**Economic Development & the Internet**

A paper prepared by/Adnan M. Saber, Funding & Spending Lead

Libya General Authority for Communications & Informatics

Submitted as participation in the Online Open Consultation of the ITU Council Working Group on international Internet-related public policy issues

**The Role of the Internet in the Economic Development**

**Economic development and the internet**

**What is Economic Development?**

Economic development refers to the sum of policies in which a nation passes to ensure a wellbeing of its people in all aspects of life such as social, economic and political.

According to this brief definition, and given the fact that economic development covers wide range of concerned areas that have a direct influence on the society, this paper will focus on the aspects related to the core job of the General Department of Electronic Services within the Libyan General Authority for Communications and Informatics which revolves around E-Libya project and its initiatives that was found through its strategy which aims to achieve wellbeing for Libya's people by providing electronic services to its people in addition to both the public and private sectors as was described in the strategy mission, vision and objectives.

The role internet plays in the implementation of e-Libya strategy is obvious. The internet would be acting as an enabler and facilitator to the entire strategy which will have a positive impact on it.

The best way for the Libyan government to get the most out of the internet is to use it efficiently in the implementation of the e-Libya strategy initiatives especially in the fields of government electronic correspondence management system, government email solution, e-commerce, e-health and education and all other electronic services in which the internet would ensure its availability to all users for twenty four hours, seven days a week, this would lead to the reduction of bureaucracy associated with government work and the resources needed to perform it.

The internet plays a major role in the e-commerce by linking the government to businesses G2B, businesses to businesses B2B, businesses to citizens B2C and government to citizens G2C. Although e-commerce current state assessment shows a low ratio in the fields of stakeholders, information technology and law sectors readiness (Did not exceed 2.5 on ladder of 5), the rate of mobile phone subscribers and social network users is the highest among African nations which should be considered as an advantage in the way of using the internet in achieving economic development.

This paper will use SWOT analysis to analyze the strengths and weaknesses affecting the efficient use of the internet in the implementation of the e-Libya strategy along with opportunities and threats that may face it in the foreseeable future.

|  |  |
| --- | --- |
| **Weaknesses*** Low internet penetration ratio (6% of the total population).
* 80% of internet services is provided via WI-MAX.
* The denominating monopoly in the IT sector.
* Lack of needed funding for e-Libya.
* Poor IT and internet services infrastructure.
* Lack of training for the existing human skills.
* Political and economic instability in Libya.
* Lack of electronic application in both the public and private sectors.
* Poor e-commerce and e-banking applications.
* Likely resistance to any change.
 | **Strengths*** The existence of a ready strategy for e-Libya.
* Mobile phone subscribers and social network users is the highest in Africa.
* 96% of Libya's major cities is connected by optic fiber network.
* Global improved technology in the field of IT.
* Available human skills ready for training.
* The high ratio of youths to the entire population.
* The strong will towards development and transformation.
* Libya's natural resources.
 |
| **Threats*** The high country risk facing foreign IT companies willing to work in Libya.
* Risks associated with IT such as systematic, operational and others.
* The small domestic IT sector that lacks the ability to compete with giant International companies.
 | **Opportunities** * Daily development in the internet technology.
* The recent recovery from the global financial crises which led to the revival in the financial and banking sectors.
* The international community desire to establish peace and stability in Libya.
* The foreign stakeholders need for government electronic services.
* International IT investors will to enter the Libyan market.
 |

The analysis above shows many strengths that such as the existence of a ready e-Libya strategy with all initiatives related which highly depends on the internet for its smooth implementation, this strategy was prepared during the years 2013-2014. The high rate of mobile phone subscribers and social network users compared to other African nations in addition to the wide geographic coverage of optic fiber network are considered strengths. The highly improved technology along with the availability of skilled human resources ready to receive proper training and the strong will towards change would be also added to strengths. Many steps must be taken in order to exploit the strengths such as ensuring the proper funding for e-Libya project and to give the highest priority in any future plans. Human skilled resources should receive the proper training to catch up with the rapid transformation in the IT sector taking into account advantages like the rate of mobile subscribers, social network users and the percentage of youths to the entire population. All these strengths have a direct positive impact on achieving economic development through internet.

There are weaknesses that should be neutralized such as the low rate of internet penetration, monopoly, lack of funding for e-Libya, instability, lack of electronic applications with public sector, poor e-commerce and e-banking practices and the likely resistance to change, this can be achieved by taking rapid steps towards stability and a united government in the country, the issuance of flexible laws and regulations that ensures investors equality and encourage competition to prevent monopoly in the sector. In addition to all this, the availability of proper funding for e-Libya would definitely improve electronic applications within public sector. A prudent change management strategy would take aside any possible resistance in the future.

Opportunities shown in the analysis for instance, the rapid development in the internet can be better exploited by training programs for local resources to cope with it, the recent recovery from the global financial crises would open the door for the IT sector investors and widen its investment options when investing in IT projects.

Threats mainly revolve around high country risk resulting from political and economic instability, this risk can be better confronted by achieving stability through a united government and low enforcement. There are many known risks associated with IT such as systematic and operational failure, inability to respond to users' needs and others that can be dealt with through a proper risk management strategy and its prudent practices.

**Conclusions and Recommendations**

T**hrough above analysis, the paper reached the following conclusions:**

1. E-Libya plays a major role in any future economic development in Libya.
2. Although the high rate of mobile phone subscribers, social network users and the wide geographic coverage of optic fiber network, the existing IT infrastructure needs urgent development.
3. The existing human skills lack proper training to catch up with the rapid development in the IT and internet sectors.
4. Monopoly still exists within the IT sector.
5. The lack of funding led to the stop of important transformation projects including e-Libya.
6. High country risk prevents international expertise from being used by Libyan government.
7. There are many risks associated with internet based electronic services such as system failure unauthorized penetration and others.
8. Existing will for change, Libya's natural resources and the rate of youths within the population are main factors that encourage development in the sector.

**According to above conclusions, the paper recommends the follows:**

1. The quick implementation of e-Libya strategy through political and financial promotion.
2. IT infrastructure development should be given priority in any future projects.
3. The existence of proper training for human resources within IT sector.
4. The issuance of laws and regulations made to eliminate monopoly and to encourage competition.
5. Achieving quick political and economic stability in Libya, this which will lead to the increase in national income which provides needed funding for related projects and to increase chances for public-private partnerships.
6. Developing new ways and techniques in the fields of risk and change management is essential to deal with IT related matters.
7. Exploiting strengths and opportunities shown in the analysis in addition to the neutralization of weaknesses and threats.