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On Wednesday, July 5, 2000, Mr. Wolfensohn addressed the ECOSOC Chamber in a high level policy dialogue with finance and trade institutions. Read his comments and watch a streaming video of the dialogue:

Mr. Wolfensohn's Comments

Statement by
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New York, New York, July 5, 2000

Thank you very much, Mr. President.

Your Excellencies, ladies and gentlemen. It is a great pleasure to be back with you today to discuss this very important issue and to share the podium with my friends Louise Frechette and Secretary Summers, as well as Eduardo Aninat, Rubens Ricupero and Mike Moore. The subject that we are discussing today has been very well framed by the introductory remarks of the Deputy Secretary-General and the Secretary of the Treasury, and is similar to the framework that I would also like to set. When we look at the issue of Information Technology in the context of the global information-based economy, we must not lose sight of the fundamental issue of poverty and development, and we must, as it was pointed out earlier, recognize that Information and Communications Technology is not some magic bullet that will in fact solve that problem.

We have to look at poverty within the context of its reality. There are 3 billion people living under 2 dollars a day, a billion plus people living in absolute poverty. The challenge facing us in the next 25 years, as 2 billion more people emerge on our planet to move the global population from 6 billion to 8 billion, practically all in the developing countries, is how to address the challenge of poverty and equity. So the question for us today is this: to what extent does Internet Technology and modern knowledge-based Communications Technology affect this basic challenge -- the challenge of poverty?
On that point, in our own organisation we have gone back and first looked at the results of our study on the "Voices of the Poor", to see what it is that makes a difference to poor people. As many of you know, the issue is not just money, it is knowledge and it is opportunity. What we need to do if we are to affect the future of our planet in terms of poverty is to give the opportunity to people in poverty to help themselves, and to give us the opportunity to make available the assistance that we give in a more organized and efficient manner. To implement those hopes, we can address the question of Information and Communications Technology.

In our own institution we are seeking to understand how we as an institution can convert from our original purpose of being a financial institution with some growing experience in development to being an institution which is both a money institution and a knowledge institution. It is very important that we conceive the development challenge as involving those two essential factors.

Earlier this year in April there was a high level meeting of experts here at the UN to address the question and scale of this problem. For those of you who had not read it, I suggest that you read their report, because it gives you the background to the issue of the so-called digital divide, of the 276 million people in the world today who are Internet users in a population of 6 billion - less than 5 percent - and of those 276 million, 90 percent are in the developed world. As the report points out, there are more hosts in New York than in continental Africa, more Internet hosts in Finland than in Latin America and the Caribbean. As we look at the issue of investment in information infrastructure, we find that the OECD countries are investing 130 dollars per capita, and sub-Saharan Africa 9 dollars per capita. I give you these stark figures not to read you a lot of statistics, but simply to tell you that the gap exists and that it is wide, and it presents a major challenge to us.

The second thing I would put to you is the issue that was raised by these experts about whether or not we should address this challenge, why we should address it and if we should address it now. The debate is framed in the question "Do you want bread or do you want computers?" and the answer is that you want both. The answer is that you have to look at Internet technology within the context that Larry Summers and Louise Frechette pointed out: within the context of the development framework we cannot forget growth, we cannot forget legal and justice systems and structural and financial systems, we cannot forget education and health, we cannot forget rural strategy, we cannot forget anything in our development paradigm. But we can look at information technology and see how it can assist us in terms of advancing our methodology to meet the challenges of poverty. That is the central issue for this Council meeting.

In our own institution, we have concluded that there is no way that we can come up with some broad Olympian plan on what is going to happen with technology. We all have to first of all recognise that this is a challenge and an opportunity and then work together in a flexible way in the coming years, hopefully, to meet the objectives set forth by this expert panel calling for connectivity to all communities in the world by the year 2004. But we must try and find innovative ways in which we can
learn together and cooperate together in a wholly new endeavour. There is no past paradigm on how we work together using Internet technology. In fact, if we were to look at our paradigms in the past they are probably contrary to what is needed. Bilateral institutions, multilateral institutions, civil society and private sector have barely cooperated in the development agenda.

