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Commonwealth
Office



Wilton Park



Image: NASA Goddard Space Flight Center

Conference report

**Realising the potential of the internet to deliver
global development and prosperity**

Tuesday 30 April – Wednesday 1 May 2013 | WP1255



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Executive Summary

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1. There is enormous appetite to harness the Internet to deliver global development and prosperity. Governments, companies and consumers have benefited greatly from a thriving Internet. However, there is a risk that the gap between access to and effective use of the Internet around the world will widen. A concerted effort by multiple stakeholders is required in order to foster its benefits to populations.
2. There are a number of challenges in realising the Internet’s potential to help societies grow and develop. These reflect the traditional global landscape and concern the principles of scale and sustainability. The Internet is not, in itself, a panacea: building technological infrastructure to expand access will not guarantee long-term prosperity. Other ingredients are required, including: improved stakeholder engagement among a variety of actors (governments, businesses, technology providers and consumers); carefully-created governance structures to build trust and spur innovation; and effective training and education to ensure a sustained consumer base.
3. To date, examples of the Internet’s power to improve development are based on individual case studies. While this is helpful in terms of highlighting best practice, anecdotal evidence alone will not facilitate genuine stakeholder engagement among lawmakers, businesses and consumers towards the benefits of an expanded Internet in realising development and prosperity. The Internet’s power to effect positive change is best demonstrated by focusing on a specific issue that could be resolved through its use and by rooting the argument in quantitative and qualitative research. Empirical evidence on the Internet’s contribution towards development, alongside a better understanding of its potential to build capacity and improve transparency among key stakeholders, will assist to create an environment within which the possibilities to promote global development and prosperity, can be more fully realised. At the same time, further dialogue is required among stakeholders, for example in Geneva, on whether to seek a global institutional fix to the challenges posed by the Internet on delivering prosperity.

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Background

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4. The Wilton Park Internet Conference in Geneva coincided with the 20th anniversary of CERN’s decision to give the web to the world for free. The date served as a timely reminder of the Internet’s enormous footprint, its dynamism and its profound economic, political and social impact.
5. The Internet’s economic benefits are extensive. Its contribution to global GDP outweighs that of agriculture and utilities. According to a 2011 report by the Broadband Commission, investment in broadband boosts national GDP, company productivity and job creation. For example, in China, a 10% increase in broadband penetration is judged to contribute 2.5% to GDP growth. Similarly, in Ghana, a 5% increase in Internet penetration was matched by a 6% increase in the country’s GDP between 2010 and 2011. Furthermore, a study for the European Commission estimated that broadband

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could create more than two million jobs in Europe by 2015 and a study in Brazil reported that broadband expansion had helped increase the country's employment rate by 1.4%. Meanwhile, the *Economist* magazine reported that when China's Xinjiang province was cut off from the Internet for nearly 10 months in 2009, its exports dropped by 44%.

6. The Internet drives economic growth and development in numerous ways: it links businesses together; creates new markets and expands existing ones; and encourages the growth of new industries and technologies. New businesses find ‘start up’ easier due to the reduced costs of market entry.
7. There are also enormous political and social benefits. The Internet can assist governments to provide crucial services such as education and health. Furthermore, it fosters a climate of free speech and increased transparency of government activity in countries where censorship is not imposed. The Internet has also spawned a prolific social media and allowed generations of people to share experiences and information in an immediate and interconnected way.

Creating the right environment

8. Harnessing the Internet to deliver global development and prosperity is challenging, particularly with regard to scale and sustainability. The Internet is not, in itself, a panacea. While previously the debate has focussed on "closing the digital divide" (ie: getting those offline, online), other conditions are required to ensure that the spread of high speed Internet infrastructure translates into growth and development. A flourishing Internet requires an accessible, open and dynamic environment that provides a culture of innovation, entrepreneurship and civil participation on the one hand and increased levels of security and trust on the other. Striking a balance between these competing aims is a key challenge that underpins the entire debate.

