

Pre-event for LDC IV: Digital Inclusion for LDCs

*Creating an Information Society for All:
Attaining the WSIS Goals*

ITU, Geneva, 9 March 2011

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WSIS and e-Business

in the Geneva Plan of Action

- Governments, IOs and the private sector, are encouraged to promote the benefits of international trade and the use of e-business, and promote the use of e-business models...
- Through the adoption of an enabling environment, and based on widely available Internet access, governments should seek to stimulate private sector investment, foster new applications, content development and PPPs.
- Government policies should favour assistance to, and growth of SMMEs, in the ICT industry, as well as their entry into e-business, to stimulate economic growth and job creation as an element of a strategy for poverty reduction...

Technology should be better leveraged in meeting the MDGs



“
New technology-based solutions that did not exist when the Goals were endorsed can and should be leveraged to allow for rapid scaling up. The most important of these technologies involve use of mobile telephones, broadband Internet, and other information and communications technologies.”

Source: Report of the Secretary-General, 12 February 2010, A/64/665.

Informational constraints for small enterprises

- They often lack access to vital information, for example, about:
 - market price information
 - government support services
 - weather forecasts
 - what pesticides and fertilizers to use
 - credit facilities
 - insurance facilities
- Lack of information  greater vulnerability

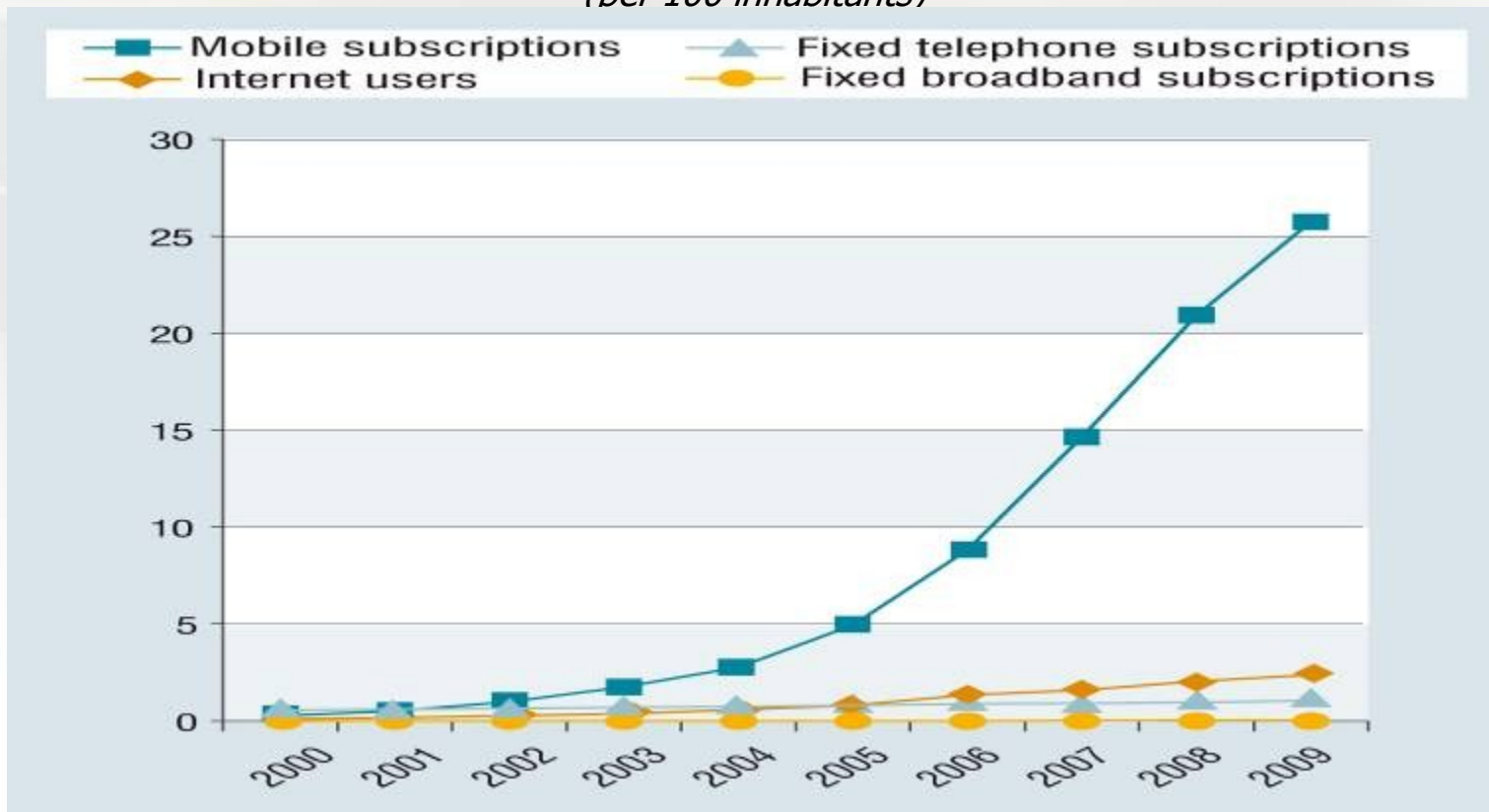
Focus of the IER 2010

- Trends in affordable access to different ICTs
- Direct use of ICTs in enterprises
 - Different industries
 - Subsistence-based and growth-oriented enterprises
 - Value chain stages
- Direct involvement of the poor in the ICT producing sector
 - as workers or entrepreneurs
 - ICT manufacturing
 - ICT and IT-enabled services
 - Large/medium vs. small/micro enterprises

Mobile revolution is reaching the LDCs

*bringing interactive connectivity **for the first time***

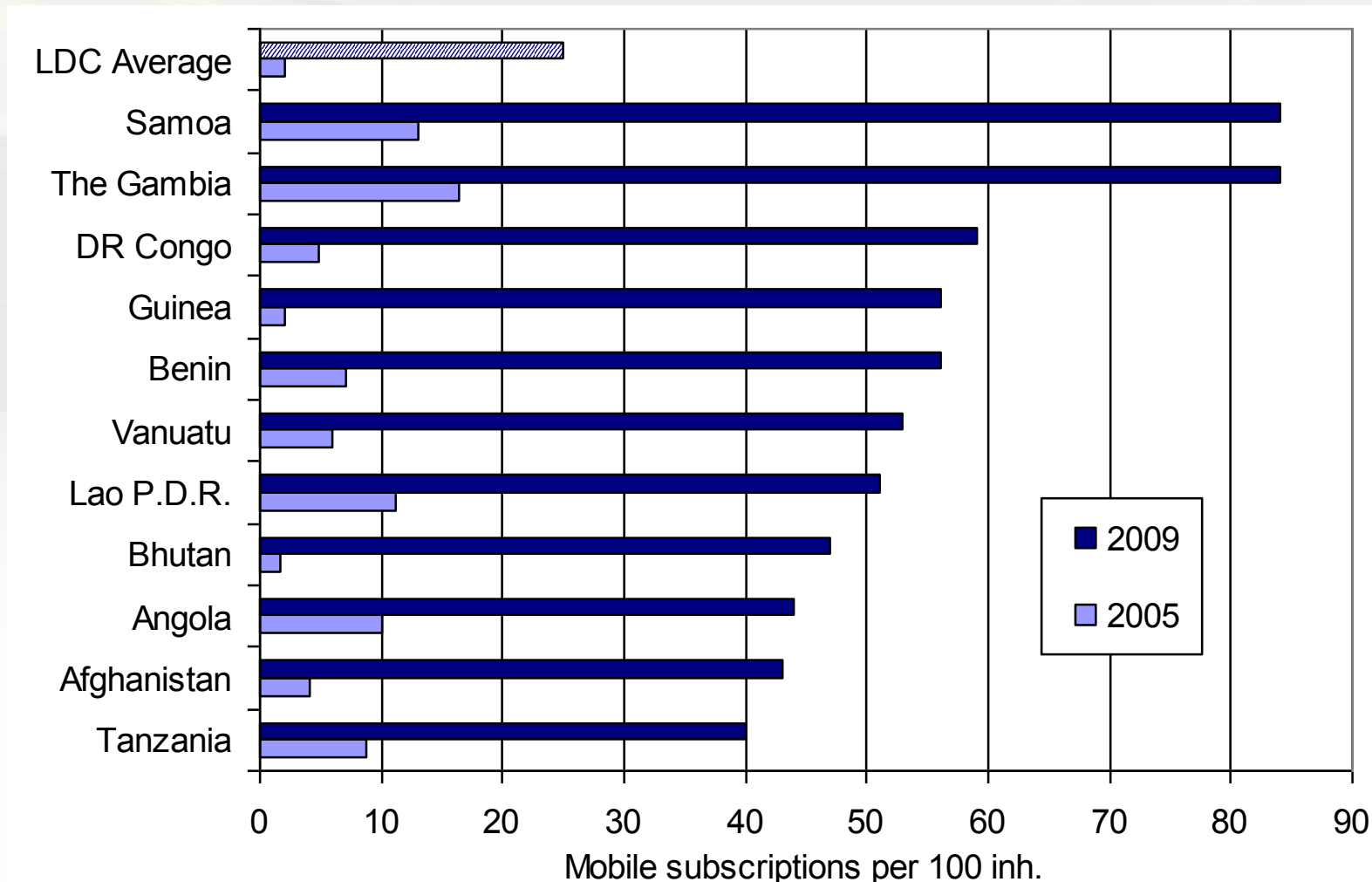
Penetration of selected ICTs in Least Developed Countries, 2000-2009
(per 100 inhabitants)