In today’s world, we find civil society constantly attacking Mike Moore and myself and the IMF for all the things that we do, whatever we do. This is hardly a basis for cooperation. Bilateral agencies frequently don’t talk to multilaterals, and even within the UN system, there is not always the cooperation that we need. For Internet technology to work, we have to start afresh, because we need each other and information and knowledge needs to be shared. That is absolutely crystal clear. And in a fast-evolving world, we need to learn from each other about innovative practices which have already borne fruit.

Let me give you some very specific initiatives, in which we are engaged and in which we invite ownership, participation and help. Why am I addressing immediate practical initiatives? Because we don’t have an overall plan. We have our series of initiatives from which we want to learn and which we want to develop. And we invite the participation and help of all of you in terms of this menu of initiatives. Let me just start with InfoDev. This is an association of private sector and public institutions to try and finance innovative practices in developing countries in the use of technology. They relate to marketing, they relate to sharing information. We have even had a recent experience in India in the slums, where we put on the wall of a slum area a monitor under glass and a touch-pad built into the wall; it was made available to the kids or to the adults in the slum to see what they do with it. No information was given on how to use it, all we had was a camera to see what would happen, to see whether the computer itself, the existence of a computer itself – in English, not even in the language of the people – would have an impact. The first few days we discovered that boys from 6 to 12 approached the computer, then the 16 year-olds. Next we saw boxes. Why boxes? So that the little kids could reach the touch-pad. The parents, the women never came near. After one week, they had invented their own language for the cursor, how to use it, how to click. And within a month they were on to the Disney channel and were preparing files in a language that was unknown to most of them but where there were some who had English and where they came together. We are now doing 150 of these examples around India to try and test how the existence of this capacity will make a difference.

We have done things in Africa. Larry talked about his experience in Côte d’Ivoire. I had an experience in Côte d’Ivoire where I went to coffee and cocoa plantations, then to a village where I was duly made a chief with my beautiful robes, sitting with my brother chief in the hut. They said, "Would you like to see our computers?" I said I would be delighted, and I went and found two Ivorians, one of them with a computer, one dealing with the quality of the cocoa and coffee, the other getting information from Reuters on prices which were then sent out on telephones and pagers so that people in the communities, poor people that I had visited in the morning, had price information when they came to sell their goods.
The same InfoDev representative went to Ethiopia to talk about e-business. He said "I suppose none of you know what an Internet site is." Someone put up his hand and said, "I know." He said, "I sell goats on the Internet." The InfoDev representative said, "How do you sell goats over the Internet?" He said, "There are Ethiopian taxi drivers in Chicago, New York, and Washington, and it is our tradition for them to send goats to our families in Ethiopia, so I sell them goats on the Internet from my cyber-café and I have a great business going."

Why am I telling you this? Because there is no way that we can plan the evolution of the use of the Internet in developing countries. We have dozens and dozens of examples from getting information on an invasion of ants in Ecuador on how to deal with it to how to sink wells. Let us just make sure that we get the possibility out there so that the knowledge is available and that people can use it. As a second point, let us make sure in our work with governments that the regulatory framework is such that you can have access at low cost. Let us not have a tool which is so costly that poor people cannot use it. Let us ensure in the government policy of all your governments that Internet accessibility is central and basic for poor people, because there is no sense having the technology if it costs too much to access. That can be done by the establishment in advance of appropriate arrangements and on customs and on taxes facilitated, as it has been done in Estonia or in Costa Rica or Brazil. There are many examples that we can follow.

What else have we done? We have established a framework now for linking high schools, the Global Distance Learning Network. 35,000 kids in 15 countries are linked, and we are aiming at 3.5 million by the year 2004. High schools and teachers are linked from the North to the South and from the South to the South; this enriches the education process. The teaching of teachers to use computers is important. In Africa, we have a virtual university now in 14 countries teaching degree courses in computer science and in business taught from the West Coast of Canada, from the East Coast of the United States and from Dublin. This week, I opened a global distance learning network in 13 countries. We hope to have 50 by the middle of next year. What are they? They’re classrooms that are linked by satellite to screens linked to the world. We had a conference with 13 of these locations simultaneously last week as we opened it. We cut the ribbons simultaneously in 13 different locations from Asia to Africa and adjacent to that, a room with 30 computers to link to the rest of the world.

