

Draft
16 December 2004

Extract from Operational part of the final document (chapter 2)

Idea	Draft text	Sources
Chapter one	From words to actions: A summit of sustainable solutions	
Chapter two	Financial mechanisms [for meeting the challenges of ICT for development]	
TFFM mandate	<p>10. We thank the UN Secretary-General for his efforts in creating the Task Force on Financial Mechanisms (TFFM) and we commend them on their report.</p> <p>11. We recognise that the TFFM has fulfilled the mandate given by the Geneva phase of the Summit, for a thorough review of the adequacy of existing financial mechanisms in meeting the challenges of ICT for development, within the constraints of the brief time available.</p>	OS G
Scale of the problem	<p>12. We recognise the existence of the digital divide and the dilemma that this poses for many developing countries, which are forced to choose between many competing demands for development funds. We recognise the scale of the problem in bridging the digital divide, which will require huge investments in ICT infrastructure and services, and capacity building, over many years to come.</p> <p>13. We agree that the financing of ICT for development needs to be placed in the context of the growing importance of the role assigned to ICTs, not only as a medium of communication, but also as a development enabler, and a tool for the achievement of the development goals of the Millennium Declaration.</p>	TFFM
Effectiveness of existing financial mechanisms	<p>14. In the past, financing of ICTs in developing regions has been closely related to the business cycles of the ICT industry. A significant influx of financial resources in the ICT sector in many developing countries has had visible results: in less than 15 years, more than a billion people have gained access to telephones (fixed and mobile), and sometimes to computers, the Internet and other means of sharing information.</p> <p>15. We note that this investment has had the greatest development impact where ICT markets have been opened and private sector participation has been encouraged.</p>	TFFM

	<p>16. We recognise that attracting investment in ICTs has depended crucially upon a supportive enabling environment for business and an ICT policy and regulatory environment that encompasses open entry, fair competition and market-oriented regulation.</p> <p>17. We note that the vast majority of financing of ICT infrastructure and services has come from the private sector and that North-South flows are increasingly being augmented by South-South flows and domestic financing.</p> <p>18. Multilateral and bilateral public donors are redirecting public resources to policy reforms and other development needs, including the mainstreaming of ICTs in the development sectors. We note that this reflects the growing importance of private sector investment in infrastructure.</p>	
<p>Improvements and innovations of existing financing mechanisms</p>	<p>19. Although there are many different funding mechanisms for ICTs for Development, and no apparent shortage of finance, we note that there is sometimes a mismatch between needs and available funding.</p> <p>20. We recognize that there are a number of areas where the current approaches to ICT for Development financing have devoted insufficient attention to date. These include:</p> <ul style="list-style-type: none"> • ICT capacity-building programmes, materials, tools, educational funding and specialized training initiatives; • Communications access and connectivity for ICT services in remote rural areas, small island developing states and other locations presenting unique technological and market challenges; • Regional backbone infrastructure to link networks across borders in economically-disadvantaged regions; • Broadband capacity to Internet access at affordable prices; • Coordinated assistance for small countries; • ICT applications and content aimed at customers, communities and local institutions in the developing world. <p>21. Although central responsibility for coordination rests with national governments, we recommend that greater cross-sectoral and cross-institutional coordination on financing programmes should be undertaken, both on the part of donors and recipients. This should include also coordination between donor governments and business entities, especially multinational corporations, investing in the framework of their corporate</p>	<p>TFFM</p>

	<p>social responsibility programmes.</p> <p>22. Accordingly, we recommend improvements and innovations in existing financing mechanisms, including:</p> <ul style="list-style-type: none"> • Enhancing regional cooperation and creating multi-stakeholder partnerships; especially for trans-national infrastructure backbones; • Coordinating programmes among governments and major financial players to mitigate investment risks and transaction costs for operators entering less attractive rural and low income market segments; • Creating policy and regulatory incentives and more open access policies; • Identification and acknowledgement of the key role of ICTs in national poverty reduction strategies, and the elaboration of e-strategies in conjunction with poverty reduction strategies; • Developing institutional and implementation capacity to support the use of national universal service/access funds, and further study of these mechanisms; • Ensuring the relevance to developing countries of the information applications, services and content delivered by ICTs; • Supporting the “scaling-up” of ICT-based pilot programmes; • Using ICTs in government as a catalyst for implementation of successful e-strategies; • Enabling tax, tariff, import, and business regulation policies designed to reduce risks and financial burdens for, and provide incentives to, ICT investors, start-up firms, and domestic financial resources; • Helping to accelerate the development of domestic financial instruments including by supporting local microfinance instruments, ICT small business incubators, public credit instruments and other innovations; • Building human resource capacity (knowledge) at every level for achieving Information Society objectives, especially in the public sector; • Encouraging business sector entities to help jump-start wider demand for ICT services by supporting local producers, programmers, artists and small businesses in the applications and content fields. 	
<p>Feasibility and creation of a voluntary Digital</p>	<p>23. <i>Text to be added based on conclusions of the TFFM, discussions in GFC and contributions from stakeholders.*</i></p>	

Solidarity Fund		
Chapter three	Internet governance [/ Internet-related public policy]	
	[to be discussed following release of the final report of the WGIG]	
Chapter four	The way ahead	