Source: ITU World Telecommunication/ICT Indicators database.

Very rapid improvement in some LDCs...

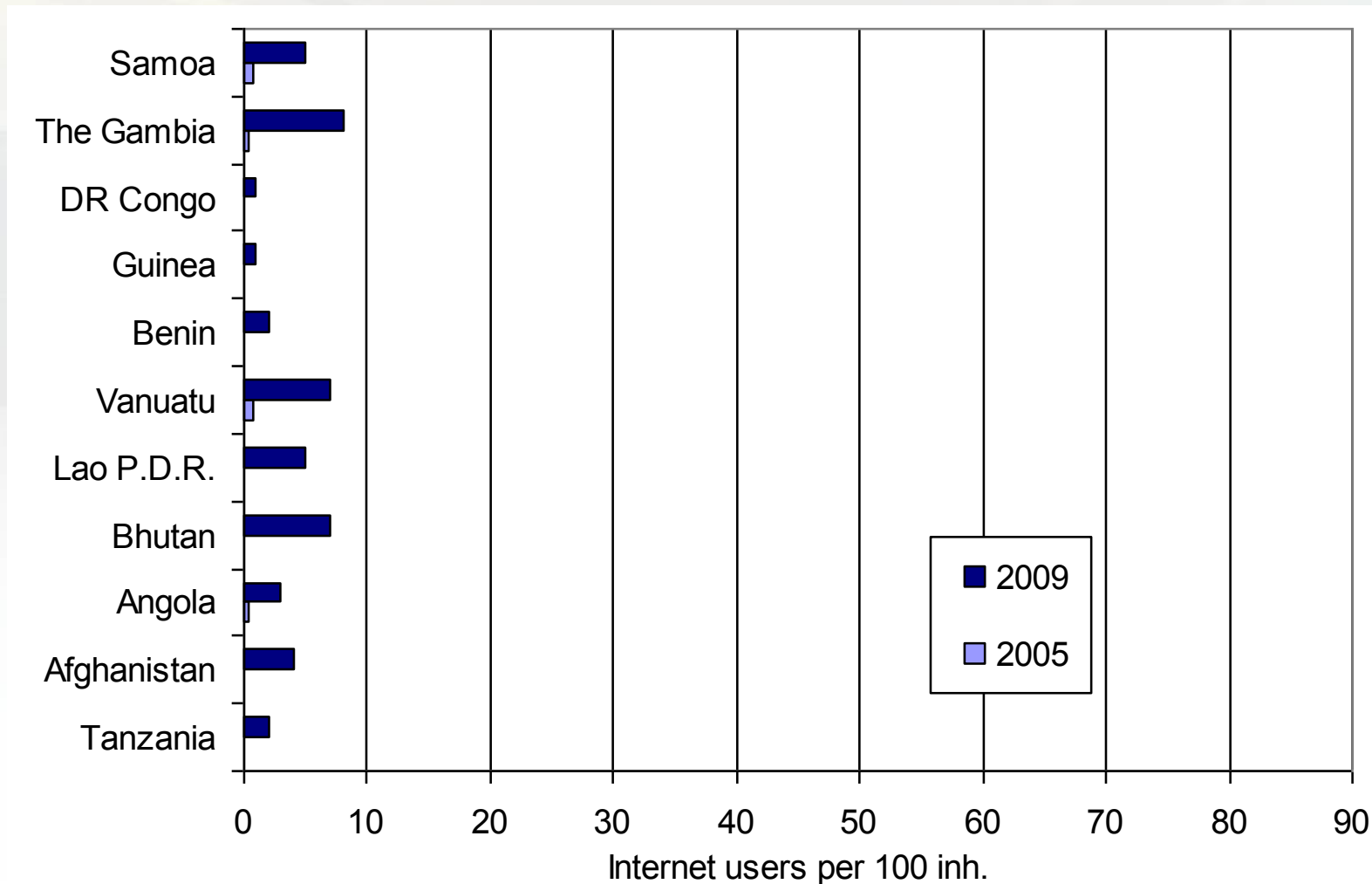
Mobile penetration, selected LDCs, 2005 and 2009