These are the types of things that one can do. But it is most important that all of us come together to pool our knowledge and our experience. This, in my judgement, is the biggest challenge of all. It is the need to use technology to bring about the cooperation that should exist between all of us. I don’t think any of us today could take a subject, say judicial reform, and claim that in any country we would know all the organisations which are cooperating in the reform. We surely could not do it on a global basis. All of us work in little silos. By chance we may have information, because of good people in the field. But the first thing that we could do is establish a common information base on what is
going on with whom and in what countries, so that with a press of a button you could get information on what everybody is doing in particular subject areas and in areas of the world.

We already have a framework for this in our own organisation, so that we can get it now within the Bank. But I must tell you that until 2 years ago we did not have it in the Bank. We did not know what one department was doing in relation to others. So we are now pushing forward in a initiative called the Global Development Gateway. In the next 6 months we will be approaching all of you, not as a World Bank initiative, but as an initiative which all of us must own -- so that NGOs can participate, so that each of you can participate, so that each country will have a gateway for its country knowledge. We are working in 13 countries already, to prepare the gateway, and to provide knowledge and places where information can be exchanged, communities for the exchange of information. You will be able to go in and point to a country, get the latest information on what is going on, the latest news from a hundred different news locations. We already have this in place. We will have pages for mayors; for the last year, we have already been linking 300 mayors every Saturday morning in Latin America through the Monterrey Institute of Technology, giving courses to mayors on how to run their towns and cities. These are both synchronous in terms of teaching at the time, and asynchronous in that the discussions go on all week. They focus on everything from running a file department to doing a budget.

The potential that we have is enormous, but we ourselves must start getting together an orderly framework of information, and we must start to trust each other in terms of sharing knowledge and experiences -- good knowledge, bad knowledge, good experience, bad experience. We must try and save ourselves from making the same mistakes we have made and we must give best practice and the opportunity for the creation of communities.

We are working with major international organizations to come up with the prototype for development of the Gateway. It is already essentially developed. We will be coming to all of you to offer this as a framework for both developed and developing countries to participate in the exchange of knowledge. May I point out that this is not just information coming from developed to developing countries. Accessibility and information on the Net is equal. There is just as much to be learned from the experience of developing countries, maybe more, than the experience of developed countries trying to act as professors. This is a crucial change in terms of the development experience, and it is something which all of us must grasp.

Don’t let people talk to you about Internet being a luxury. While it is not an alternative to bread, it gives us the opportunity of bringing knowledge and opportunity to people at all levels throughout the world. It is time to grasp that, it is time for us to pledge to each other in international institutions, bilateral institutions, private sector, civil society and the leadership in the countries which we are serving to come together and make sure that this new age, not the agricultural revolution, not the industrial revolution, but the digital revolution, gives equity to poor people throughout the world. I hope that today adds fervor to that endeavour.
Thank you very much, Mr. President.

Questions and Answers

Q.: How can we at a global level do something to address the digital divide? Do we just keep silent with the existence of the divide or can we do something in the future collectively to work together? A.: Mr. President, I think your observations about the divide are of course accurate. I can report to you only on my experience which I think might be buttressed by encouragement from this meeting. But before doing that, let me refer you to your own expert group report, which I think in a very articulate way identifies the issues that need to be faced and that the back of this admirable document also has an appendix which deals with national and regional presentations. And if I may suggest, Mr. President, I think reading this document would be very helpful for those members of the Council that are interested in seeing how other people respond, because the document not only states the general parameters but deals with the specifics of a number of countries which I think are very encouraging. Returning to my experience, we have found that everybody in the generality will agree with you that there is a digital divide and that there is a need to ensure that the divide does not get bigger. I think your report here says that. Everybody I think bemoans the fact that the money is being spent in the developed countries and not in the developing countries, and that unless something is done about it, the gap between developed and developing countries is likely to become bigger. I think it would be easy to assert that generality as a conclusion of this meeting.

