UNESCO), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Economic Commission for Africa (UNECA) and the United Nations Development Programme (UNDP). All five organizations hold the chairmanship and vice-chairmanship of UNGIS on a rotational basis.

At the opening ceremony, ITU Secretary-General Hamadoun I. Touré underlined that 2015 — the target date for achieving the United Nations Millennium Development Goals — is fast approaching, and he urged all stakeholders to act quickly to ensure that the goals are reached. UNCTAD's Deputy Secretary-General

Petko Draganov observed that there is still a long way to go to achieve an all-inclusive information economy. He emphasized the importance of evaluating how existing (as well as new) financial mechanisms could support greater deployment of, access to, and use of ICT in developing countries.

Jordan's Minister of Information and Communication Technology Basem Rousan said that since 1993, the telecommunication sector in his country has been opened to competition and this has resulted in a marked improvement in the quality of services, as well as a positive effect on the economy as a whole.

Egypt's First Deputy Minister of Communications and Information Technology Hoda Baraka described the significant progress in her country, including in rural areas. Financial mechanisms used in Egypt include ICT stimulus packages, public-private partnerships, a universal service fund, venture capital funds, and debt-swap arrangements. For example, a debt-swap arrangement with the Government of Italy helped finance the development of two projects: *Smart Schools* and *ICT Mobile Units*.

Montassar Ouali, the Chief Executive Officer of *Tunisie Telecom*, noted that financing ICT remains a challenge in many countries. The strengthening of local businesses through ICT is particularly important, he said. Tunisia has a relatively well-developed business sector, but financial conditions still need to be improved. Addressing this could allow developing countries such as Tunisia to develop to their full potential in the information society, Mr Ouali said.

Over the last decade Poland has performed a double role — as a recipient and a donor of official aid, said Andrzej Sados, Minister at the Permanent Mission of the Republic of Poland to the United Nations Office and other international organizations in Geneva. He described how Poland is providing aid to other

countries through development projects, humanitarian assistance, education initiatives and volunteer services.

A session of the meeting on existing financial mechanisms was moderated by the Director of ITU's Telecommunication Development Bureau Sami Al Basheer Al Morshid. He underscored the importance of involving many stakeholders in identifying and implementing projects, since international organizations do not have enough resources to do so by themselves and the demand for development-oriented initiatives is very high. He also highlighted the importance of public-private partnerships.

Other sessions discussed the most appropriate financial mechanisms needed to continue the roll-out of backbone national, regional and international infrastructure, ensure universal access to ICT, develop local content and provide capacity building.

Main conclusions

Gaps remain

Many participants agreed that financing of ICT for development remains a significant challenge. There have been positive trends in financing infrastructure and access, especially in mobile communications, but important gaps remain.

Local relevance

Areas in need of particular attention include the development of local content and applications, as well as raising funds to create the required human resources in developing countries. Too often, these are neglected after heavy investment in infrastructure and hardware. They are areas where it has been more difficult to generate funds from the private sector, thus highlighting the importance of support from governments and donor organizations.

► Liberalization

Liberalization of markets has been important in generating private-sector investment, as well as financing solutions. At the same time, open markets underline the importance of developing the capacity of regulatory and other public authorities.

Rural connectivity

Rural and remote areas still lag in terms of communications — especially Internet access. It is not always possible to find sustainable business models for the investments needed. To achieve sustainability for projects it is important to involve local users, local content, and applications that work on existing infrastructure. The importance of infrastructure sharing was also underlined by many speakers as a way to reduce costs.

Universal access funds

Some participants highlighted the importance of universal access funds in providing services to rural areas, but others questioned their effectiveness. Financial resources need to be supplemented by human resources, and the important question remains whether such funds should address mobile, Internet and broadband access.

Finding new mechanisms

It is necessary to continuously explore new financing mechanisms. Micro-financing is one, and the importance of multi-stakeholder partnerships was underlined by many speakers. Similarly, there is a need to draw on large-scale international sources, such as foreign direct investment or multilateral lending. It was noted that investors normally seek low-risk projects, so financing higher-risk and long-term projects is a challenge.

Emerging issues

Alongside possible negative effects, the financial crisis provides opportunities for creating new business models and technologies. Debate on financial mechanisms needs to take into account emerging issues that are relevant for developing countries, such as recycling.

The results of the open consultations are the basis for a global, online repository of materials related to financial mechanisms for meeting the challenges of ICT for development. The repository is available at www.ungis.org, where details of the group's activities can also be found.

The outcomes of the meeting were used as a substantial contribution to discussions on financial mechanisms at other events, including the Inter-Sessional Panel of the United Nations Commission on Science and Technology for Development, held on 9–11 November 2009 in Geneva, and the ICT 4 All Forum — Tunis+4, held in Hammamet, Tunisia on 24–25 November.

