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**Statement by
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Digital Inclusion for Least Developed Countries

Geneva, 8 March 2011

Excellencies,
Distinguished Participants,
Ladies and Gentlemen,

On behalf of the Secretary-General of UNCTAD, I would like to thank Dr Touré and Mr Diarra for arranging this important discussion on the Digital Inclusion for the Least Developed Countries (LDCs) and for inviting UNCTAD to contribute. I regret that I was unable to participate in the opening session earlier, which coincided with the Celebration of the Centenary of the International Women's Day, that actually discussed among other things women's access to science and technology for economic growth and development. This challenge is of high significance also to the focus of the discussion here in this session. Indeed, the gender divide in regard to ICT access and use remains significant.

This session is both timely and of great relevance to the development debate, as we are in between the MDG Summit of September 2010, and the LDC IV Conference in May 2011. It focuses on an area in which we enjoy close collaboration with our colleagues from other UN agencies in the context of the UN Group on the Information Society. As you are aware, the Group will be organizing one of the side events at the LDC IV Conference in Istanbul to raise awareness of the development dimension of information and communication technologies (ICTs) in LDCs.

Excellencies, ladies and gentlemen

The Millennium Development Goals (MDGs) include measures of poverty alleviation and human development in the international cooperation agenda. Although the world as a whole has made reasonable progress in reducing levels of absolute poverty, in some regions it has increased, and many countries still have a large proportion of their citizens living in extreme poverty. Furthermore, the recent crisis has set back efforts to tackle this situation. Even if the recovery observed in 2010 continues, it is feared that the MDGs for many countries will remain out of reach by 2015.

Moreover, even if the target of cutting the proportion of people in poverty in half by 2015 is met, close to 1 billion people are still likely to remain in extreme poverty by that year. Against this background, every avenue towards poverty alleviation needs to be continuously re-examined.

Poverty is a multi-faceted problem and has to be addressed on many fronts. While sustained poverty reduction depends on a rapid pace of economic growth, the connection is not automatic. Some fast-growing economies have failed to tackle poverty, while some slower-growing ones have been more successful. When it comes to establishing a more inclusive development path, strategic policies matter, especially those aimed at achieving economic diversification, productive investment, job creation and technological upgrading. Needless to say, technological upgrading is of particular importance in the context of our discussion today. Structural vulnerabilities and constraints must be tackled if growth is to lead to poverty reduction and welfare gains that are widely shared.

Better use of technologies is central in this context. Without sustained, proactive national policies and an enabling international environment that support and promote technological learning and catching-up, LDCs will become more and more marginalized from the global economy. What is worse, they will be unable

to put in motion the process of structural transformation of their economies that could put them on a path of sustainable development.

UNCTAD is the only international organization that publishes an annual report on the LDCs. And our *LDC Report 2010* emphasizes that “business as usual” is not working. We must look for new and innovative ways to accelerate development progress in the LDCs. With regard to technology, the report calls for a new, coherent, and dynamic pro-development knowledge architecture centred on LDC technological needs and capabilities. For example, it proposes several international support mechanisms, including the development of a technology license bank and a multi-donor trust fund for financing enterprise innovation in LDCs.

Poor people have historically lacked access to information that is vital to their livelihoods: information about market prices for the goods they produce, about health, about the structure and services of public institutions, and about their rights. They have also lacked political visibility, access to knowledge, education and skills that could improve their livelihoods. They typically also lack access to, and information about, income-earning opportunities. These collectively constitute an information dimension to poverty. However, thanks to ICTs, we are now more capable, than ever before, of exploiting new emerging opportunities.

ICTs can contribute much more to the achievement of the MDGs than is currently the case. LDCs are still lagging far behind other countries in this area – especially in terms of broadband penetration. As ITU’s data tell us: a person living in a developed country is on average 600 times more likely to be a user of fixed broadband than one living in an LDC.

But while it will take some time to make broadband available to the poor, we can already make better use of positive developments in other areas, notably in

the area of mobile telephony. In just five years, mobile penetration in the LDCs increased from only 2 to 25 subscriptions per 100 inhabitants. This represents one of the most dramatic phenomena of technology transfer the world has ever experienced. As a result, many of the world's poor have gained access to interactive connectivity – for the first time.

As documented in another annual publication of UNCTAD, *The Information Economy Report 2010*, farmers, fishermen and micro-entrepreneurs in many LDCs are quickly adopting mobile phones to access, for example, market price information and weather forecasts, as well as to stay in touch with suppliers, customers, friends and family. Better information and communication enable them to sell their output at higher prices, increase their income and reduce waste. Mobile phone use is also helping to reduce the need for travel and waiting, and to improve work productivity. Some poor are also discovering new livelihoods on the back of the mobile revolution. Selling airtime or mobile money services on the streets or in shops engages large numbers of people with very low income.