The specific question is what can be done in individual countries or regions. I think, Mr. President, a great deal can be done, and I think some of it can be done by the governments themselves and some of it can be done with the assistance of international agencies including our own. I think the first place to start is where it is asserted in this book or in the hearings that preceded it: that it is important to have leadership in the country. Unless you have leadership in the country that believes in it, you are not going to get it done. And I found in my recent trips to Asia -- in Korea, Thailand, Indonesia, Vietnam, and East Timor -- that in each of those countries almost the first item on the agenda with the President was digital technology and the Internet. I have a sense, then, that if the feeling is strong that it will get done. But in a number of other countries you find that the leadership is not that supportive, scared of the computer, unwilling to open up, and in those cases, I would say to you that there is very little chance of anything being done. So the first concern is leadership.

The second is to create the environment in which communications technology can function. And that is to create a legal and regulatory framework in which you can have access and cheap connectivity. That is a decision that does not cost you any money, Mr. President. That is a decision that leaders can take, and you can move from government monopolies and throw it open to the private sector, or you can stipulate when the private sector comes in that you get free connectivity for education institutions or for communities, so that you can make it
accessible. Up to now you haven’t spent a dollar, Mr. President. You have just made a decision on what it is that you want to do. And the third thing you want to do in my judgement is then start with these pockets around the country where you can get groups of people who are forming communities that can use technology.

We, at the Bank, are prepared to put up a package for developing countries within 60 days of 5 millions dollars, to give immediate connectivity and establish a classroom, a distance learning classroom in any country. We are prepared to provide the computers, the set-up and the system so that you can get instant connectivity. You need to get government approval for satellite connection but you should be able to solve that through government decisions. You can then try to encourage people to establish a network inside a café but more importantly to get a network going in schools. If you take Egypt, which is now bringing about connectivity, you can see a country that is not terribly rich but has decided that the future depends on getting the teachers and the students educated. That is a decision that can be taken at the governmental level. In Estonia, a small country, every school is linked by Internet. You don’t then have to worry about the next generation or about the politics, because they will make the parents work for it, it becomes part of life.

There are steps that can be taken in countries at the level of the government, at the level of education, at getting modules established whether you would have cyber-cafés or central locations in communities and with free connectivity or low cost connectivity, our experience is that then the people will in fact come together, and demand and put up money for that connectivity. In a discussion we had at the Bank, we learned that two African women who live 600 miles north of Capetown had decided that in their community, which had neither water nor power, their children should have the advantage of a computer, and so they got a generator and they put up a satellite dish in the center, and the village now has a computer. I referred this morning to the experience in Ecuador in which a community put 600 dollars into buy a computer, then had an invasion of ants and through the computer got an answer from a local NGO as to how they could confront that problem. They put the question out on the Net and got the information.

I would suggest, Mr. President, that the Council refrain from ordaining the specifics but instead recommend to the governments that they set the environment in which this can flow. And the Council could also encourage them to start the use of computers at the educational level, at the research level, at the governmental level. I think if you start putting seeds down you will find this thing will explode, in the best sense, not the worst sense. And so, my experience and the experience of the Bank is: don’t have a lot of study groups -- start, make an effort, jump in the water, and I would put all the money that you want for study groups into action. And I think that if you trust the people, I think that it is the way to go; that may not be a very governmental way to approach it, Mr. President, but I think it will work.

Q:

Surinam: How does the Bank look at the need for a General Information Communication Technology Fund, similar to the GEF?
Poland: Do you see any similarity or relationship with the so-called Washington consensus? Is the Washington consensus still valid or is it obsolete? A.: Thank you very much, Mr. President. Let me start by saying that I think a facility similar to the Global Environment Facility is something that should be considered. I think that the result of the forthcoming Okinawa Summit may well put a focus on the need for the digital divide to be addressed in a way differently than we have thus far. But I will make several points to you.