Source: ITU World Telecommunication/ICT Indicators database.

...and Internet coverage still limited

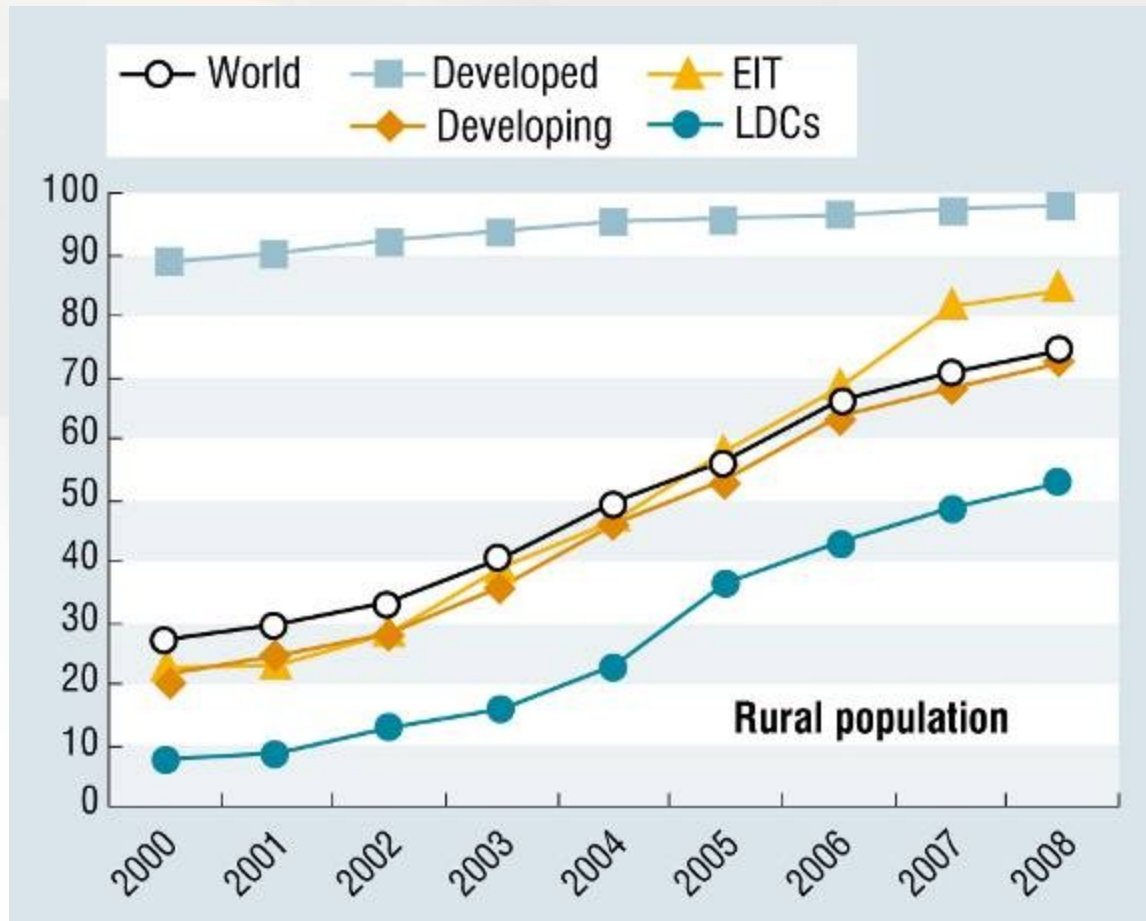
Internet penetration, selected LDCs, 2005 and 2009