Other specific challenges

9. There is a major conceptual challenge: What specific problem are we trying to solve? The Internet is an amorphous, unfixed technology that is constantly evolving and impacting on more and more areas of people's lives. The realisation of its developmental potential requires careful calculation on "what" issue(s) should be addressed with due consideration to other major questions ie. "why," "how," "when" and "by whom." In addition, there is an evidence gap. While stakeholders should seek to draw on past lessons and empirical evidence, any assessment of the Internet's positive contribution towards a prosperous society remains largely anecdotal. The lack of concrete evidence on the developmental impact makes it difficult to attract firm commitments from political leaders to address their country's policy and legislative frameworks to expand the Internet and encourage innovation. The financial and social case still needs to be made and won.
10. Stakeholder engagement: Creating an Internet ecosystem to deliver global development and prosperity requires regular and consistent engagement with a wide range of stakeholders including *inter alia* states, Internet service providers, businesses and consumers. Ensuring a broad spectrum of dialogue and equal representation on decisions to realise the Internet's developmental potential poses political and logistical challenges. Previous global meetings to discuss the Internet have tended to be politically-charged affairs with a state-centric focus. At the same time, there is no recognised international forum to allow governments, companies and civil society actors to network and debate the Internet's developmental potential. Broad engagement can only be assured when the Internet is not only available and safe, but also relevant and affordable to local people.
11. Political/Governance: The Internet is not merely a technology or commercial tool. It raises security concerns such as cyber crime and malware, and human rights issues around freedom of expression. The Internet is a radically horizontal phenomenon which is at odds with the largely vertical structures of global and domestic governance

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structures. If the aim is to expand the Internet’s reach to as many people around the globe as possible, there is a danger that giving governments control would slow down the process enormously. Talk of governance structures is divisive and could undermine the importance of getting people online cheaply and effectively. Furthermore, some developing countries have an inconsistent approach to policy making with many newly-elected governments scrapping the policies of previous administrations thereby impeding the realisation of the Internet’s developmental benefits. While there is growing recognition that the Internet requires a degree of better governance, the nature of government involvement is crucial. For many, regulation is the enemy of innovation. There is no agreement on whether governance structures should adopt a top down or bottom up model. Noting that the Internet touches on almost everything, how to impose a single regulatory institution at the centre of the numerous regulatory bodies already in existence?

12. Infrastructure and education: Although the Internet has spread across continents at a rapid pace since its inception, its growth has been incremental and uneven: in many developing countries the gain in popularity came about because it tapped into an existing community of computer-literate users. Countries that best harness the economic benefits of the Internet make the most of the infrastructure available to them. Therefore, the big challenge for many developing countries is to improve technological infrastructure to increase access and reduce costs for consumers while also creating a viable consumer base that is educated in basic ICT. Unleashing huge investment in Internet infrastructure will not, in itself, improve the Internet’s capacity to deliver global development and prosperity. Harnessing the benefits also requires education and broad stakeholder engagement. The Internet is information. It is not knowledge. It is also a language, which people will need to learn. This poses a challenge to impoverished countries with poor literacy rates. Similarly, politicians around the world need to be educated on the economic and social benefits of the Internet and users need greater awareness of the Internet’s functions, services and content as they link to prosperity and development. Rolling out the Internet purely to promote social media websites such as Facebook is not necessarily the desired goal. At the same time, there is a challenge in seeing countries that are traditionally net importers of technology becoming countries that develop their own technologies.

Examples of the Internet’s power to assist development

13. There are many examples of successful Internet services that enhance development and prosperity. For example, Ushahidi is a Kenya-based non-profit tech company that specialises in developing free and open source software for information collection, visualisation and interactive mapping. Its website was created in the aftermath of Kenya’s disputed 2007 presidential election to collect eyewitness reports of violence sent in by email and text-message and locate them on Google Maps. As a result of this success, its mapping software has been used *inter alia* by activists during the Arab Spring, by the UN humanitarian agency OCHA to map the crisis in Libya, and by the "Stop Stock-Outs" service to address medicine stock outs in Uganda, Kenya and Zambia.
14. Individual case studies such as Ushahidi prove that it is possible to be innovative with a minimum of infrastructure- in some instances, an application can be developed with an Internet connection, a smart idea and some basic skills. However, replicating good practice requires additional ingredients, including: an increased number of Internet exchange points to keep traffic local; policies to make the Internet more affordable; a more efficient allocation of spectrum to foster competition; a robust business case to ensure scale and sustainability; a clearer picture on what worked and what didn’t in projects across the world, especially in developing countries; and a building of skills among users.

Action that can be taken

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‘While effective political engagement on an international and national level is hard to achieve, it is necessary for the underlying infrastructure to support innovation and Internet access...’