First of all, I would assert from my own experience that money alone is not the question; I say to you as a challenge that if you came to me with the conditions in place for a program of digitizing and breaking the barriers of technology in your country, and you have in place the framework that would allow it to happen, I think I will get you the money. I certainly can get you the money as a loan. The question is, can I get you the money as a grant? But I would challenge anyone in this room that if you have the conditions or are prepared to work to put the conditions into effect, on a step-by-step basis, I think we can move forward. I know that the Bank itself is prepared immediately to do what we call Learning and Innovation Loans and to come straight out to put in distance learning classrooms and to establish basic facilities.

I keep coming back to that for one reason, Mr. Ambassador: it is important to get the opinion-makers and government officials familiar with using computers and Internet technology both in video-conferencing and in computerization. Many government officials are scared to death of being confronted with this new technology, and so they find all sorts of reasons not to do it. As my friend Mike has said, the older ones are the most scared. So you have to break through that, and start to get some examples in countries. I have seen it work: where you can go to a country’s President and say "Mr. President, you can have access in your office; you don’t have to use it but your secretary can get you detailed information on the following 85 things at any time, and you and I, Mr. President, can talk by videoconference whenever you have a problem." He’d sit up straight and say, "Well, my God, can I do that?" They like it and they feel that they have the opportunity to be part of the world. So I would suggest to you that what we need in most countries is to make a start, whether it be in telemedicine, or distance learning, or linking communities for information on markets. To make a start I think we can provide sufficient funding. If we become limited on funding after that, I then have a much better case to go and get the equivalent of a GEF. I think I can get grant funding for initial service. There is plenty of that money around. So I think we do it on a country by country basis.

If you are interested in working with UNDP or ourselves or any other agency, let us try and get a program together, but I would put back to you the issue of creating the environment and a willingness in the country. I think it is too easily said that money is the problem. My own experience is that money is the least problem. The biggest problem is the will and the environment in which you operate and the willingness to create an environment in which private sector and public sector can come together.
That leads me to the second point, and by the way, Mr. Ambassador of Rwanda, it would be the same with you. I will be very happy to take up any individual initiatives that you might get to and all you need to do is pick up the phone and we will be glad to follow through.

Now the question of Larry Summers’ comment this morning on the Washington consensus. I think it is very important to point out that there is no Washington consensus now. There may well have been, and it was built around the fact that markets would take care of everything and privatization would be the answer, and that growth with those characteristics would sort out all the problems. I do not believe that consensus is held anymore. I was at the Santiago summit at which they sounded the death knell of the Washington consensus. I think some people on the panel were present at that meeting and they talked about the Santiago consensus, in which there was a general agreement that you need growth if you are trying to deal with poverty. It is not absolutely essential but it is a very big help if you can have growth in order to create an environment in which equity can be established. But there are lots of other things that you need.

You need a legal system that works, you need a financial system that works, you need a recognition that governance needs to be strengthened, you need to fight corruption, you need a framework in which equity is possible and in which rights are protected. Because if you don’t have that growth, it goes disproportionately to the people who have power. If you don’t protect property rights, if individuals don’t have protection, if there is no sense of equity, you will have a disjunction in terms of growth and equity. That seems pretty clear now.

Secondly, you have to have basics like education and health and communications, you need to deal with questions of rural and urban strategies, you need to deal with culture, you need to deal with environment. These are all parts of a package which you need to look at if you are going to have equitable growth. Our recent experience has been that the rich have become richer and the poor have become poorer, broadly even within a framework of growth. I would reiterate what Larry was talking about this morning and what I talked about in terms of a comprehensive framework and what was mentioned by some other speakers this morning, that growth is very important, fundamental. But structural and social considerations which preserve equity and protect the right of individuals is an essential component if you are going to have equitable growth and, I might add, if you are going to have peace.

In the world of 2025 – when you have 8 billion people on the planet, 2 billion more people in cities and towns, a world of 2 billion additional people, 97 percent of whom will go to the developing and transition economies, 6.8 billion people in developing economies, 1.2 billion in developed economies – unless you have equity and unless you deal with poverty, you cannot have peace. In my judgement, there is a new consensus that you have to look at it beyond markets; you have to look at structural and social considerations. Surely that is where the Bank is headed, and I hope it is where most people are headed.