

and political way what the Information Society is about.

There's a distinction between data and information and knowledge. I think we surely are producing and disseminating volumes and volumes of data. Berners-Lee is developing standards for coding a "semantic web" to enable broad cross-site analysis. And we have 24/7 information onslaught—news and ads and electronic alerts and cell phones always on. But I would like to see more knowledge being imparted. McGovern in his weekly e-letter writes persuasively about editing content so that it serves the recipient: "Knowledge management may have to maximize input so as to minimize output. It's harder to write 500 well-crafted words than 5,000 words of waffle. . . . To achieve more today, we need to produce less—but produce it better" (McGovern).

Then I wonder who would be the editors, massaging my information, omitting what I might not want to see, shaping what Nico Stehr suggests is the emerging field of knowledge policy.

I also wonder at the expectation I sensed in Geneva that closing the digital divide would also close all the divides—the poverty divide, the pure water divide, the health divide, the education divide—and create a just and equitable society. It seems to me short-sighted to expect so much of this technology, that rather it is time for the Internet to take its place with other technologies like phones, radio, and printing as a tool, not an end in itself, which a discussion of the digital divide is apt to suggest. ■

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Comment on the Financing Aspect of the Information Society for Developing Countries

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The issue of financing has been the most difficult subject of the WSIS negotiations. Only hours before the Summit opening session, delegations agreed on consensus language. Finally the Declaration of Principles recognizes "the will expressed by some to create an international voluntary 'Digital Solidarity Fund,' and by others to undertake studies concerning existing mechanisms and the efficiency and feasibility of such a Fund." The Plan of Action proposes to create a Task Force to review the adequacy of existing financing mechanisms and to ensure their full exploitation. The urgent questions now are: Are existing mechanisms enough to ensure the creation of a universal Information Society? How much money will be needed to close the digital divide?

Statistical data available for such calculations is scarce. However, in order to put the dimensions into perspective, we can do some rough estimates to provide a first insight to the magnitude of the financing challenge facing the digital divide. The estimates in our studies show that while in high-income countries the average per capita ICT expenditure is around US\$2,500 per year, half of the population in Latin America has less than US\$100 per capita per year, or US\$2 per week, to spend on the technology. "ICT access prices" in Latin America (calculated as an average mobile telephony expenditure, hardware equipment, 1 hour of Internet access daily, and 10 minutes of fixed-line telephony daily) are around US\$1000 per year in 2001. To finance the closure of the digital divide, the poor would either need financial aid to subsidize connectivity to the Information Society or ICT prices would have to be cut by a factor of 10 just to connect the richest 50% of society. Supposing that it would be possible to reduce ICT access prices to such a level (especially through an active public policy agenda, including shared access models and the provision of alternative access equipment), the poorest half of society would still require financial aid. According to our calculations, to subsidize complete and high-quality ICT access for the remaining poorest half of Latin American societies, around 19% of the region's GDP

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would have to be invested on an annual basis (around US\$360,000 million).

To obtain this amount of money, three financing channels could be consulted: first, the State could jump in as the main organization responsible for social equity; second, the private sector could be held responsible for expanding the benefits of ICT to all; and last, the international donor community is an alternative to raise the tremendous amounts of money required to connect the poor of the world.

Considering that public expenditure for education and health averages around 7% of GDP in Latin American countries, financing the closure of the digital divide through the national State would require a tripling of public social expenditures. Extending social expenditures—and therefore general taxes—to such an extent would certainly make Latin America's economies completely uncompetitive internationally and would, therefore, have severe impacts on welfare in general—all contrary to what we want to achieve. In the short term it is certainly not an alternative to increase public expenditure to such an extent.

Another alternative would be to levy special tax on the international business community. If the Latin American telecom industry were taxed 1% of its revenue (a mechanism already in place in many countries, through so-called universal access funds), only 0.22% of the required amount could be obtained (1% of US\$80,000 million). If the entire ICT industry of Latin America (including hardware and software companies) were be taxed with 1% of digital solidarity, 0.33% of the required amount could be collected. Going beyond the regional dimension, financing the closure of the digital divide and guaranteeing high quality ICT access to the poor in Latin America would imply a tax on total worldwide ICT spending (US\$2,415,098 million) with a tax rate of 19.5%.

The last alternative would be to call upon the international donor community. The required US\$360,000 million is 1.2 times the resources of the International Monetary Fund (around US\$300,000 million in 2001), 142 times the total budget of the United Nations (US\$2,535 million in 2000–2001), 157 times the financial resources of the specialized United Nations Development Programme (UNDP, US\$2,300 million in 2001), 257 times the annual budget of the World Bank (US\$1,400 million) and

3,830 times as much as the United Nations' HIV-AIDS budget for 2002.

These numbers clearly show that the limitations of developing countries do not allow them to close the digital divide by themselves. Furthermore, it shows that existing development assistance is not enough to tackle the challenge. Innovative new financing mechanisms are necessary. Donor countries would have to make greater commitments. The WSIS Plan of Action proposes swapping connectivity in low-income countries against debt burdens: "we welcome initiatives that have been undertaken to reduce outstanding indebtedness and invite further national and international measures in that regard, including, as appropriate, debt cancellation and other arrangements." Knowing that total debt service in some Latin American countries exceeds 10% of GDP (for example, Brazil and Mexico), the concept of "debt for connectivity" would be a powerful instrument to give developing countries enough financial liberty to help themselves accomplish one important step in their integration into the global Information Society.

The financing challenge is tremendous and require further investigation. The issue of financing requires a solid public policy agenda on the international level to work on the drastic reduction of ICT prices in order to meet the financing challenge and to look for innovative financing mechanisms to subsidize ICT access for the poor. ■

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