15. Action is needed across a broad range of areas to ensure sustained public demand for affordable access to the Internet by which to enable competitive markets and spur the Internet's developmental power. Although it is hard to agree on a common problem let alone a common solution, there are many ways to effect change.
16. Creating demand and confidence among users requires building trust, reducing costs and making the Internet relevant. The task is to enhance cooperation and dialogue between stakeholders and foster a climate of transparency especially at the political and business level. For example, certain economic models and systems such as trade forums are radically opaque and tend to be conducted under a climate of military-like secrecy. Yet decisions relating to trade and investment, which increasingly include the Internet, impact heavily on a country's development and prosperity and there is a growing need to engage with a broader audience. Similarly, from a security perspective, the Internet is a permission-less instrument and requires collaboration. Public dialogue on cyber security tends to prey on consumers' lack of knowledge and conflate issues such as hacking and terrorism by wrapping them up in fear. Building trust through openness and transparency is crucial to avoid fear-based policy making. Although the act of being transparent may cost governments and companies more in financial terms, openness with stakeholders drives trust- a key ingredient to realise the Internet's potential to deliver global development.
17. It is important to focus on reducing cost inequalities of the Internet around the world. Consumers in developing countries pay more than 30% of their average income for broadband use compared to less than 2% for consumers in wealthy countries. One non-governmental organisation (NGO) aims to drive entry-level broadband prices below 5% of average monthly income. It has identified policy bottlenecks, rather than a lack of infra-structure, as a greater challenge to lowering prices and cites two main best practice methods to support its aim. First, create an open, competitive market environment by, *inter alia*: nurturing healthy competition; strengthening the independence, openness and effectiveness of the regulator; and promoting evidence-based and participatory decision-making. Secondly, focus on public-private collaboration to achieve the most efficient cost structure by coordinating and sharing infrastructure; creating a more flexible spectrum management; increasing the number of local and/or regional Internet exchange points (IXPs); ending luxury taxation on telecom goods and services required for Internet access; and targeting Universal Service Fund subsidies on access for under-served populations.
18. To achieve these goals, stakeholders could: seek deeper engagement with 'pioneer' countries; produce an 'affordability index'; encourage consumer, citizen, investor and diplomatic pressure; and facilitate a South-South dialogue, learning from what has actually worked and not worked in diverse cases, such as South Korea, Brazil and Kenya.
19. Another key area to focus on is capacity building. Competitive markets do not magically create growth and prosperity. Government input is required. Therefore, strong governmental leadership is needed, for example, creating policies to force operators to share infrastructure. While effective political engagement on an international and national level is hard to achieve, it is necessary for the underlying infrastructure to support innovation and Internet access, the fostering of healthy competition among businesses to spur on job creation and the provision of education among users. Governments should also invest in training programmes and centres of excellence to develop a pool of talent among its own citizens to harness local knowledge and skills. Importing skilled Internet users from abroad will not improve a country's scope to develop.
20. Improve the policy debate. There is already a degree of cross regional cooperation on this issue but the circle needs to be widened to include more actors. Geneva is an obvious city in which to consider initiating an institutional fix. However, this raises

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numerous questions centring on who, why and how? There is a risk that the debate will fall into the rigid North/South conversations that afflict much development-related Geneva discourse and results in stalemate. Stakeholders should explore the capacity and suitability of existing Internet multi-stakeholder groups to address the developmental challenges of the Internet, such as the International Telecommunication Union (ITU), Internet Corporation for Assigned Names and Numbers (ICANN) and Internet Governance Forum (IGF). One option may be to expand the remit of the Internet Governance Forum, a UN-created multi-stakeholder forum for policy dialogue on issues of Internet governance, to allow for open discussions on the Internet's capacity to improve development and prosperity.

21. At the same time, to ensure scalability and sustainability, the financial case needs to be made and won. Demonstrating how the Internet can spur economic growth, create more jobs and improve social services is a key way to engage governments, businesses and consumers. While there is independent research on certain aspects of the Internet's success, such as the OECD's examination on its added value to businesses, a more holistic analysis on the Internet's potential to deliver global development and prosperity is required to root future action in concrete facts. This would help ensure peer pressure among states and companies on best practice.

Next Steps

22. The task is to introduce effective policies to facilitate innovation, trust and security and create a sustained consumer base. Focusing on the incentives of all stakeholders and managing the international and local perspectives is a key challenge.
23. Tackling current confusion over the current Internet Governance Ecosystem, clarifying where decisions are currently made, and in which stakeholder group or body, will facilitate access, resolve some issues, eg. on tackling spam, and help identify the more intractable issues to indicate where international efforts should be focused to improve the Internet's potential to deliver global development and prosperity.
24. Building an evidence-based case for using the Internet to deliver global development and prosperity should help promote knowledge-based policies and enabling factors. Drawing on past failings and successes and, if possible, researching the impact of a multi-stakeholder approach versus a government-only approach would also help unpack the Internet's developmental potential. Sharing best practice at local and regional level, either through existing groups (IGF, Internet Society) or through smaller local models is vital, as is developing the capacity in the local population to create demand for good, locally relevant models by working with "champions" from local or regional bodies who can join the debate and engage politicians.
25. At the same time, it is important not to overburden the Millennium Development Goals (MDGs) and the Post-2015 Development Agenda. Instead, careful consideration should be given to how to mainstream ICT tools, including the Internet across the over-arching goals on eg. health, education, poverty reduction, rather than creating a large number of unfeasible objectives that renders the MDG process worthless.

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Wilton Park | May 2013

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