Source: ITU World Telecommunication/ICT Indicators database.

Some unfinished business remains

Half of rural population in LDCs lack access to mobile signal



Source: ITU.



New applications and services emerging

- Voice-based services
 - Helplines, agro-messages
- SMS services
 - Agro-related information (Uganda)
 - M-commerce (Bangladesh)
- Mobile money services
 - E.g. M-PESA, M-Kesho, M-Paisa, Wizzit, GCash
- Mobile micro insurance
 - E.g. Kilimo Salama, Kenya
 - Burkina Faso, Mali (index-based crop insurance)



Exploit the diversity of ICTs

- ICTs

- Mobile telephony
- Fixed telephony
- Personal computers
- Internet
- Broadband
- Radio

- Different features

- Costs
- Skills requirements
- Power needs
- Functionality
- Access

*Each technology has its pros and cons to meet user needs
Opportunities for combined solutions*

ICTs in enterprises can benefit the poor

Growing preliminary evidence across sectors and countries

Cases cited

- Dairy farmers in Bhutan
- Grain traders in Niger
- Fishermen in India and Ghana
- M-Paisa in Afghanistan
- Small farmers in Bangladesh
- Micro-insurance to farmers
- and more...

• Most important effects

- Lower information search and transactions costs
- Improved communications within supply chains **and** improvements in overall market efficiency

• Preference for mobiles

- Affordable access
- Easy to use
- Two-way communication
- Serve basic needs

Growth-oriented enterprises in stronger position to benefit from variety of ICTs

- E-commerce
 - Opportunities to benefit increase with the size and international orientation of the enterprise
 - Web-based marketing (e.g. Taobao in China; Botswanacraft)
 - Internet along value chain (e.g. E-Choupal in India)
- Cluster development
 - Tiruppur garment cluster in India
 - Increased ICT use among smaller firms enabled linkages with larger firms
- Strengthened internal information system (PCs)

The poor and the ICT producing sector

Some find new livelihoods in changing ICT landscape

• Cases cited

- Sellers of airtime in Bangladesh, Ghana, Uganda
- SIM card sales in the Gambia
- Mobile entrepreneurs in Venezuela
- ICT micro-enterprises in urban slum in Mumbai
- ICT manufacturing in China
- Social outsourcing in India

• Key findings

- ICT sector involves millions of poor people
- ICT micro-enterprises offer new opportunities but are exposed to risk and volatility
- Some business models not sustainable
- Easier to sustain ICT micro-enterprise in urban areas

Some policy recommendations

- ✓ Expand **mobile coverage** in places with no mobile signal
- ✓ Make mobile and other ICT services **affordable**
- ✓ Focus more on ICT adoption at **low levels of economic activity and sophistication**, e.g. for subsistence enterprises
- ✓ Use **mobile solutions** in business support services and exploit opportunities for **combinations** of different ICTs
- ✓ Make interventions more **demand-driven** rather than technology-driven – needs of enterprises differ
- ✓ Work in **partnership** with development partners, private sector and civil society **Development agencies** need to stay abreast of ICT trends
- ✓ Feature ICT and enterprise policies in **poverty reduction strategies**



Thank you!

The Information Economy Report 2010
can be downloaded **free of charge** at
www.unctad.org.