Many exciting mobile applications and services are rapidly emerging. Mobile money services are among the most important, with major implications for creating more inclusive societies. As most LDCs are under-banked, the possibility to transfer funds, pay bills and save money via mobile networks opens opportunities that would have been unthinkable a few years ago. And innovation at the frontier is now happening in low-income economies. In Africa alone, some 40 mobile money services are already in operation, and another 90 or so are in the pipeline.

But mobile telephony is not the only relevant technology. The combination of different ICTs can provide solutions for reaching out to wide networks of poor users. Mobile telephony, radio, PCs and the Internet should be seen as

complementing rather than competing solutions for the supply of information and communication.

There is no room for complacency. In order to bring out maximum development gains from the evolving ICT landscape, policymakers must shift to a higher gear in terms of leveraging the technology. This means among other things that development policy formulated in the LDCs as well as in their development partners should pay much more attention to how ICTs and other technologies are applied in the productive sectors.

The current situation is not satisfactory. Technology generally does not feature prominently in poverty reduction strategies which act as frameworks for bilateral and multilateral assistance. For example, there is still no requirement to consider ICTs in the preparation process for the UN Development Assistance Frameworks (UNDAFs). In a recent review by the Economic Commission for Africa of 20 such Frameworks in Africa, only two (!) included ICT-related projects.

Excellencies, ladies and gentlemen

There are now better possibilities than ever before for people in LDCs to benefit from ICTs. This LDC IV pre-event represents an opportunity to advance ideas on how to improve digital inclusion in the LDCs and to accelerate the development process with smart use of technology. The policy challenge is to take full advantage of the significant improvements in connectivity in ways that bring benefits to the poor. This task is far from complete and will require effective collaboration among all relevant stakeholders.

Policy here must always be gender sensitive. We need to recognize, for example, that women often experience additional barriers to information access (including educational and social barriers), and that ICTs may provide new

opportunities for women. Policymakers should ensure that women are fully engaged in the design and delivery of ICT and enterprise initiatives, and that these aim to meet their needs as much as those of men.

This conference is a key step in our joint efforts to enhance growth and development prospects in the LDCs. The role of technology – and especially ICTs – must move from the periphery to the centre of development strategies. Let us make sure that this message is adequately reflected in the Plan of Action emerging from the LDC IV conference for the next ten years.

Thank you very much for your attention.

Additional points for the discussion:

On the MDGs:

In UNCTAD's view, making growth and development more inclusive so as to achieve the MDGs will require new thinking and more ambitious effort from both domestic policy-makers and the international community. Specifically, UNCTAD suggest four areas where bolder action is needed to get the MDGs back on track.

- *Strengthening domestic resource mobilization:* Developing countries need greater "fiscal space" if growth is to be made more inclusive.
- *Put inequality (including between men and women) back on the policy agenda:* Economic growth does not always improve the situation of vulnerable people and communities. The policy implication is clear: making economic growth more inclusive requires that public investment in productive sectors, employment and income distribution be placed on an equal footing with price stability in the design of more inclusive development strategies. Greater inclusion is also good for economic growth.
- *Build strong States with a developmental vision:* Moving to more inclusive development strategies implies adding more policies to the development toolkit and using them more pragmatically.
- *Multilateralize development cooperation:* Aid has lagged significantly behind what is needed to support inclusive development, in both quantity and quality terms. Fragmentation of aid disbursements has contributed to incoherence in national development policies. There is a need for a permanent multilateral forum that can address issues surrounding the scale and use of aid flows, its impact on national policy coherence, and the repercussions of shortfalls in aid commitments.

On policies emerging from the IER 2011

The *Information Economy Report* makes several concrete recommendations to governments and their development partners.

1. Expand mobile coverage to rural areas of LDCs
2. ICT use needs to be affordable. Draw lessons from mobile operators in South Asia.
3. Focus more on supporting ICT adoption at lower levels of economic activity and sophistication, especially in rural areas. This requires adequate attention also to subsistence-based enterprises, e.g. in agriculture and fisheries.
4. Government services can make better use of mobile phones. In Bangladesh, for example, a helpline set up to offer information and advisory services to small farmers with mobile phones now receives 100,000 calls every month.
5. Governments and development agencies should work in partnership with the private sector and civil society: projects enhancing the productive use of ICTs by enterprises that employ poor people often involve multiple stakeholders.
6. Development partners need to stay abreast of new ICT developments. They should award adequate attention to the potential of ICTs in their poverty reduction strategies. Only a few donors (such as Finland) have retained specialist units with expert personnel devoted to ICT for development. Without such in-house expertise, the risk is that the potential of ICTs is undervalued.